



# The interplay of ethical decision making and legal frameworks for whistleblowing: the UAE example

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## Abstract

This study investigates the impact of legal and regulatory frameworks on whistleblowing intention (WI) in the context of the United Arab Emirates multicultural setting and legal environment. Applying the ethical decision-making model and using data collected via an online survey, it examines factors leading to employees' decisions to blow a whistle. The results support the premise of a model promulgating the interdependency of WI upon ethical awareness and ethical judgement; however, while respondents showed willingness to report major fraud and behaviors resulting in “harm to others,” they preferred to ignore and not report minor fraud. This contention is also supported by the effects of work tenure and fear of retaliation on WI. To explain the findings, the study scrutinizes the effect of the country's legal environment on employees' intent to blow a whistle. It argues in favor of the implementation of a stand-alone comprehensive whistleblowing law.

**Keywords** Ethical decision making (EDM) · Whistleblowing · United Arab Emirates (UAE) · Laws · Regulations · Structural equation modeling (SEM)

## Introduction

To sustain economic growth, a country must mitigate corruption by establishing a robust legal and regulatory environment with effective reporting mechanisms. Whistleblowing is an important mechanism for uncovering wrongdoings and fighting corruption. Numerous studies have examined the impact of culture and ethical standards on whistleblowing perceptions and practices (Keenan 2002a; Tavakoli et al. 2003; Park et al. 2008; Cheng et al. 2015; Alleyne et al. 2017; Brody et al. 2020; Clark et al. 2020). Miceli and Near (1985) argue that employees' propensity of blowing a whistle is associated with personal perceptions of and attitudes toward wrongdoing. Studies also reveal the impact of organizational ethical culture on whistleblowing intention (WI) (Berry 2004; Rothwell and Baldwin 2007; Lachman 2008; Kaptein 2011).

The efficacy of a whistleblowing regimen has been examined from the perspective of the outcome of reporting (meaning how many criminal or unethical misconducts were uncovered and punished) or employees' willingness or intention to report them. Some argue that the former can actually impact the latter; people are unwilling to report wrongdoing if they believe nothing will be done to address it (Devine 2004; Near et al. 2004; Wortley et al. 2008). Wortley et al. (2008) maintain that potential whistleblowers would only come forward and report if they believe their disclosure will stop and correct the wrongdoing. Francalanza and Buttigieg (2016) report that some personality traits—along with situational factors such as the attitude of peers, media attention, retaliation, and complications in the process of reporting—negatively affect whistleblowing intentions, but this scenario assumes an availability of mechanisms and a conducive environment for employees to blow a whistle. What Previtali and Cerchiello (2018) call the proceduralization of whistleblowing appears to play a crucial role in convincing employees to blow a whistle. Those who believe their actions will “yield desired outcomes and thus be worth the costs of action” are more likely to blow a whistle (Farrell and Petersen 1982, p. 409). Miceli and Near (1988, p. 278) found that “perceived organizational responsiveness was associated with whistleblowing,” but even organizations

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with internal reporting policies may have financial and other disincentives for whistleblowing (Lipman 2012).

Existing research questions the practical effectiveness of some whistleblowing policies and procedures as whistleblowers may face retaliation within their organization (Pascoe and Welsh 2011). Creating robust and comprehensive legislation, providing safe reporting channels, and protecting whistleblowers are crucial actions for whistleblowing effectiveness (Schultz and Harutyunyan 2015). Studies show that legislative protection plays an essential role in employees' propensity to blow a whistle because it makes them less vulnerable to retaliation (Bame-Aldred et al. 2007; Watnick 2007). Brennan and Kelly's (2007, p. 76) study found that 50% of employees will not report serious wrongdoing "in the absence of legislative protection," even though Moderly (2012) cautions that there is insufficient empirical evidence to support the effect of legislative protection on whistleblowing propensity. Moreover, the interplay of laws can serve as a deterrent for whistleblowing (Gibbs 2020). The latter phenomenon is especially relevant to jurisdictions with limited protection granted by provisions of different laws but without a stand-alone, comprehensive whistleblowing law (Lewis 2017; Mathiopoulos et al. 2017).

Researchers argue for implementing comprehensive whistleblowing laws as a more effective means to promote reporting of suspected criminal and unethical practices (Olarinde and Yebisi 2018; Schein 2018). The trend toward this is manifested in the European Union (EU) Parliament's 2019 Whistleblower Directive, which established standards for whistleblower protection and set up common reporting mechanisms across all industries and private and public sectors (Directive 2019/1937). Despite this supranational-level initiative, only a few countries have adopted comprehensive whistleblowing laws that facilitate disclosure of information while providing protections and incentives for whistleblowers to come forward (Callahan and Dworkin 2000; Stappers 2021). Most legislation include whistleblower protection provisions in different statutes (Banisar 2011). These provisions are often applicable only to specific industries. Berkowitz et al. (2011) point out that variations in and particulars of whistleblower protections under different laws make it hard to navigate and create many pitfalls.

Several theoretical models have been developed to explain how individuals make ethical or unethical decisions (Whittier et al. 2006). However, Schwartz's model is a comprehensive model that combines essential elements from various fields such as moral philosophy, psychology, economics, organizational behavior, criminology, ethics, and neuroscience (Reynolds 2008; Salvador and Folger 2009; Greene et al. 2001). This model considers several important factors such as emotion, intuition, moral reasoning, rationalization, and consultation, as well as individual and situational factors. It takes a person-situation approach and considers intuition

and sentimentalist-rationalist approaches to moral judgment. The purpose of the model is to clarify the factors that affect ethical decision making, including moral capacity, character disposition, integrity capacity, and situational characteristics such as issue importance and complexity (Schwartz 2016). This study examines factors contributing to whistleblowing effectiveness in the context of the unique socioeconomic and cultural settings of the UAE by applying the ethical decision-making (EDM) model by Schwartz (2016).

