WHISTLEBLOWING EFFECTIVENESS: THE ROLE OF ETHICAL CLIMATE AND REGULATORY STRENGTH IN SHAPING THE WHISTLEBLOWING INDEX

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Abstract:

Whistleblowing serves as a critical mechanism for promoting corporate transparency, ethical governance, and accountability. While prior studies have examined the individual influence of organisational ethics and regulatory frameworks on whistleblowing practices, limited research has explored their interactive effects on whistleblowing effectiveness. This study addresses that gap by proposing a conceptual framework that integrates ethical climate as an internal organisational factor and regulatory strength as an external moderating force in shaping the whistleblowing index, a structured measure of whistleblowing effectiveness. Grounded in institutional theory, this study employs a narrative review methodology to synthesise interdisciplinary literature from business ethics, corporate governance, and regulatory studies. Findings indicate that a strong ethical climate fosters employee willingness to report misconduct, while robust regulatory mechanisms enhance the safety and legitimacy of such disclosures. The interaction between these dimensions is essential for improving whistleblowing outcomes, particularly in mitigating barriers such as fear of retaliation and weak legal protection. The proposed framework offers theoretical contributions by unifying organisational norms and institutional pressures, and practical implications for corporate leaders and policymakers. It underscores the need for organisations to align ethical cultures with legal safeguards to foster an environment conducive to whistleblowing. The study concludes by calling for empirical research to validate the framework across varied cultural and sectoral contexts, thereby strengthening whistleblower protection and enhancing corporate integrity.

Introduction

Whistleblowing is widely considered as a crucial mechanism for enhancing corporate transparency, accountability, and ethical governance. It serves as an internal control measure that enables employees and stakeholders to report fraudulent activities, corruption, and unethical conduct within organisations. The increasing cases of corporate scandals has highlighted the importance of whistleblowing mechanisms in mitigating financial fraud and safeguarding public interest. To assess the effectiveness of these mechanisms, the whistleblowing index has emerged as a valuable tool that systematically evaluates whistleblowing activities based on various organisational determinants. These determinants include audit committee size, risk committee independence, board composition, and external audit size, among others (Erin & Bamigboye, 2020). Due to the growing emphasis on corporate integrity, there is an urgent need to explore the factors influencing the effectiveness of whistleblowing mechanisms and their impact on organisational governance.

Existing literature on whistleblowing frameworks suggests that various internal and external factors shape the effectiveness of whistleblowing practices (Dworkin & Baucus, 1998). Scholars have identified ethical climate as a critical organisational factor that influences employees' willingness to report misconduct (Abdullah et al., 2024; Rothwell & Baldwin, 2006). Ethical climate refers to the shared perception of ethical norms, values, and standards within an organisation, which can either encourage or hinder whistleblowing behaviour (Kaptein, 2011). Furthermore, regulatory strength has been highlighted as a moderating factor that can amplify or suppress whistleblowing outcomes by establishing legal protections, enforcement mechanisms, and incentives for whistleblowers (Irawanto & Novianti, 2020). While these factors have been discussed in previous studies, there is limited research on how they interact to shape the whistleblowing index, which evaluates the overall effectiveness of whistleblowing mechanisms within organisations.

A significant research gap remains concerning the integration of ethical climate and regulatory strength in shaping whistleblowing effectiveness, despite the growing body of research on whistleblowing. While ethical climate encourages an internal culture that supports ethical reporting, regulatory strength offers external legitimacy and reinforcement for whistleblower protection. However, the existing literature has not sufficiently addressed how these factors interact to influence the whistleblowing index across diverse organisational settings (Erin & Bamigboye, 2020). This study aims to bridge this gap by proposing a conceptual framework that examines the role of ethical climate as an independent variable and regulatory strength as a moderating factor in developing the whistleblowing index.

