



Whistleblowing Intentions in Fraud Cases: The Interplay of Organizational Culture and Personal Ethic

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ABSTRAK

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Whistleblowing is a crucial mechanism for uncovering fraud and unethical behaviour within organizations, yet the decision to report misconduct is influenced by a complex interplay of organizational culture and personal ethics. This study explores the factors that drive employees to report fraud, focusing on how organizational culture and personal ethical beliefs interact to shape whistleblowing intentions. A systematic literature review (SLR) was conducted to synthesize recent studies from 2019 to 2024, analysing the role of ethical climates in organizations and individual moral values. The findings suggest that organizational culture significantly influences whistleblowing behaviour, with supportive and transparent environments fostering higher rates of reporting. Personal ethics, such as moral intensity and a sense of duty, also play a critical role, although their effect is moderated by the organizational context. The study highlights the importance of aligning personal ethical standards with organizational culture to encourage whistleblowing and reduce fraud. Recommendations for practice include creating a culture of ethical leadership, providing clear whistleblower protection policies, and promoting a transparent and supportive reporting system.

INTRODUCTION

Whistleblowing, the act of reporting fraudulent or unethical behaviour occurring within an organization, plays a crucial role in the detection and prevention of fraud. Despite the existence of anti-fraud policies, reports of misconduct are often not made, even when employees have knowledge of these violations. This suggests that several psychological, social, and organizational factors influence an individual's decision to report or remain silent. Two key factors influencing whistleblowing intentions are organizational culture and personal ethics. Organizational culture, which encompasses the norms, values, and ethical climate within an organization, directly impacts an individual's decision to report misconduct. Personal ethics, on the other hand, refers to the moral beliefs of the individual and how they shape their intention to engage in whistleblowing behaviour.

Previous studies have shown that a positive ethical climate within an organization can significantly increase the likelihood of employees reporting misconduct. A study by Park et al. (2024) found that organizations with a culture that encourages transparency and supports whistleblowing tend to have higher reporting rates compared to those with a culture that is closed or unsupportive (Park, Kim, & Lee, 2024). This culture not only provides a sense of safety for employees to report without fear of retaliation but also fosters a norm where whistleblowing is seen as important for maintaining organizational integrity (Graham & O'Leary, 2023).

On the other hand, personal ethics plays a significant role in shaping whistleblowing intentions. According to the Theory of Planned Behaviour (Ajzen, 1991), an individual's intention to perform a behaviour is strongly influenced by their attitude toward the behaviour, subjective norms, and perceived behavioural control. Recent research by Lee and Kim (2022) demonstrated that moral intensity, the perceived severity and ethical importance of a wrongdoing can influence whether an employee feels compelled to report or not. The higher the moral intensity of a violation, the more likely an individual is to take the step of reporting (Lee & Kim, 2022).

However, while both organizational culture and personal ethics significantly influence whistleblowing intentions, their interaction is crucial. Hwang and Kim (2024) argue that although individuals may have a strong intention to report a violation, they are more likely to withhold action if the organizational culture does not support or even discourages such behaviour. This highlights the importance of alignment between personal ethical values and the organizational culture in encouraging whistleblowing. Furthermore, clear organizational support and policies that protect whistleblowers can mitigate the fear of retaliation, which is often a major barrier to reporting violations (Hwang & Kim, 2024).

LITERATURE REVIEW

The purpose of this chapter is to explore the existing literature on the factors influencing whistleblowing intentions, particularly focusing on the interplay between organizational culture and personal ethics. The review will critically assess the theoretical frameworks, empirical studies, and relevant models that have been employed in understanding the dynamics of whistleblowing behaviour.

Theoretical Frameworks on Whistleblowing

Whistleblowing theories often center around the Theory of Planned Behaviour (TPB), which posits that an individual's intention to engage in a behaviour is influenced by their attitude toward the behaviour, subjective norms, and perceived behavioural control (Ajzen, 1991). In the context of whistleblowing, TPB suggests that an individual will be more likely to report fraudulent activities if they believe it is morally right, if they perceive that others support the act of whistleblowing, and if they believe they have the resources or power to report without fear of negative consequences. Researchers have used TPB to identify how personal ethics and social norms guide individuals in making the decision to report misconduct (Graham & O'Leary, 2023).

Organizational Culture and Whistleblowing Intentions

The ethical climate of an organization plays a crucial role in shaping employees' willingness to report wrongdoing. Research has shown that a culture that emphasizes transparency, fairness, and protection for whistleblowers increases the likelihood of employees reporting unethical behaviours. A strong organizational culture that supports ethical decision-making is essential in encouraging whistleblowing (Park et al., 2024). This culture can also diminish the fear of retaliation, making it easier for employees to speak up when they witness fraud.

METHODOLOGY

Research Approach: Systematic Literature Review (SLR)

In this study, Systematic Literature Review (SLR) will be employed as the primary research methodology. The SLR method is well-suited for synthesizing existing knowledge, offering a comprehensive analysis of the literature, and identifying key patterns, gaps, and trends in research. By conducting an SLR, this study will systematically review and analyse relevant studies from the last five years related to whistleblowing intentions in fraud cases, with a focus on the interaction between organizational culture and personal ethics.

Systematic Literature Review (SLR) is categorized as **qualitative research** because it primarily involves collecting, screening, and conducting an in-depth analysis of existing literature to synthesize relevant findings. In SLR, no primary data is collected; instead, the understanding is built from previous studies. This approach allows researchers to explore trends, patterns, and gaps in the existing literature, providing a more holistic and theoretical understanding of the topic being studied, such as the factors influencing whistleblowing intentions in this case.