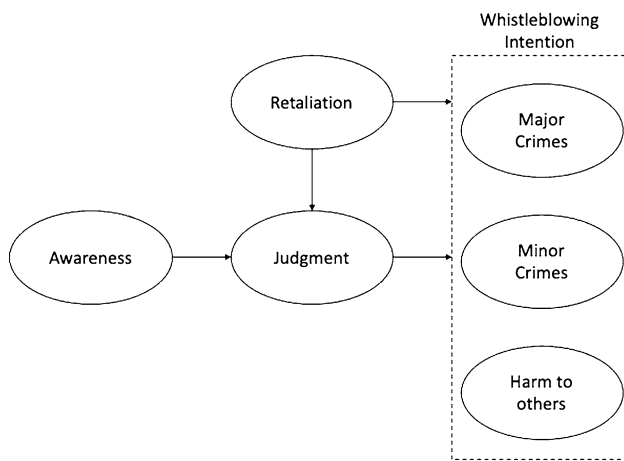
It tests the impact of contextual factors such as work tenure, the seriousness of wrongdoing, and fear of retaliation on employees' intention to blow a whistle. It is important to stress that WI does not necessarily correlate with the actual act of whistleblowing. Mesmer-Magnus and Viswesvaran (2005) report that though ethical judgment is one of the precursors of WI, it is not a predictor of whistleblowing itself. The researchers suggest contextual factors might influence a decision to blow the whistle (Mesmer-Magnus and Viswesvaran 2005). This study tests how the earlier mentioned contextual factors influence employees' intent to take such action, explores possible explanations for their effects, and proposes potential solutions to counter these factors' deterrent effects on whistleblowing intention. Assessment of the EDM model in the UAE setting not only confirms its validity and reliability but also highlights the impact of contextual factors on WI, unveiling the importance of legal whistleblower protection. The country's legislative framework, specifically the interplay of laws, can provide a potential explanation for the impact of contextual factors on WI.

This study aims to make several contributions. First, it examines the EDM model in the UAE, a country with a highly diverse cultural and socioeconomic business environment. Secondly, it tests and provides empirical evidence for the impact of the legal framework on WI, supporting the earlier promulgations of importance of a comprehensive, stand-alone whistleblowing law for whistleblowing effectiveness. Lastly, our results demonstrate the significance of wrongdoing severity for WI, which further stresses the importance of a comprehensive legal framework to protect whistleblowers and hence promote disclosure of all types of wrongdoings. The results of the study are valuable for lawmakers and regulators as they provide support for the implementation of comprehensive whistleblowing laws. In addition, they are crucial for businesses as they point to the importance of including legal elements in employee onboarding and training programs.

## Ethical decision-making model

In the extant literature, several theoretical models have been used to explain and predict the EDM process and its antecedents. These include the contingency model (Ferrell and Gresham 1985), the general theory of ethics (Hunt and Vitell





**Fig. 1** Ethical decision-making and retaliation (adopted from Schwartz 2016)

1986, 2006), the Rest (1986) model, the modified Rest model (Jones 1991), and the integrated EDM model (Schwartz 2016). Schwartz's (2016) integrated EDM model is a synthesis of all EDM models. This study uses Schwartz's (2016) theoretical framework, which examines effects of individual factors such as awareness, judgment, and retaliation on the relationship between the variables influencing the decision to blow the whistle (Fig. 1).

The EDM process is composed of these stages: (1) awareness, (2) judgment, and (3) intention (Rest 1986). It typically begins with an ethical issue (awareness), which leads to a moral judgment and then WI (Jones 1991; Rest 1986). This research examines potential predictors of whistleblowing and correlates them with perceived fear of retaliation. More specifically, we examine the effect of retaliation on judgment, awareness, and WI. Testing this model helps us understand whether a model developed and primarily tested in Western countries (Andon et al. 2018; Culiberg and Mihelič 2017; Smaili and Arroyo 2019) can be applied in a different context. Moreover, the application of the EDM model allows us to identify and investigate unique features of the UAE's EDM process that contribute to the effectiveness of whistleblowing regime.

## United Arab Emirates

The UAE is a young, fast-developing federation in the Gulf (Shihab 2001), offering a safe, comfortable, sustainable, and “happy”<sup>1</sup> environment for working and living. To guarantee

<sup>1</sup> Consider the appointment of a minister of state for happiness, the launch of a federal-level National Programme for Happiness and Wellbeing (UAE government website), and the Happiness Agenda of the Dubai government (Smart Dubai).

a steady inflow of foreign capital, the UAE government has implemented legislation and regulatory, educational, and public awareness measures aimed at preventing and mitigating economic crime (Gibbs 2018). These include the establishment of disclosure and reporting mechanisms and whistleblower protection. Despite this and an obligation to report criminal activity—set out in Article 323 of the UAE Penal Code—whistleblowing is rare in the UAE.<sup>2</sup> The country's complex ethnic, cultural, socioeconomic, and legal environment provides a possible explanation (Gibbs 2020).

The UAE's reliance on migrant workers has shaped the country's socioeconomic profile (Pacione 2005). As of 2018, expatriates comprised 88% of the UAE population (Dubai Online 2022). Expatriate workers represent over 200 countries and hold 99% of private sector jobs in the country (Diop et al. 2018). The UAE actively recruit expatriates to work in the country, and it is called “guest worker” employment model. Although this model has supported economic growth (Müller 2003; Mahdavi 2013), it has led to high job and residency turnover.<sup>3</sup> High turnover and disproportionate representation of expatriates engenders challenges for organizations to maintain sufficient levels of training (Ton and Huckman 2008) and organizational commitment (Ang et al. 2003). This, combined with lack of education, linguistic fluency, training, legal awareness of rights, and reporting mechanisms, might be a possible explanation of employees' reluctance to blow a whistle in the UAE (Batty 2015).

Although the UAE does not currently have a stand-alone whistleblowing law, different statutes provide varying degrees of protection to whistleblowers.<sup>4</sup> The most recent development in legal protection was a draft law proposed and discussed by the Federal National Council in 2020. It would give power to judicial authorities to guarantee protection of whistleblowers and members of their family from any retaliation (Sebugwaawo 2020). The protection scheme will apply to serious crime cases such as “human trafficking, money laundering, terrorist offences, and smuggling of narcotics” (Salama 2020).

Regardless, under the current system, employees might be unwilling to disclose suspicious activities in fear of

<sup>2</sup> “Whoever becomes aware of a crime and abstains from informing the concerned authorities shall be punished by detention for a period not exceeding one year or a fine.” UAE Federal Law No (31) of 2021 On Issuance of the Penal Code, Article (323).