The significance of this study lies in its potential contributions to both theory and practice. From a theoretical perspective, it enhances the existing literature on whistleblowing by combining organisational ethics and regulatory frameworks into a comprehensive conceptual model. The study provides a detailed understanding of whistleblowing effectiveness by examining the interaction between internal ethical norms and external regulatory forces. From

a practical perspective, the findings can guide policymakers, corporate leaders, and regulatory bodies on the importance of promoting ethical organisational cultures while strengthening whistleblower protection mechanisms to enhance corporate governance and accountability (Palumbo & Manna, 2020).

The study is grounded in institutional theory, which provides a robust framework for understanding how organisational structures, norms, and regulatory environments influence corporate behaviours, including whistleblowing. Institutional theory stated that organisations are influenced by formal and informal rules, which determine their compliance with ethical and governance standards (DiMaggio & Powell, 1983). By applying this theoretical lens, the study explores how institutional pressures, including ethical norms within organisations and external regulatory forces, interact to influence whistleblowing effectiveness. This approach allows for a comprehensive analysis of the determinants shaping the whistleblowing index

Literature Review

Whistleblowing has been widely recognised as a vital mechanism for promoting corporate accountability, ethical governance, and transparency. As organisations strive to strengthen internal controls and mitigate unethical conduct, the whistleblowing index has emerged as a systematic measure to evaluate the effectiveness of whistleblowing frameworks. This index captures key determinants such as audit committee independence, external oversight, and regulatory mechanisms that influence the success of whistleblowing practices (Apaza & Chang, 2020).

Among the internal factors, ethical climate plays a crucial role in determining the effectiveness of whistleblowing. Ethical climate reflects an organisation's values, cultural norms, and overall commitment to ethical behaviour (Smaili, 2023; Treviño et al., 1998). It directly impacts employees' willingness to report misconduct, as a supportive and morally aligned environment encourages individuals to speak up against unethical activities (Mesmer-Magnus & Viswesvaran, 2005; Near & Miceli, 1995). A work culture that fosters psychological safety significantly reduces fear of retaliation and promotes openness in reporting (Jobinpicard & Doha, 2022; Potipiroon & Wongpreedee, 2020; Vandekerckhove, 2018). Organisations that exhibit ethical leadership, encourage open communication, and uphold strong corporate values create a climate in which whistleblowers feel both protected and empowered to act (D'Cruz et al., 2024).

However, ethical climate alone is often insufficient to ensure whistleblowing effectiveness. The presence of strong external enforcement mechanisms, such as regulatory strength, is necessary to reinforce internal values and support whistleblower actions. Regulatory strength provides critical legal protections, offers incentives, and outlines institutional frameworks that promote whistleblower anonymity and shield individuals from retaliation (Brown et al., 2014; Kayırgan & Nalbant, 2024). In jurisdictions with robust whistleblowing laws and strict enforcement, such as the United States and several European countries, organisations tend to score higher on the whistleblowing index due to enhanced compliance and institutional support (Kayırgan & Nalbant, 2024). In contrast, weaker regulatory environments significantly hinder whistleblowing effectiveness, as the lack of adequate legal safeguards discourages individuals from reporting unethical behaviour (Smaili, 2023).

Although existing studies have contributed valuable insights into the roles of ethical climate and regulatory frameworks, the interaction between these two dimensions remains underexplored. Most prior research has analysed ethical climate and regulatory strength independently, without considering how their combined influence shapes the overall whistleblowing index (Apaza & Chang, 2020). This gap highlights the need for a more integrated understanding of whistleblowing dynamics. Addressing this shortfall, the present study proposes a conceptual framework that positions ethical climate as an independent variable and regulatory strength as a moderating factor in shaping whistleblowing effectiveness.

By exploring the interplay between internal ethical environments and external regulatory structures, this study contributes meaningfully to both theoretical and practical discussions on whistleblowing. The framework offers valuable implications for policymakers, corporate leaders, and regulators, providing guidance on how to cultivate ethical organisational cultures while strengthening legal protections to enhance whistleblower engagement and accountability.