Selection Criteria:

The selection of literature will follow a structured process, using specific inclusion and exclusion criteria. Studies will be selected based on the following factors:

- Publication within the last 5 years (2019–2024).
- Relevance to the relationship between organizational culture, personal ethics, and whistleblowing intentions.
- Peer-reviewed academic articles, journals, and reputable conference proceedings.
- Studies published in English and accessible through academic databases such as Google Scholar, Scopus, and PubMed

Data Collection and Analysis:

The review will focus on quantitative, qualitative, and mixed-method studies that examine whistleblowing behaviors in the context of organizational culture and personal ethics. The key steps in the SLR process will include:

- Literature search using keywords related to whistleblowing, organizational culture, personal ethics, and fraud.
- Screening articles for relevance based on abstracts, methodology, and findings.
- Data extraction to identify key themes, variables, and findings across the studies.
- Synthesis and thematic analysis to compare results and build a comprehensive understanding of how organizational culture and personal ethics influence whistleblowing intentions.

RESULTS

Impact of Organizational Culture

The findings from the literature review emphasize the significant role of organizational culture in shaping the likelihood of whistleblowing. In organizations with strong ethical climates, where transparency is encouraged and whistleblower protection is provided, employees were more likely to report fraud or misconduct. For instance, Park et al. (2024) found that a supportive organizational culture directly increased employees' willingness to report fraud. Conversely, organizations with a toxic culture, where retaliation was perceived as likely, reported lower rates of whistleblowing.

A key theme that emerged was the role of leadership and management support in promoting ethical behaviour within organizations. Graham and O'Leary (2023) noted that organizational leaders who emphasize the importance of ethical behaviour and establish clear policies for whistleblowers create an environment where employees feel empowered to speak up without fear of retribution.

Influence of Personal Ethics

Personal ethics also emerged as a critical determinant of whistleblowing intention. Employees who viewed whistleblowing as a moral duty were more likely to act upon unethical behaviours, particularly when they perceived the wrongdoing as severe. Studies reviewed by Lee & Kim (2022) indicated that

moral intensity played a significant role in this decision-making process. Individuals who viewed the fraudulent act as highly unethical were more likely to report it, regardless of the organizational culture. However, the fear of retaliation remained a consistent barrier, especially in organizations where reporting mechanisms were not robust or confidential.

Interaction Between Organizational Culture and Personal Ethics

A significant finding from the literature review was the interaction between organizational culture and personal ethics. While both factors independently contributed to whistleblowing intentions, their combined effect was found to be more powerful. In organizations with a positive ethical climate, individuals with strong personal ethics were significantly more likely to report fraud (Hwang & Kim, 2024). In contrast, in organizations with a weak or hostile culture, employees with strong personal ethics were often discouraged from reporting due to fear of retaliation and lack of organizational support.

DISCUSSION

The Role of Organizational Culture

The findings suggest that organizational culture is a primary enabler or barrier to whistleblowing. Organizations that foster an ethical climate and provide clear reporting mechanisms create an environment where whistleblowing is seen as an acceptable and supported course of action. As emphasized by Park et al. (2024), ethical leadership and the presence of strong whistleblower protection policies are essential in encouraging employees to come forward with concerns.

This aligns with the Theory of Planned Behaviour (Ajzen, 1991), which suggests that perceived behavioural control (i.e., the belief that one can report fraud without repercussions) is crucial in determining whistleblowing behaviour. The stronger the organizational support and protections, the more likely employees will perceive the reporting process as manageable and safe.

Influence of Personal Ethics

While personal ethics is a powerful motivator for whistleblowing, its influence is moderated by the organizational culture. Employees with a high moral sense of duty may still choose to remain silent if they perceive the organizational culture as unsupportive or hostile. This underscores the need for organizations to not only promote ethical values but also to create tangible structures and policies that support whistleblowing (Hwang & Kim, 2024).

Implications for Practice

Organizations should consider the dual importance of organizational culture and personal ethics in shaping whistleblowing behaviours. Future organizational policies should focus on:

- Cultivating a positive ethical climate through leadership commitment and clear ethical guidelines.
- Providing whistleblower protection policies that ensure confidentiality and protect against retaliation.

- Encouraging ethical decision-making through training and awareness programs that align personal values with organizational values.

Limitations and Future Research

The SLR methodology, while thorough, relies on existing studies and cannot account for real-time developments or contextual factors that may influence whistleblowing behaviours. Future research could explore empirical studies through qualitative interviews or surveys to further examine how individuals navigate the complex interplay between personal ethics and organizational culture in real-world settings.

CONCLUSION

This study provides valuable insights into the factors influencing whistleblowing intentions, particularly focusing on the interaction between organizational culture and personal ethics. The findings from the systematic literature review demonstrate that both organizational culture and personal ethical beliefs play a pivotal role in shaping an individual's decision to report fraudulent or unethical behaviour. A positive ethical climate within the organization, characterized by transparency, strong ethical leadership, and clear whistleblower protection policies, significantly enhances the likelihood of employees engaging in whistleblowing behaviours.

At the same time, the role of personal ethics cannot be overlooked. Employees with strong moral convictions regarding fraud are more likely to report wrongdoing, though their decision to act is often influenced by their perceptions of the organizational culture. If the environment is hostile or lacks support for whistleblowers, even employees with high personal ethics may refrain from reporting.

In conclusion, fostering a culture that supports ethical behaviour, promotes transparency, and ensures protection for whistleblowers is essential for organizations seeking to enhance accountability and reduce fraud. It is recommended that organizations invest in creating such environments while aligning individual ethical values with organizational norms to encourage more whistleblowing and ultimately mitigate fraudulent activities.

Future research should focus on empirical studies to further explore the complex relationship between organizational culture and personal ethics, particularly in diverse organizational settings and across different industries.

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