<sup>3</sup> The average length of time holding a job in the UAE is 4.7 years (Anderson 2017; *Gulf News*, December 13, 2008; Nair et al. 2017; Maceda 2015), while the average duration of residency in the UAE is 8.7 years (De Bel-Air 2018).

<sup>4</sup> Articles 5(2), 13(3) and (20) of Federal Law No. (9) of 2014; the UAE's anti-money laundering law; Law No. (4) of 2016 on the Dubai Economic Security Centre; and Dubai International Financial Center (DIFC) Law No. 7 of 2018, Operating Law, issued by the DIFC Authority [For more information on these laws see Gibbs (2020)].



breaching the UAE Penal Code. Article 432 of the 2021 Penal Code considers a criminal offense punishable by imprisonment and a fine when “any individual who, by reason of his profession, craft, situation, or art is entrusted with a secret and who discloses it in cases other than those permitted by the law.” Whistleblowing might be seen as an act of defamation, which is a criminal offense in the country (Gibbs 2020).

## Hypotheses

This study was conducted in two stages. In the first stage, we tested and confirmed the reliability and validity of the EDM model in the context of the UAE’s complex socioeconomic and multicultural environment. Despite this affirmation, whistleblowing is uncommon and only a small percentage of workers blow a whistle on unlawful or unethical practices (Batty 2015; Kroll 2015, 2022; Al Matarneh 2018). Therefore, in the second stage, we focused on the context-specific factors unique to the UAE that may impact WI. Our hypotheses only cover those factors.

Considering that 99% of private sector jobs in the UAE are held by expatriates, it is logical to assume that a foreign and transitory-by-nature workforce generally has limited knowledge of the country’s laws and regulations. Brennan and Kelly (2007) demonstrate that, in general, most employees have limited knowledge of legislation when it comes to the legal protection of whistleblowers. Only 38% of their study participants indicated confidence in legal protection; most were unaware of any protection. This is significant as their study was conducted in Ireland, a predominantly monocultural and monolingual society with a much smaller number of expatriate workers than the UAE. Since this is the case in Ireland, we might expect so-called guest workers in the UAE would also be unfamiliar with the country’s laws. Roberts (2008) found that awareness of whistleblowing legislation encouraged whistleblowing propensity. We expect that employees’ awareness and knowledge of legislative protection must have a positive moderating impact on their intention to blow a whistle. Therefore, this study tests the following hypotheses:

**H1** Employee awareness of legal protection has a positive impact on the WI.

Legal vulnerability and protection must play a crucial role when examining WI in the UAE, where most employees are expatriates. The UAE legal framework currently protects individuals reporting economic crimes mainly related to money laundering and terrorist financing. Studies demonstrate an increase in reporting when a perceived seriousness of wrongdoing increases (Brown et al. 2008).

Brennan and Kelly (2007) report a similar finding, which shows a correlation between the perceived seriousness of the wrongdoing and the willingness to challenge it. Near et al. (2004, p. 236) show that “wrongdoing involving legal violation was more likely than many others to be reported.” Mesmer-Magnus and Viswesvaran (2005) found that the seriousness of the misconduct positively predicted whistleblowing intent. Andon et al. (2018) concluded that perception of the seriousness of wrongdoing plays a moderating role in the relationship between financial incentives and WI. Based on the literature and the country’s specifics, we can assume employees are willing to blow a whistle on criminal wrongdoings to comply with the legal obligations of the UAE Penal Code, but the intention to report unethical practices, misbehaviors, and minor fraud that do not constitute a criminal act are outside of reporting obligation. Based on this, we postulate our next hypothesis:

**H2** WI to report major fraud and harm to others is higher than WI to report minor fraud.

Research reports that “the possibility of retaliation has been accepted as a major determinate in the decision to blow the whistle” (Brennan and Kelly 2007, p. 68). Mesmer-Magnus and Viswesvaran (2005, p. 287) observed that “threat of retaliation is negatively related to the intent to blow the whistle.” Wortley et al. (2008) report that the fear of reprisal coupled with the lack of organizational protection was the second largest reason for not blowing a whistle. Moreover, the same study found that fear of management reprisal is a major reason for non-reporting, particularly when management is also the perpetrator of the wrongdoing (Wortley et al. 2008). Guthrie and Taylor’s (2017, A15) study demonstrates that “low retaliation threat leads to higher whistleblowing intention,” with trust mediating this relationship. Oelrich and Erlebach’s (2021) study linked greater fear of retaliation with employees’ choice of external reporting channels for blowing the whistle in China and India. We predict that a fear of retaliation will be a deterrent for WI in the UAE in the absence of comprehensive legal protection for whistleblowers. The UAE’s expatriate workforce—who are employed under “a definite period of time, which does not exceed (3) three years”<sup>5</sup>—are more vulnerable to retaliation due to their job insecurity. The UAE Federal Law No. (33) of 2021 On the Regulation of Labour Relations (the “New Labour Law”) gives employers a legal right not to renew a contract after its completion. This can potentially allow employers to get rid of unwanted and/or troublesome employees without

<sup>5</sup> Article 8(3) of the UAE Federal Law No. (33) of 2021 on the Regulation of Labour Relations.





actually firing them; therefore, an expatriate employee's assessment of the possibility of retaliation could have a pronounced impact on WI in the UAE. Hence, our next hypothesis is as follows:

### H3 Fear of retaliation has a negative impact on WI.

In studying WI, it is crucial to understand what enhances and deters whistleblowing. In the UAE context, we need to explore the impact of work tenure on one's willingness to blow a whistle. Studies report that trust in individuals and in an organization is positively associated with WI (Seifert et al. 2014). Wilson and McNellis (2018) found that the high turnover rate in public accounting firms prevents the establishment of interpersonal relationships in an auditor–client relationship, which is crucial for bringing about trust. Familiarity assumes continuity of a relationship, leading “to positive outcomes for trust and reporting intentions” (Wilson and McNellis 2018, p. 125). Gefen's (2000, p. 733) study demonstrates that familiarity is a precursor of trust, while “both trust and familiarity influence behavioral intentions.” Gefen (2000, p. 726) defines trust as “the confidence a person has in his or her favorable expectations of what other people will do, based, in many cases, on previous interactions.”

