Ethical Leadership and Whistle-blowing Intentions: Mediating Role of Moral Identity

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ARTICLE DETAILS

ABSTRACT

Detachment of business practices and ethics led to a number of business scandals and unethical practices in workplaces. This urged scholars and practitioners to investigate importance of morality at workplace. This study has highlighted the role of ethical leaders in shaping whistleblowing intentions of their subordinates. Moreover, this study has also investigated the role of moral identity. A total of four hypotheses, examining the direct effect of ethical leadership on moral identity and whistleblowing intentions and the mediating role of moral identity were proposed. This study adopted a time lagged study design and collected information from employee-peer dyads at three points in time. Data was gathered from 214 employees working in service sector. Results verified the role of ethical leaders in shaping moral identity of employees as well as their whistleblowing intentions. Along with, the findings also suggest that moral identity acts as an intervening mechanism between ethical leadership and whistleblowing intentions. Moreover, this study has highlighted multiple avenues for future research.

1. Introduction

While morality is a cultural concern, it is of basic significance to professionals as well. Since, the severance of ethical/moral conduct and business has made the corporate world witness a number of scandals. Organizations are going through a lot due to unethical/immoral actions of employee. These unethical activities of employees upset the functioning by menacing its well-being (Randall, Saurage-Altenloh, & Osei, 2020). Therefore, organizations are solely concerned with increasing employees’ positive conduct so that they can save themselves from harm and encourage them to blow the whistle.
Whistleblowing is an act to expose the unlawful, corrupt or criminal practices of the organization or its members to entities (individuals or organizations) which are authorized to take any action against them (Near & Miceli, 1985). Whistle blowing is exceptionally useful for organizations when the bad behaviour rises at the work environment (Callahan & Dworkin, 2000). Role of leadership in affecting and influencing subordinates and organizations cannot be denied. Precisely, ethical leaders can oblige as role model for their aides who may encourage as well as force them to act ethically and morally. Ethical leaders set clear moral standards and convey them in such a way that employees are motivated to report any wrongdoing which gives rise to whistle blowing behaviours (Brown & Trevino, 2010). An integrative review on ethical leadership by Lemoine, Hartnell, and Leroy (2019) calls scholars to observe the underlying links between ethical leadership and its aftermaths. They highlighted that a broad range of mediators and moderators should be linked with ethical leadership and outcomes. Johnson and Avey (2017) propose that there is a need to investigate new mediating components between morality and worker’s positive practices. Furthermore, specialists intermittently call for further exploring the connections among leadership and whistleblowing (Bhal, Verma, Gupt, & Dadhich, 2019; Cheng, Bai, & Yan, 2017). When employees work under a leader who acts as a source of ethical guidance in that case employees tend to be less unethical and have greater insight of providing security to the organization (Schaufeli & Bakker, 2004; Sharif & Scandura, 2013). On the other hand, search on whistleblowing argues that moral identity as an important individual level factor should be incorporated into research endeavours (Culiberg & Mihelic, 2016). Explicitly the significance of these leaders/managers in moulding subordinates’ moral identity and authorizing whistleblowing is a domain that demands exploration. The motivation behind this inspection is to verify that how ethical leadership will influence moral character which impacts their extra-role yet beneficial practice i.e., whistleblowing intentions. This study is an answer to the calls of researchers to investigate diverse outcomes of ethical leadership in new cultural settings to get a complete understanding of effects of such leaders (Işık, 2020; Lemoine et al., 2019; Moore, Mayer, Chiang, Crossley, Karlesky, & Birtch, 2019). Since previously, whistle blowing and ethical leadership were studied in western context hence, this study is extending the literature on ethical leadership, moral identity and whistleblowing intentions. Secondly, this study is theoretically advancing the literature by applying Social identity theory to explain whistle blowing intentions and moral identity. Figure 1 depicts the conceptual framework of this study.

