

MASTER'S THESIS

An empirical study of the effect of whistleblowing judgment on whistleblowing intention: investigating the moderating roles of positive mood and organizational ethical culture

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**An Empirical Study of the Effect of Whistleblowing Judgment on
Whistleblowing Intention: Investigating the Moderating Roles of
Positive Mood and Organizational Ethical Culture**

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ABSTRACT

Whistleblowing behavior is defined as the disclosure by a current or former organizational member of illegal, unethical or illegitimate practices (including omissions) under the control of their employers, to persons or organizations who may be able to effect action. It has been recognized as a control mechanism to prevent unethical behavior, and to protect the organization's long-term welfare. In the recent years, scholar's interest in whistleblowing within business and public organizations has been heightened by widely-publicized cases (e.g., Enron) and by increased legal protection for whistleblowers in numerous countries. Currently, there is no comprehensive theory of whistleblowing, although it has been analyzed using decision-making models drawn from different perspectives, each with its own strengths and weaknesses. In response to the lack of empirical studies examining the decision-making process antecedents of whistleblowing, this study proposed and tested a whistleblowing model among employees in Chinese banking industry. It is the first study to do so.

Ponemon (1994) based his theory of whistleblowing on Rest's (1984) four-component model of ethical decision-making. This study expanded Ponemon's (1994) theory by adding individual positive mood and organizational ethical culture as moderators. Two major steps in Ponemon's (1994) theory—judgment and intention—were viewed as the main components of the whistleblowing decision making process. Whistleblowing judgment was hypothesized to be positively related to whistleblowing intention. For would-be whistleblowers, positive mood was hypothesized to enhance the expected efficacy of their intended behavior, and to minimize its risks. Organizational ethical culture, as perceived by would-be whistleblowers, was hypothesized to affect their decisions by providing collective norms concerning legitimate, management-sanctioned behavior.

Moreover, a three-way interaction among positive mood, whistleblowing judgment, and organizational ethical culture was proposed as a predictor of whistleblowing intention. It was suggested that a combined effect of positive mood and ethical organizational culture would increase the likelihood that a potential whistleblower, who believed the behavior was ethically justified, would actually blow the whistle.

Cross-sectional surveys were conducted in 10 banks in Zhejiang Province, Peoples' Republic of China (PRC). As hypothesized, whistleblowing judgment explained a significantly high variance in whistleblowing intention. Organizational ethical culture was shown to moderate the relationship between whistleblowing judgment and whistleblowing intention. Finally, a three-way interaction effect was observed, in which organizational culture affected the strength of positive mood as a moderator between judgment and intention. Findings were interpreted with respect to theories of moral psychology and organizational behavior. Practical and theoretical implications, as well as limitations, were addressed and discussed.

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