Furthermore, the researcher draws attention to the fact that in the absence of trust, “people would choose to refrain from doing a thing” (Gefen 2000, p. 726). Gao et al. (2011, p. 794) found that trust “allows employees to become vulnerable towards the leader,” which consequently increases “employee voice,” or their aptitude to point out workplace problems and issues. Interpersonal trust promotes risk-taking behaviors as it permits acceptance of vulnerability to others (Colquitt et al. 2007). Trust ensures mutual reliance and acceptance of personal vulnerability while “a proliferation of rules stemming from lack of trust causes resentment and alienation” (Tschannen-Moran and Hoy 2000, p. 585). Furthermore, Seifert et al. (2014, p. 166) show that “trust in the supervisor and organization play significant mediating roles” between organizational justice and the inclination to blow a whistle. The researchers suggest that “promoting additional trust in both the organization and supervisors” will sway employees to disclose wrongdoing (Seifert et al. 2014, p. 167). Although an earlier study reports a similar result—confirming that increased supervisor support promotes increased whistleblowing behavior—it does not find organizational tenure to be a significant predictor of whistleblowing predisposition (Sims and Keenan 1998). On the other hand, Miceli and Near's (1988, p. 278) findings “suggest that employees who feel relatively powerful or respected will be more likely to report perceived wrongdoing.”

In the UAE context, with most employees coming from different countries and representing diverse ethnic, educational, linguistic, socioeconomic, and religious backgrounds,

forming trust in individuals and in an organization may be problematic, considering the average employment duration in the country is under five years. As mentioned earlier, in the absence of trust, individuals abstain from taking actions as they are uncertain about how their actions will be perceived. In the presence of trust, employees should display confidence in organizational and individual support and protection. Hence, they are willing to disclose wrongdoing. Conversely, in the absence of organizational and individual trust, employees refrain from blowing a whistle. Under these circumstances, longer work tenure is likely to enable individuals to form stronger interpersonal relationships grounded in individual and organizational trust. In the UAE context, work tenure signals job security, which consequently may empower individuals to report a problem or issue. Based on this, we built our fourth hypothesis:

### H4 Job tenure has a positive moderating effect on WI.

## Methodology

### Data collection

The samples for this study consist of employees in midsize and large firms in the UAE. Two hundred invitations to an online survey were sent via LinkedIn in October 2020. Over a period of two weeks, 104 complete questionnaires were collected, displaying a response rate of 52%. The respondents represent different economic sectors and work in the service, government, manufacturing, and education industries. Most of them hold non-managerial positions and work in functional or specialized departments. More than 90% of the respondents attended college and hold undergraduate or master's degrees. The employees' mean age is 30.27 years, they have worked in their current organization for an average of 3.62 years, and they have held their current position for an average of 2.38 years. On average, their companies employed 2358 people. Of the total respondents, 54% were female. Descriptive statistics are presented in Table 1.

The questionnaire is a revised version of the US Merit Systems Protection Board's survey questionnaire, which was used in a major study of employee whistleblowing within federal agencies (USMSPB). The terminologies were changed to reflect the work environment of employees in public and private sectors.

The questionnaire included items that measured employees' opinions and perceptions about their organizations' practices with respect to whistleblowing, using a Likert scale response format. One question concerned issues related to perception of morality of various kinds of fraud and harmful behavior. Similar questions addressed issues related to the likelihood of reporting various kinds of wrongdoing,



**Table 1** Employee demographic characteristics based on survey results of mid- to large-size firms in the UAE

Survey results	Frequency	Percentage (%)
<b>Profile of respondents</b>		
<b>Gender</b>		
Male	48	46
Female	56	54
Total	104	
<b>Marital status</b>		
Married	34	33
Unmarried	70	70
Total	104	
<b>Position</b>		
Non-manager	29	28
Specialized	23	22
Functional	24	23
Vice president	6	6
President/director	13	13
Total	104	
<b>Industry</b>		
Manufacturer of industrial products	6	6
Manufacturer of consumer products	11	11
Wholesale retailing	9	9
Service	49	47
Government	14	13
Nonprofit	2	2
Total	104	
<b>Age</b>		
Mean	30.27	
Standard deviation	7.12	
<b>Years of tenure at company</b>		
Mean	3.62	
Standard deviation	3.43	
<b>Years of tenure in position</b>		
Mean	2.38	
Standard deviation	1.95	
<b>Firm size</b>		
Mean	2358	
Standard deviation	10,422	

organizational policies and practices, and individual perceptions and attitudes about whistleblowing. Questions also concerned the degree of fear of retaliation or reprisal for blowing the whistle.

The second part of the questionnaire requested information on a variety of demographic issues including sex, age, education, industry type, organization size, position, and years of experience. This study was reviewed and approved by the Human Rights in Research Committee (HRRC) with IRB #2017-P-0010.

## Measures and scales

Twenty-two scales measured the four constructs of this study: retaliation, awareness, judgment, and WI. Previous studies of whistleblowing have tested and successfully used each of these scales (McLain and Keenan 1999; Keenan 2002a, b; Tavakoli et al. 2003). The reliability estimates for our sample for each of the twenty-two scales are reported in Table 2. Although the sample size is small, the alpha and factor loading for all the scales appear to be satisfactory.

### Awareness

Four prompts, listed in Table 2, measured the variable of ethical awareness. Respondents were asked whether employees are aware of their organizations' policies and procedures for reporting dishonest and fraudulent activities. Prompts included "if I observed a fraudulent/dishonest activity, I would know where to report it" and "it is in the best interest of the organization when an employee reports fraudulent/dishonest activity."

### Judgement

Judgment was examined with a six-item scale based on responses of employees and managers about various types of fraudulent and illegal behavior. Perceptions of minor fraud, major fraud, and harm to others were each examined with three items. For example, in one of the "minor fraud/illegality" items, respondents rated the statement "increasing a travel expense report to cover the cost of drinks" on a five-point scale ranging from "not a fraud/illegality" to "a very serious fraud/illegality." An example of a harm to others item was "discriminating against another because of sex, race, age, or religion." Lastly, an example of a "serious fraud/illegality" item was "arranging for subordinates to get paid for overtime not worked in exchange for 35% of overtime pay."