![Figure 1: Conceptual Framework](image-url)

### 2. Literature Review and Hypothesis Development

This study draws support from basic tenants of Social Identity Theory proposed by Tajfel and Turner (1985). According to SIT (1985) people categorise themselves and others into numerous social groupings, such as administrative affiliation, religious connection, and age unit. SIT (Tajfel & Tumer, 1985) states that self-concept is comprised of a “personal-identity” incorporating characteristics such as physical appearances/features skills, psychosomatic qualities, and “social-identity “covering relevant group taxonomies. Tajfel and Turner (1979) while proposing SIT state that individuals tend to maintain positive self-esteem and for that purpose they strive to gain a positive social identity. At first individuals sort their environment in terms of groups (social categorization) they define themselves in terms of the
society/organization/group they are a part of and count these referents as in-group whereas individuals not belonging to in-groups are out-group. These social groups provide individuals a sense of self in social world i.e. a way to define themselves (social identification). To maintain a positive self-concept individuals evaluate their in-groups positively and out-groups negatively (Social comparison).

2.1 Ethical Leadership and Whistle-blowing Intentions

Ethicality in leaders have been characterized by the researchers as ‘normative’ and ‘descriptive’, (Ciulla, 1998; Trevinno, Brown, & Hartman, 2003). Moral standards and contention have been the fundamental emphasis of ethical leadership. These moral standards serve as base for ethical behaviour and moral decisions by these leaders (Brown, 2007). Extant research highlights that being sensible, genuine and virtuous is said to be an ethical leader who impact their follower's ethical conduct by remunerations, disciplines/punishments and through effective correspondence/communication with their supporters (Işik, 2020; Ofori, 2009). The noteworthy effect of ethical leadership is upheld on employees in form of improved work execution, increased voice and other positive practices (Mayer, Aquino, Greenbaum, &Kuenzi, 2012; Stouten-et-al., 2010; Walumbwa et al., 2012). Ethical leaders aim at inhibiting negative climate at work and consider disclosure of illegal/immoral act as helpful for maintaining ethics in organization (Cheng et al., 2017) thus ethical leaders will encourage and rewards those who will report any unethical practice at workplace. Specifically, whistleblowing is a risky action, and it takes a lot of courage and sense of safety to blow the whistle (Vandekerckhove&Tsahuridu, 2010). According to SIT individuals align their actions according to norms and values of the group or individual entity they identified with. Leaders are a source of identification with the broader group i.e. organization (Ashforth&Mael, 1989) thus, individuals will act in a way that is according to expectations and standards set by leaders. As ethical leaders clearly encourage ethical conduct so pointing out an ethical issue under such leaders is most likely.

Hypothesis 1: Ethical leadership is positively related to whistleblowing intentions

2.2 Ethical leadership and Moral identity

With a change in situation or stimuli, a diverse set of identities are activated such that different identities are functional in different situations. Ethical leader, through his/her own behaviour, cues and rules/regulations shape moral values of followers which result in their activated moral identity (Gerpott et al., 2016).

Aquino and Reed (2002) put forth the definition of moral-identity as “A self-schema beliefs and ideas people hold about their own selves which is systematized around a set of moral traits/characteristics”. Moreover, this self-schema also motivates moral action. The ‘internalization’ and ‘symbolization’ are the two dimensions of moral identity. The self-importance of one’s moral-identity is depicted in the aspect of “internalization”, whereas the concern about how one’s actions are observed and interpreted by others is explained in “symbolization” dimension (Reynolds &Ceranic, 2007).

As individuals whose moral self-concept is not important or persistent could also tend to act and behave morally by following a moral exemplar i.e. ethical leader (Shao et al., 2008). The ethical character traits consist of consistency, credibility, predictability, honesty, sincerity and forthrightness thus, an ethical leader who portrays morally and ethically acceptable actions through enacting them as well as effectively communicating them to the followers, develops their moral identity.