Methodology

Research Design
This study employs a narrative review methodology to explore the relationship between ethical climate, regulatory strength, and the whistleblowing effectiveness. A narrative review is a qualitative research approach that synthesises and interprets existing literature to generate a comprehensive understanding of a specific research domain (Snyder, 2019). Unlike systematic reviews, which are characterised by strict protocols for study selection, inclusion criteria, and data extraction, narrative reviews adopt a more flexible and interpretive approach. This allows researchers to draw insights from a broader and more diverse body of literature (Greenhalgh et al., 2018). As such, the narrative review method is particularly well-suited to conceptual studies aiming to develop or refine theoretical frameworks by integrating perspectives from multiple disciplines.

The choice of a narrative review methodology in this study is grounded in two key rationales. First, whistleblowing is a multifaceted phenomenon that intersects several academic fields, including corporate governance, business ethics, legal studies, and organisational psychology. Given this disciplinary diversity, a narrative review facilitates a holistic and integrative evaluation of the literature, enabling a nuanced analysis of how ethical climate and regulatory strength interact to influence whistleblowing effectiveness. Second, the absence of a universally accepted framework for measuring the whistleblowing index necessitates an exploratory and interpretive approach. A narrative review provides the flexibility required to examine various conceptual models and empirical findings across different contexts, helping to identify key organisational determinants and moderating factors that shape whistleblowing mechanisms (Baumeister & Leary, 1997).

Key Steps of the Review
To ensure a rigorous and comprehensive review, this study follows a structured approach to literature collection, analysis, and synthesis. The key steps involved in conducting the narrative review are as follows:

Step 1: Data Collection from Scopus Database

The primary source of literature for this review is the Scopus database, a globally recognised for its wide range of peer-reviewed academic publications. Scopus was selected due to its offer comprehensive access to high-impact journals across disciplines relevant to whistleblowing research, including business ethics, corporate governance, regulatory studies, and organisational behaviour. The search strategy involved using a combination of keywords, including "whistleblowing index," "ethical climate," "regulatory strength," and "corporate governance," to identify relevant studies published in English between 2000 and 2024. To ensure the reliability and quality of the sources, only peer-reviewed journal articles, conference papers, and book chapters were considered.

Step 2: Screening and Selection of Relevant Literature

A screening process was conducted to narrow down the selection after obtaining the initial set of articles. This process involved reviewing article titles, abstracts, and keywords to ensure relevance to the study's objectives. Redundant records and studies that did not focus on whistleblowing frameworks, ethical climate, or regulatory strength were excluded. Further, full-text assessments were carried out to confirm the alignment of selected studies with the research aim, focusing on theoretical discussions, empirical findings, and conceptual frameworks related to the whistleblowing effectiveness.

Step 3: Thematic Analysis and Synthesis

The selected literature was analysed thematically to identify common patterns, relationships, and gaps in existing research. This process involved categorising studies based on key themes, such as determinants of the whistleblowing effectiveness, organisational factors influencing whistleblowing effectiveness, and the role of regulatory frameworks in shaping whistleblower protections. Through the thematic analysis, a conceptual framework has been facilitated and developed that integrates ethical climate as an independent variable and regulatory strength as a moderating factor in determining the whistleblowing effectiveness.

Step 4: Critical Evaluation and Conceptual Framework Development

The final stage of the review focused on critically evaluating the literature to identify inconsistencies, methodological limitations, and areas that need further research. By synthesising insights from multiple disciplines, this study proposes a conceptual model that enhances understanding of the factors influencing whistleblowing effectiveness. This framework serves as a foundation for future empirical investigations and policy recommendations aimed at improving whistleblower protection and corporate transparency. Overall, this narrative review methodology ensures a comprehensive, flexible, and interdisciplinary examination of the research topic, allowing for the identification of key theoretical insights and conceptual advancements in whistleblowing research.