### Likelihood of blowing the whistle (or WI)

This scale included nine items measuring the likelihood of employees reporting major fraud, minor fraud, and harm to others. Each of the scales has been tested and successfully used in previous studies of whistleblowing (Keenan 2002a, b, 2007; Robinson et al. 2012). The questions had a Likert scale format, and respondents were asked to indicate their likelihood of reporting activities that fell into the following general categories:

- Stealing company funds or property
- Accepting bribery or kickbacks



**Table 2** Construct indicators and measurement model assessment of survey responses

Indicators/items	Code	FL	AVE	rho_A	CR
<i>Retaliation (RET)</i>					
It is likely that my supervisor would retaliate against me if I were to report fraudulent/dishonest activities	RET1	0.922	0.837	0.903	0.889
Someone above my supervisor would retaliate against me if I were to report fraudulent/dishonest activities	RET2	0.920			
One of my coworkers would retaliate against me if I were to report fraudulent/dishonest activities	RET3	0.902			
<i>Awareness (AWA)</i>					
If I observe a fraudulent/dishonest activity I would know where to report it	AWA1	0.647	0.594	0.832	0.852
If I observe a fraudulent/dishonest activity I feel personally obliged to report it	AWA2	0.723			
It is in the best interest of the organization when an employee reports fraudulent/dishonest activity	AWA3	0.822			
Employees should be encouraged to report fraudulent/dishonest activities	AWA4	0.871			
<i>Judgment</i>					
Ordering office supplies far in excess of needs from a high cost, low quality vendor because s/he offers gifts to buyers	JUD1	0.624	0.509	0.823	0.859
A real estate executive arranges to receive “commissions” from brokers he deals with in arranging real estate acquisitions, sales, and leases	JUD2	0.634			
A supervisor arranges for employees to get paid for overtime not worked in exchange for 35% of their overtime pay	JUD3	0.760			
Tolerating a practice which poses a danger to public health or safety	JUD4	0.648			
Discriminating against another because of sex, race, age, or religion	JUD5	0.825			
Sexually harassing another person	JUD6	0.763			
<i>Whistleblowing Intention</i>					
Theft of company funds	INT1	0.751	0.503	0.886	0.900
Theft of company property	INT2	0.680			
Accepting bribes or kickbacks	INT3	0.748			
Waste caused by buying unnecessary or deficient goods or services	INT4	0.529			
Use of official position for personal benefit	INT5	0.719			
Unfair advantage given to a contractor, consultant, or vendor	INT6	0.741			
Tolerating a practice which poses a danger to public health or safety	INT7	0.667			
Discrimination based on sex, race, age, or religion	INT8	0.742			
Sexual harassment	INT9	0.744			

AVE, average variance extracted; CR, composite reliability; FL, factor loading

- Using an official position for personal benefits
- Giving unfair advantage to contractors or vendors
- Reporting waste caused by buying unnecessary or deficient goods or services
- Discriminating based on sex, race, age, or religion
- Allowing or participating in sexual harassment

### Retaliation

This scale included three items, which concerned the respondent's degree of confidence that his or her supervisor and the supervisor's superiors would not take action against the respondent if he or she were to report illegal or wasteful activities within the organization.

## Data analysis

### Partial least-square path modeling

This study utilized the partial least squares structural equation modeling (PLS-SEM) to develop and test a model to analyze WI on the part of managers and employees from the respondent group in the UAE. PLS-SEM is a family of structural equation modeling methods. Researchers use the PLS-SEM methodology for model construction and model evaluation when they have limited theoretical knowledge (Kmenta and Ramsey 2014; Wold 2006). We used Smart-PLS software for PLS-SEM (Hair et al. 2017).

It was confirmed that the sample size for estimation of the model was sufficient. A sample needs to have at least



ten data points in the PLS-SEM method, and the sample size also depends on the number of constructs and items (Hair et al. 2013). In comparison with other methods for modeling structural equations (for example, covariance-based structural equation modeling), PLS-SEM is more suitable for testing complex models with small sample size. Also, it allows researchers to consider formative and reflective models (Richter et al. 2016; Rigdon 2016). Moreover, PLS-SEM is nonparametric and works well for data that is not normally distributed. Earlier studies of business ethics have also applied PLS-SEM (Buchan 2005; Haines et al. 2008; Latan et al. 2019a, b).

Data analyses followed three steps. First, we considered whether the constructs and the model are valid and reliable through measurement model and structural model analyses. Second, we assessed PLS-SEM results. Third, we checked for mediation effects to determine the role of judgment and retaliation in our structural model.

### Measurement model assessment

In PLS-SEM, to validate our measurement model, we analyzed factor loading and average variance extracted (AVE) for convergent validity. The AVE value for each variable indicator must be greater than 0.5 and the loading factor value must be greater than 0.7. Loading factor values between 0.5 and 0.7 are acceptable, provided that the AVE value meets the requirements to increase the content validity (Hair et al. 2013; Hair 2018; Sarstedt et al. 2011). We also measured the reliability of constructs through rho<sub>A</sub>. A value greater than 0.70 shows that the indicator has acceptable consistency in measuring constructs in the model (Hair et al. 2013). The composite reliability (CR) shows the internal consistency reliability, with higher values indicating higher levels of reliability. The four constructs' CR is in the satisfactory range between 0.7 and 0.9. The results of our analysis (Table 2) confirm the convergent validity and reliability of indicators for WI, judgment, awareness, and retaliation. These results show that indicators are consistent and can explain constructs.

We used the Fornell–Larcker criterion and the heterotrait–monotrait ratio of correlations (HTMT) to test the discriminant validity and divergent validity for all the latent variables in the model. When the square root of AVE is larger than the correlation between the constructs, we can say that the model satisfies discriminant validity. Results of our Fornell–Larcker analysis (Table 3) show that each square root of AVE on the diagonal line is larger than the correlation between the constructs. These results confirm that we have satisfactory discriminant validity between the variables. We also used HTMT, which is a new procedure and more accurate than the Fornell–Larcker criterion.