SIT states (Tajfel & Turner, 1979) certain identities are activated depending upon the salience of the identity in a situation. Aquino and Reed (2002) posits that moral identity is also a manifestation of social identity and the referent in moral identity might be real group membership, abstract ideal or known individual (leader). Therefore, in accordance with SIT, it is likely that individuals working under ethical leader will have activated moral identity. Hence it is proposed that,

Hypothesis 2: “Ethical leadership is positively related to moral identity”
2.3 Moral Identity and Whistle Blowing Intentions
Whistleblowing speaks to a type of "moral protest " that includes revealing the unacceptable and immoral actions to people capable of taking the action. Whistleblowing is likely inspired by moral dynamic, a comparative judicious methodology provoked by representatives' affectability to moral issues and concerns (Valentine & Godkin, 2019).
Matherne, Ring and Farmer (2017) posited that a person’s moral identity and its standing for his/her self-concept acts as a regulatory mechanism that guides him/her in decision-making and escorts their behaviours in light of the ethical principles. Individuals high in moral identity tend to act morally and undertake actions that are morally/ethically acceptable. Honesty and fairness are part of moral identity of individual thus when individuals observe any illegal activity or morally questionable action done by either of their peer or the organization they feel an obligation to report this wrongdoing (Hu & Jiang, 2018). Specifically, moral identity forces individuals to evaluate, take decisions and react towards any event while taking moral principles into consideration (Aquino et al., 2002); hence, when they see any unethical happening around them they are motivated to report it and thus blow the whistle. This can be supported through SIT (Tajfel & Turner, 1985) which supports this notion that an individual aligns its activities to the activated identity. Thus, when moral identity is activated the actions against this identity will be moral too. Whistleblowing has ethical meanings linked to it thus any activity that is harmful for any stakeholder or society, will be reported for collective benefit. Hence it is proposed that Hypothesis 3: Moral identity is positively related to whistleblowing intentions

2.4 Ethical Leadership and Whistleblowing Intentions: Moral Identity as Mediator
Leaders have a significant impact on follower's practices and mentalities, as they can drive them towards a shared objective through their capacity, personality arrangement and notoriety (Hogg, 2001). Ethical leaders are moral models which enact moral character of devotees which result in positive and alluring ethical activities (Gregpott et al., 2017). Studies have proven that moral identity undoubtedly supports pro-social deeds such as philanthropy and dejects unethical behaviours including deception (Aquino & Reed, 2002).

Employees with strong moral characters are especially touchy and responsive to good and ethical issues as compared to those with low or "feeble" moral identities (May et al., 2015). Normally, people who witness offense in their workplace lean toward not to approach to unveil the bad behavior and remain quiet because of hazardous and uncertainty components related with the whistleblowing conduct (Isa et al., 2020) however, support from ethical leader and enforcement from the moral identity makes them able to stand up and develop their whistle blowing intentions.

According to SIT when a certain identity is formed, individuals adopt and align their own values and goals with that of the group they have identified with (depersonalization) and thus act according to those norms as they want to maintain a positive identity, and enhance their self-esteem. Thus, ethical leader will activate followers' moral identity through priming and provide visible and subtle cues for activating moral self-concept. This will motivate them to report any wrongdoing (whistle blowing) to party who is in authority of rectifying the unethical or immoral act. Therefore, it is proposed that: Hypothesis 4: Moral identity will mediate the relationship between ethical leadership and whistle-blowing intentions

3. Methodology
3.1 Sample and Procedure
This research adopted time lagged design by collecting data at 3 point of time from employees working in service sector. Such that data for IV (Ethical Leadership) was collected at time1, data for mediator (Moral Identity) at Time 2 and data for DVs (Whistleblowing Intentions) was collected at Time 3. Time lag between each time slot was 2 weeks. Convenient sampling technique was used due to scarcity of time and resources. Respondents who provided data at time 1 were again contacted at time 2 and time 3. They were instructed to provide a primary key so that their responses can be matched. 500
questionnaires were distributed at time1, 420 at T2 and 300 at T3. After matching the responses and discarding unusable responses a total of 214 responses were retrieved.