**Table 3** Discriminant-validity results for constructs

Constructs	1	2	3	4
Awareness	<b>0.771</b>			
Intention	0.586	<b>0.709</b>		
Judgment	0.403	0.376	<b>0.713</b>	
Retaliation	−0.400	−0.254	−0.262	<b>0.915</b>

Values on the diagonal (bolded) are square root of AVE, while off-diagonal are correlations

**Table 4** Heterotrait–Monotrait ratio of correlations (HTMT) assessment of survey results

Constructs	1	2	3	4
Awareness				
Intention	0.704			
Judgment	0.474	0.420		
Retaliation	0.502	0.281	0.312	

HTMT value below 0.90 shows that discriminant validity established. Shaded boxes are the standard reporting format for HTMT procedure

**Table 5** Structural-model results

Constructs	R2	Adjusted R2	Q2	VIF*	SRMR**
Judgment	0.185	0.172	0.077	1.190	–
Retaliation	–	–	–	1.000	–
Intention	0.180	0.177	0.068	1.074	0.074

\*VIF, variance inflation factor; \*\*SRMR, standardized root-mean-squared residual

HTMT demonstrates superior performance and its results are more reliable (Henseler et al. 2015). When the HTMT value is below 0.90, discriminant validity has been established between two constructs (Hair et al. 2013; Henseler et al. 2015). These results are shown in Table 4.

### Structural model assessment

Having made sure indicators and measurement models are valid and reliable, we tested the structural model's quality. Table 5 shows the ability of the predictor variables to explain WI (Hair et al. 2013). The variance inflation factor is less than 3.3 for all independent variables in the model, meaning that we do not have a collinearity problem. The Q2 predictive-relevance value is more than zero, indicating the model has predictive relevance and generates valid endogenous variables. The standardized root-mean-squared residual (SRMR) measures the value of a good fit. It is equal to 0.074, which is less than the accepted limit of 0.080.

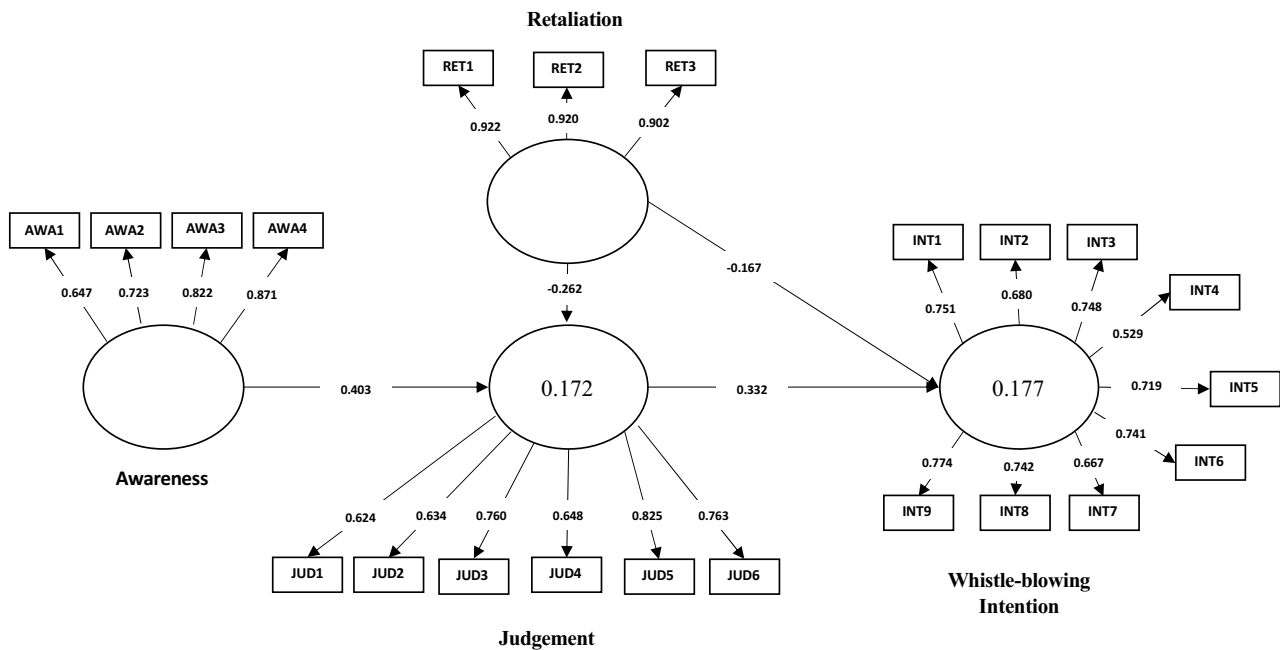




**Table 6** Structural estimates (testing of hypotheses)

Structural path	Coefficient $\beta$	t-Statistics	F2	Conclusion
Awareness $\rightarrow$ Judgement $\rightarrow$ WI	0.184	2.729**	0.219	H1 Supported
Judgment $\rightarrow$ WI (Harm to Others)	0.422	4.818**	0.179	H2 Supported
Judgment $\rightarrow$ WI (Major Frauds)	0.381	4.240**	0.134	
Judgment $\rightarrow$ WI (Minor Frauds)	0.209	3.327**	0.106	
Retaliation $\rightarrow$ WI	-0.167	2.46*	0.111	H3 Supported
Work Tenure $\rightarrow$ WI	0.165	2.56**	0.180	H4 Supported

\* $p < .05$ , \*\* $p < .01$



**Fig. 2** Evaluation of the measurement model to test hypotheses

**Testing of hypotheses**

We summarize the results of our PLS-SEM analysis in Table 6. We used the coefficient parameter and the significance value of 95% and 99%, respectively, for each structural path. All the path coefficients have a statistically significant value at the  $p=0.05$  and  $p=0.01$  levels. As shown in Table 6, judgement has a significant positive impact on WI. We tested this impact for minor fraud, major fraud, and harm to others. The results revealed that WI is higher when associated with harm to others ( $\beta=0.422, t=4.814, p<0.01$ ) and major frauds ( $\beta=0.381, t=4.240, p<0.01$ ) than minor fraud ( $\beta=0.209, t=3.327, p<0.01$ ). We also tested the impact of the number of employees’ tenure years in the organization on likelihood of blowing the whistle on major and minor forms of fraud. Our results show the positive impact of tenure years on WI for major frauds ( $\beta=0.165, t=2.56, p<0.01$ ).

Moreover, as shown with the measurement model analysis in Fig. 2, the coefficient value ( $\beta$ ) of awareness  $\rightarrow$  judgement

is 0.403, judgement  $\rightarrow$  intention is 0.332, retaliation  $\rightarrow$  judgement is  $-0.262$  at  $p$  value  $<0.01$ , and retaliation  $\rightarrow$  intention is  $-0.167$  with a  $p$  value  $<0.05$ . This means hypotheses H1, H2, H3, and H4 are supported.

**Discussion**

The analysis supports the validity of the EDM model, where ethical awareness (EA) and ethical judgement (EJ) are precursors of WI in the UAE context. The results show a positive and significant impact of the ethical awareness (EA) on the ethical judgement (EJ) and WI. In addition, consistent with the earlier findings (Mesmer-Magnus and Viswesvaran 2005), our results show that EJ positively affects WI. This suggests that EA and EJ function independently of cultural affiliations when measured in an organizational context. Hence, recognizing unethical behaviors, misconduct, and criminal practices in an organization as unacceptable and



unlawful precedes WI independently of ethnic and cultural backgrounds.

### The seriousness of wrongdoing and WI

Willingness to report harm to others and major fraud was significantly higher than employees' intention to blow a whistle on minor misconduct. This is consistent with earlier findings that demonstrate an increase in reporting in relation to the perceived seriousness of wrongdoing (Near et al. 2004; Mesmer-Magnus and Viswesvaran 2005; Brown et al. 2008; Brennan and Kelly 2007; Andon et al. 2018). The UAE's legal framework offers a potential explanation for our findings and the phenomenon at large.

In most jurisdictions—including the UAE—individuals are required by law to report a crime; therefore, the propensity of blowing a whistle on major fraud—which constitutes a criminal act—is higher than the willingness to report minor fraud, which may be unethical but not necessarily illegal. While not disclosing a major fraud can lead to criminal charges against an individual, reporting a minor fraud can result in organizational retaliation against a whistleblower; therefore, the price of not reporting a major fraud is much higher than the price of reporting a minor fraud. Miceli and Near (1985, p. 539) note that employees who resort to silence “may be powerless relative to the employer and may see little reason to jeopardize their careers by engaging in whistleblowing.” This reflects the UAE organizational environment as the majority of UAE expatriates are employed at lower and middle management levels. Since whistleblowing, in most cases, is based only on suspicion, and protection is provided only when wrongdoing can be proven, employees may prefer to ignore and not report it (Alexander 2005).

Moreover, potential whistleblowers can even face criminal charges for defamation (Article 425 of the UAE Federal Law No (31) of 2021 On Issuance of the Penal Code). Employees often explain their refusal to blow a whistle either by not having enough evidence of wrongdoing or by the wrongdoing's less serious nature (Miceli and Near 1985). In these cases, according to moral disengagement theory, individuals will downplay moral implications and minimize their personal responsibility to not feel guilty (Loyens and Maesschalck 2014).

### Tenure and WI

Contrary to the study of Rothwell and Baldwin (2007), our results showed tenure's moderating effect on employees' willingness to blow a whistle. The longer employees stay within an organization, the greater their understanding of and commitment to its culture (Berry 2004).

This might arise from the UAE's multicultural, expatriate-dominated workforce phenomenon. Some studies report that foreign workers, in general, tend to display lower

organizational citizenship behavior (Ang et al. 2003). In this case, employment longevity ought to increase organizational commitment and behavior. Barker's (1993) study demonstrated that long-tenured employees reach value consensus and establish value-based norms, which function independently of the organizational system of controls. In the UAE context, however, a short-term employment model serves as an impediment for catalyzing common, value-based organizational norms.

The impact of tenure on WI can also be explained by applying “a resource dependency” concept, which Keenan (2002b, p. 29) viewed as one of the deterrents for lower-level managers to report wrongdoing. This shows that upper- and middle-level managers are more likely to blow a whistle than lower management because they are less fearful of retaliation as “they have more flexibility in seeking commensurate positions in other organizations if they chose to leave their current employer” (Keenan 2002b, p. 21). The concept of “resource dependency” as a whistleblowing disincentive can be extrapolated to the UAE context where, as was mentioned earlier, a work contract is tied to employer sponsorship and, consequently, residency status.<sup>6</sup>

As mentioned earlier, while Emiratis occupy most upper management positions, expatriates fill most low-management positions, making them more exposed to retaliation. After an employment contract is terminated, an individual is given three months to find another job before their residency visa is canceled, after which the dismissed employee must leave the country. Most expatriates in the UAE work under fixed-term, maximum three-year contracts, which are terminated upon the term completion. According to Article 42(9) of the UAE's New Labour Law, employment contracts can be terminated “if the worker does not meet the conditions for renewal of the work permit for any reason outside the control of the employer.” UAE-based lawyer Yamalova (2020) observes that “in the context of a limited [fixed-term] contract, the proof that someone was terminated for a good cause is almost impossible to meet in relevant terms.” In the UAE context, where fixed-term contracts must be renewed every one or three years, a fear of non-extension and hence insecurity about the future of employment deters individuals from blowing a whistle.<sup>7</sup>

<sup>6</sup> Article 6(1) of the UAE Federal Law No. (33) of 2021 states that “no Worker may be recruited or employed by any Employer without obtaining the Work Permit from the Ministry.”

<sup>7</sup> . It is important to mention that though employment in the country is regulated by the UAE Federal Law No. (33) of 2021, which replaced the UAE Federal Law No. 8 on the Organization of Labor Relations, the free zones might have specific provisions, including on termination of contracts, which differ from the law. The Abu Dhabi Global Market (ADGM) and the Dubai International Financial Centre (DIFC), have their own employment legislation: ADGM Employment Regulations and DIFC Employment Law—a result of the different legal systems under which they operate (Croner-i, 2020).