The analysis of demographic characteristics revealed that majority of the respondents were females (53.7%). Maximum respondents were unmarried (62%), possessing bachelor’s degree or diploma/professional certifications (55.1%). Moreover, their overall work experience with their current organization ranged from 1 month to as long as 25 years (Mean=4.94; SD=4.41).

3.2 Measures

3.2.1 Ethical Leadership
To measure the Ethical Leadership (EL) scale developed by Brown et al. (2005) is used. A sample item of Ethical leadership is: “My leader conducts his/her personal life in an ethical manner.” Response is obtained from 7-point scale (1 = strongly disagree - 7 = strongly agree). Cronbach alpha = 0.84.

3.2.2 Moral Identity
A scale developed by Aquino and Reed (2002) is used. Sample item includes: “I am committed to my moral principles”. Response are obtained from 7-point scale 1 = strongly disagree - 7 = strongly agree). Cronbach alpha = 0.92.

3.2.3 Whistle Blowing Intentions
To measure the Whistle blowing Park and Blenkinsopp’s (2009) scale is used which consisted of four items. Sample item includes: “I would report it by using internal procedures”. Response are obtained from 7-point scale (1 = strongly disagree - 7 = strongly agree). Cronbach alpha = 0.89.

The data was analysed to retrieve results by using SPSS and AMOS software. Moreover, Correlation analysis ensured discriminant validity and CFA in AMOS software ensured convergent validity of responses. At last, regression analysis was done to test the main effect and mediation hypothesis using PROCESS macro.

4. Results

Previous research has highlighted that demographic variables significantly affect whistleblowing intentions (Chiu, 2003; Sims & Keenan, 1998) and moral identity (Hardy, 2006; Krettenauer, Murua, & Jia, 2016). Therefore, the respondents also provided data regarding their demographics such as age, gender, designation, marital status etc. To identify the control variables ANOVA test was conducted. The results show that gender of respondents were significant against whistle blowing intentions therefore, it was controlled in the analysis.

4.1 Confirmatory Factor Analysis (CFA)
CFA yielded factor loadings along with model fit indices. The regression score weights of all items were greater than 0.3, hence all items loaded distinctly onto their latent variables. The factor loadings of all variables are given in following Table 1.

To establish discriminant and convergent validity CFA was performed using AMOS software. Results are reported in table 1. A three factor model was compared with a single factor forced model. Results indicate that three factor model had better fit (χ²/Df = 2.79; CFI = 0.86; GFI = 0.80; AGFI = 0.75; NFI = 0.79; RMSEA = 0.09) as compared to single factor model (χ²/Df = 5.99; CFI = 0.59; GFI = 0.58; AGFI = 0.49; NFI = 0.55; RMSEA = 0.15). Details of CFA are given in Table 1.
Figure 2: 3 Factor Model (EL-MI-WI)

Figure 3: Single Factor Model

<table>
<thead>
<tr>
<th>Measurement Models</th>
<th>$\chi^2$</th>
<th>df</th>
<th>$\chi^2$/df</th>
<th>CFI</th>
<th>GFI</th>
<th>AGFI</th>
<th>NFI</th>
<th>RMSEA</th>
</tr>
</thead>
<tbody>
<tr>
<td>EL-MI-WI (3 factor)</td>
<td>662.2</td>
<td>237</td>
<td>2.79</td>
<td>0.86</td>
<td>0.80</td>
<td>0.75</td>
<td>0.79</td>
<td>0.09</td>
</tr>
</tbody>
</table>
Better fit indices are shown in bold

4.2 Descriptive Statistics
Mean values along with Standard Deviations (SD) and correlation are presented in table 2. The mean value and SD for EL was 3.55 (SD=1.12); 3.37 (SD=1.467) for MI and 3.84 (SD=1.56) for WI.

4.2.1 Correlations
Correlation analysis provided initial support and directions for the proposed hypothesis. The results of correlation analysis revealed that Ethical Leadership (T1) has a positive correlation with Moral Identity (T2) (r = .30, p < .001) and Whistleblowing intentions (T3) (r = .33, p < .001).

Moreover, Moral identity has a significant positive correlation with whistleblowing intentions (r = .58, p < .001). All the values for Pearson coefficient were in acceptable range i.e. r < 0.7 ensuring discriminant validity of the study constructs.

<table>
<thead>
<tr>
<th>Variable Mean</th>
<th>S.D.</th>
<th>Gender</th>
<th>EL</th>
<th>MI</th>
<th>WI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td>1.61</td>
<td>.487</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EL (Time 1)</td>
<td>3.56</td>
<td>1.14</td>
<td>-.08</td>
<td>(0.84)</td>
<td></td>
</tr>
<tr>
<td>MI (Time 2)</td>
<td>3.37</td>
<td>1.48</td>
<td>-.09</td>
<td>.30**</td>
<td>(0.92)</td>
</tr>
<tr>
<td>WI (Time 3)</td>
<td>3.84</td>
<td>1.56</td>
<td>-.18</td>
<td>.33**</td>
<td>.58**</td>
</tr>
</tbody>
</table>

Note: N=213; Alpha Reliabilities are given in parentheses. EL= Ethical Leadership, MI= Moral identity, WI=Whistleblowing Intentions
*Correlation is significant at 0.05 level (2-tailed); ** Correlation is significant at the 0.01 level

4.3 Hypotheses Testing
For hypothesis testing PROCESS analytical strategy was used. Results of main effect hypotheses i.e. H1, H2 and H3 as well as mediation hypothesis i.e. H4 were obtained by utilizing this technique. Model 4 in PROCESS macro provides results for mediation model hence for obtaining the results for main and mediation hypothesis model 4 was run.

The results fully support the direct effect hypothesis. The association between ethical leadership and whistleblowing intentions was also proved (B=.58; p=0.000). Similarly, a positive and significant association was found between ethical leadership and moral identity (B=0.28; p<0.000). Moreover, a significant positive association was found between moral identity and whistleblowing intentions (B=0.18; p<0.01). In summary all direct effect hypothesis were proved. Detailed results are presented in Table 3.

<table>
<thead>
<tr>
<th>Variable</th>
<th>R</th>
<th>R²</th>
<th>B</th>
<th>SE</th>
<th>T</th>
<th>p</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 EL → WI</td>
<td>.55</td>
<td>.30</td>
<td>.58</td>
<td>.07</td>
<td>8.55</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>.41</td>
<td>.17</td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tbody>
</table>
The mediation hypothesis were supported such that results of Sobel test show that moral identity mediates the positive relationship between ethical leadership and whistleblowing intention. The test of normal theory test highlights a significant mediation of moral identity (B=.11; p<.05). Moreover, a non-zero value between upper and lower level CI (0.01; 0.21) also support meditational role of moral identity between ethical leadership and whistleblowing intention. Detailed results are presented in table below.

Table 4: Results of Mediation Hypotheses

<table>
<thead>
<tr>
<th>Effect</th>
<th>SE</th>
<th>Z</th>
<th>P</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sobel</td>
<td>.11</td>
<td>.04</td>
<td>2.53</td>
</tr>
</tbody>
</table>

Bootstrap Results for Indirect Effects

<table>
<thead>
<tr>
<th>Effect</th>
<th>SE</th>
<th>95% CI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indirect</td>
<td>.11</td>
<td>(.01; 0.21)</td>
</tr>
</tbody>
</table>

Note: N=213; EL= Ethical Leadership, MI= Moral identity, WI = Whistleblowing Intentions

5. Discussions & Conclusions

Past examination sets that whistleblowing strategy may be successful if the leaders give a situation, which supports and strengthens the moral conduct of employees and our results also support this notion. Individual’s personality is dynamic as it adapts as the circumstances change (Vallacher, Read, & Nowak, 2019). Our investigation underpins the possibility that an ethical leader can impact a person's ethical self-idea for example moral identity and actuate certain part of one's ethical character which shape the consequent practices valuable for organizations and its employees (whistleblowing). Since a company's virtuous atmosphere verify that what ethical lead and practices are normal from workers in this way representatives shape their practices likewise (Singh, Verbek, & Rhoads, 1996). In this way organizations can keep up morals and implement ethical set of principles to make their employees ethical and courageous enough to speak up against ethical adversity.