The positive impact of tenure on WI in the UAE context was only profound in the case of reporting major fraud, while it showed no significant impact for disclosing minor frauds. Uncovering a major fraud within the company requires a deeper knowledge of the business processes and operation, access to information and documentation, and trustworthy relationships with co-workers. Employees who have been with an organization longer will not only have a better knowledge of the whistleblowing procedure and the organizational culture and dynamics but also—in the UAE context—have greater job security. As explained earlier, employees who have been with an organization for a number of years must have their fixed-term contracts renewed multiple times, which signifies greater job security.

### Fear of retaliation as the WI deterrent

The study results demonstrate an inverse relationship between fear of retaliation and WI. The absence of a comprehensive whistleblowing law coupled with the highly fluid expatriate workforce might explain the inverse relationship between these variables. In the UAE context, the threat of retaliation has a broader meaning than it might have in other countries. As was mentioned in the hypotheses section of this paper, to get rid of an unwanted employee, an employer does not necessarily need to fire him or her. Not renewing a contract or forcing an employee to resign are ways to retaliate against whistleblowers as they will not usually produce any legally binding repercussions for the employer. Companies might take advantage of employees' limited knowledge of the laws by swaying them to opt for self-resignation. As per the UAE's New Labour Law, self-resignation entitles employees to an end-of-service severance pay. This might be one of the selling points for many expatriates in the country. On the other hand, if the company fires an employee, he or she can seek compensation in court if he or she can prove the arbitrary nature of the dismissal. The latter action implies additional costs in legal fees, which the dismissed employee may incur. Even if the dismissal is proven to be arbitrary, the value of the employer's compensation to the employee will not be more than his or her three-month salary. Moreover, the New Labour Law does not oblige the company to reinstate the dismissed employee. Within a few months of dismissal, the employee will have to find other employment to continue residing in the country. Based on this assessment, we can see why self-resignation might be seen as a preferred alternative.

Another possible retaliation impacting WI is a fear of being sued by the employer for damages caused by the breach of the employment contract or the breach of the civil code, which states that “the employee must keep the industrial or trade secrets of the employer, including after the termination of the contract, as required by the agreement or

by custom.”<sup>8</sup> An example of this would be if an employee discloses confidential information about the employer to regulatory authorities or even to the police. Furthermore, whistleblowers can be accused of defamation, which is a criminal offense in the UAE (Gibbs 2020).

### Conclusion and practical implications

The findings confirm the validity of the EDM model. The results support the positive and significant impact of EA and EJ on WI. The analysis shows that though employees are willing to report major fraud and harm to others, they are reluctant to blow a whistle on minor wrongdoing. Moreover, the results show that the longer employees stay with an organization that more willing they are to blow a whistle. Finally, the analysis confirms a negative effect of fear of retaliation on WI.

The results suggest that implementing a stand-alone, comprehensive whistleblowing law in the UAE can promote employees' WI. The protection offered by a comprehensive whistleblower law could potentially remediate the effect of the so-called guest worker employment status, so individuals could have propensity to report wrongdoings without fear of retaliation. Brennan and Kelly (2007) acknowledge that after the UK introduced the Public Interest Disclosure Act in 1999, the number of reported frauds doubled. Niazi and Qazi's (2020) study concludes that a specific law for whistleblowing is the most important and independent determinant of WI. Considering the latest ubiquitous legislative initiatives, the UAE can consider bringing forward a stand-alone federal whistleblowing law modeled on the EU's 2019 Whistleblower Directive. Its broad applicability in terms of various types of wrongdoing, economic sectors, and legal areas will be suitable for the UAE's judicial system and the “guest worker” employment scheme. In addition, the law should grant protection to a whistleblower against potential defamation charges if the disclosure is done “in good faith” without pursuing unethical or illegal objectives and via prescribed channels. The “in good faith” principle should also apply to cases of disclosing incorrect or incomplete information. After all, whistleblowing is often based on mere suspicion, hence potential civil and criminal liability for reporting false information may deter employees from reporting Al-Haidar (2018). Considering Teichmann and Falker's (2021) recommendation, it should impose a legal requirement for establishing a whistleblowing policy and procedure at an organizational level with an independent reporting channel managed by a third party. Currently, only

<sup>8</sup> Article (905)(5), Federal Law No. (5) of 1985 On the Civil Transactions Law of the United Arab Emirates, The UAE Civil Code.



financial institutions regulated by the Emirates Securities Commodities Authority (SCA) are required to establish a whistleblowing policy stipulating mechanisms for reporting and the whistleblower's protection<sup>9</sup> (Baker 2019). A whistleblowing policy requirement for organizations from all sectors will provide an easy but safe mechanism for employees who are new to the country to disclose unlawful and harmful behavior.

In addition, the study's findings have implications for organizations. In a fluid business environment characterized by high turnover, a multicultural workforce, and the absence of a comprehensive whistleblowing law, educating employees about available legal protection is crucial for minimizing the impact of fear on WI. The survey results demonstrate that only a quarter of the respondents had organizational training related to whistleblowing. Moreover, those who took the training indicated that its duration was less than 30 min. The research suggests that organizations should consider including legal topics related to whistleblower protections in the onboarding process and ongoing training as part of their ethics training (Kreismann and Talaulicar 2021). Organizations especially need to target expatriate employees who are recently new to the UAE and have insufficient knowledge of and power in the organization.

Though the study did not cover organizational justice, research shows that the perceived justice climate is relevant to whistleblowing (Wortley et al. 2008). If employees see that their reports have been taken seriously and were acted upon, they will have more confidence in management's commitment to organizational justice. Hence, it is recommended that managers provide periodic updates on steps taken to address the disclosed misconduct. Aquino et al. (2006) conclude that organizational justice, power, and procedural justice, in particular, determine employees' response to wrongdoing because they rely on organizational protection. Establishing an organizational culture conducive to speaking up empowers employees against the fear of retaliation. Moreover, organizations should consider introducing "bonuses for whistleblowing," which according to Teichmann and Falker incentivize internal disclosure of wrongdoing. This promotes compliance behavior as a result of "employees' awareness of possible scrutiny by their coworkers" (2021, p. 401).

## Declarations

**Conflict of interest** On behalf of all authors, the corresponding author states that there is no conflict of interest.

<sup>9</sup> Article 7(10) of the Administrative Decision No. (123) of 2017 on the Regulatory Controls for Financial Activities and Services.

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