Given the significance of whistleblowing for organizations, existing literature has begun to pay attention towards understanding the factors that encourage employees to blow the whistle when they witness any unethical or immoral acts in their surroundings (Latan, Jabbour, & Jabbour, 2019; Valentibne & Godkin, 2019). Since whistleblowing intentions are strong predictors of actual whistleblowing (Tarjo, Suwito, Aprilia, & Ramadan, 2019) thus this research has added by highlighting moral identity as well as ethical conduct of immediate supervisors/managers is a major motivational factor behind whistleblowing. This study utilized basic tenants of SIT to support the proposed associations. This study has also enhanced literature on ethical leadership by investigating it in Asian settings. The findings support the notion that ethical conduct on leaders part is crucial for both employees and the employing organizations (Koopman, Scott, Matta, Conlon, & Dennerlein, 2019; Kuenzo et al., 2020). This research highlights importance of leaders conduct in encouraging whistleblowing intentions along with employees own moral awareness.

These results are in line with previous researches which confirm that under supervision of ethical leaders employees feel empowered and psychologically secure such that they are willing to raise voice and speak against any ethical dilemma within their workplace (Chen & Hou, 2016; Islam, Ahmed, & Ali, 2019; Lam, Loi, Chan, & Liu, 2016; Walumbwa & Schaubroeck, 2009). The results suggest that ethical leaders’ behaviours serve as a motivational source and support system that encourages employees to raise voice against any ethical odds within their workplace.
In similar vein, leaders have a significant influence on their subordinate’s self-identity (Moore et al., 2019). These outcomes suggest that when employees work under an ethical leader, who actively engages and encourages ethical conduct of subordinates, then they begin to define themselves morally and ethically and their moral identity is shaped.

6. Limitations
Overall, this study advances the literature, however, there are some limitations that must not be disregarded. First of all, dearth of time and resources allowed data gathering from only few organizations in service sector which affects the generalizability of findings of this study. For more consistent results, respondents from a broad range of professions should be accessed and data from wide-ranging organizations belonging to each/diverse sectors should be collected and analyzed. Moreover, the time slot between T1, T2 and T3 responses was one week whereas a pure longitudinal research design, collecting data after long intervals will help in getting more reliable results.

7. Future Research Directions
A number of future search guidelines are emphasized through this study. First of all, ethical leadership acts as independent variable in this research whereas some other constructs like spiritual leadership, participative leadership, or servant leadership can be taken as independent variable and its impact on diverse dependent variables can be assessed. Specifically, it is quite possible that spiritual leaders encourage morality at work (Yang, Liu, Wang, & Zhang 2019), which in turn bolsters moral identity of their subordinates. Moreover, apart from leadership role, an organizational climate and culture plays in shaping moral identity of employees must be investigated. For instance, ethical climate may encourage employees to act morally and an uncivil or cynical workplace may result in immoral employees with least concerns for their moral selves (Kuenzi, Mayer, & Greenbaum, 2020). These avenues are open for further investigation. Since, research has highlighted the ethical awareness of employees as a strong predictor of whistleblowing (Latan et al., 2019; Fredin, Venkatesh, Riley, & Eldridge, 2019). Thus, the current study must be replicating by incorporating other factors that might affect the outcome variables studied here. Future studies inspecting additional mechanisms by way of which leader ethical identity internalization influences subordinate behaviours could be useful.

References