Data Collection and Review Strategy

To ensure a comprehensive and systematic approach to literature collection, this study employed a structured search strategy within the Scopus database. The search string used in the query was:

("whistleblowing" OR "whistle blower" OR "reporting" OR "disclosure") AND ("index" OR "measure" OR "metric" OR "scale") AND ("ethics" OR "compliance" OR "transparency" OR "accountability") AND ("organization" OR "workplace" OR "environment" OR "culture")

This search string was designed to capture a wide range of studies related to whistleblowing measurement, ethical considerations, and regulatory compliance in organisational contexts. The Boolean operators "OR" and "AND" were used to ensure comprehensive coverage while maintaining specificity. Additional filters were applied to limit results to peer-reviewed journal articles, book chapters, and conference proceedings published between 2000 and 2024.

The collected data was analysed using an integrative thematic analysis approach to identify and synthesise key themes, concepts, and theoretical perspectives. The thematic analysis process involved three key stages:

Stage 1: Initial Coding and Theme Identification
- Extracting relevant excerpts from selected articles based on predefined themes such as ethical climate, regulatory strength, and whistleblowing effectiveness.
- Open coding was applied to identify recurring patterns and concepts in the literature.

Stage 2: Categorisation and Theme Consolidation
- The extracted data was grouped into broader thematic categories, such as organisational culture, legal protections, and corporate governance frameworks.
- Concept mapping techniques were used to visualise relationships between ethical climate, regulatory strength, and whistleblowing outcomes.

Stage 3: Synthesis and Conceptual Framework Development
- The identified themes were synthesised into a cohesive conceptual framework that explains the moderating role of regulatory strength in the relationship between ethical climate and the whistleblowing effectiveness.
- Key theoretical perspectives were integrated into the discussion to provide a structured foundation for future research.

By employing a structured data collection strategy and integrative thematic analysis, this study ensures a rigorous and transparent approach to literature review. This methodology facilitates a deeper understanding of whistleblowing effectiveness and provides theoretical and practical insights for organisational governance and policy development.
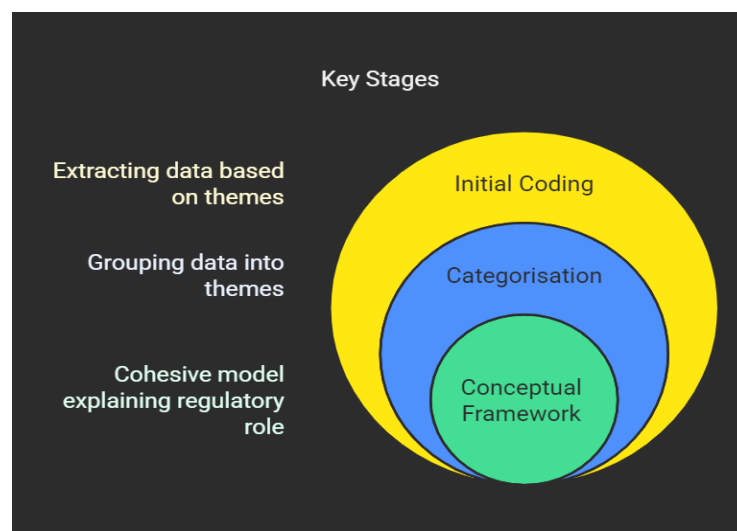

Figure 1: The Key Stages

Source: Authors' illustration

Key Findings

The findings from the narrative review reveal critical insights into the components, contributions, ethical considerations, and challenges associated with the whistleblowing index. The key findings have been categorised into major themes and are presented in the table below:

Table 1: The Key Findings

Finding	Description
Definition and Purpose of the Whistleblowing Index	The whistleblowing index is a structured tool designed to measure and evaluate whistleblowing effectiveness within organisations. It incorporates multiple determinants such as audit committee independence, board composition, and firm size to assess transparency and accountability (Erin & Bamigboye, 2020).
Role of Whistleblowing in Corporate Governance	Whistleblowing acts as a mechanism to enhance ethical practices, enforce compliance, and mitigate financial fraud. Effective whistleblowing frameworks contribute to greater organisational transparency and ethical decision-making (Smaili, 2023).
Determinants of the Whistleblowing Index	Key organisational factors influencing the whistleblowing index include audit committee size, external audit size, risk committee independence, board composition, and international ownership. Larger and more independent committees provide better oversight and encourage disclosures (Apaza & Chang, 2020).
Ethical Climate and Whistleblowing	A strong ethical climate within an organisation fosters employee willingness to report wrongdoing. Organisational values, ethical leadership, and a culture of integrity significantly impact whistleblowing behaviour (Abdullah et al., 2024).
Regulatory Strength as a Moderating Factor	Countries with strong regulatory protections for whistleblowers exhibit higher whistleblowing index scores. Legal provisions that protect whistleblowers from retaliation increase reporting rates and enhance accountability (Kayırgan & Nalbant, 2024).
Challenges in Implementing a Whistleblowing Index	Cultural norms, fear of retaliation, lack of legal protection, and organisational resistance hinder effective whistleblowing mechanisms. These factors vary across industries and regions (Irawanto & Novianti, 2020).
Theoretical Frameworks Supporting Whistleblowing	Integrating theories such as Kohlberg's theory of moral development and Maqasid Shariah helps understand whistleblowing tendencies in diverse cultural and ethical contexts (Abdullah et al., 2024).

Source: Authors

Summary of Key Findings

The findings from this narrative review reinforce the significance of whistleblowing as a key governance mechanism that promotes corporate transparency, ethical compliance, and accountability. The whistleblowing index emerges as a critical evaluative tool for measuring the effectiveness of whistleblowing mechanisms, capturing core determinants such as audit committee independence, board composition, and external oversight. The review clearly demonstrates that ethical climate plays a pivotal role in encouraging whistleblowing behaviour, as employees operating within ethically supportive organisational environments are more inclined to report misconduct without fear of retribution.

In addition, regulatory strength is shown to significantly moderate the effectiveness of whistleblowing mechanisms. Jurisdictions with robust legal protections and enforcement systems tend to exhibit higher whistleblowing index scores, as these external safeguards provide whistleblowers with the necessary confidence and security to disclose unethical conduct. Conversely, weak regulatory environments tend to undermine whistleblowing effectiveness by failing to assure protection or anonymity.

However, the implementation of a whistleblowing index across various organisational and national contexts is not without its challenges. Persistent barriers, such as fear of retaliation, negative cultural perceptions of whistleblowers, and lack of institutional support, continue to hinder effective whistleblowing practices in many regions. Cultural dimensions such as power distance, uncertainty avoidance, and collectivism are particularly influential. For instance, in high power distance cultures, employees may be reluctant to challenge authority or report wrongdoing even in the presence of strong regulatory frameworks (Park et al., 2008). These findings suggest the importance of examining how national culture interacts with ethical climate and regulatory strength to shape whistleblowing behaviour.

The review also highlights significant regulatory discrepancies across countries, which contribute to varying levels of whistleblower protection and reporting effectiveness. Such disparities underscore the need for a more harmonised approach to whistleblower legislation and enforcement. Moreover, theoretical perspectives, including Kohlberg's theory of moral development and Maqasid Shariah, offer valuable lenses for understanding whistleblowing tendencies within diverse organisational and cultural settings. These theories provide ethical and moral foundations that help explain individuals' decision-making processes in confronting unethical behaviour.

Overall, this review identifies a critical research gap concerning the interaction between ethical climate and regulatory strength in shaping the whistleblowing index. Bridging this gap through a robust conceptual framework will not only contribute to the theoretical advancement of whistleblowing literature but also provide actionable insights for policymakers, corporate leaders, and regulators. Such insights are essential for designing more effective whistleblower protection systems and fostering ethical corporate cultures across varied institutional and cultural environments.

Development of Theoretical Framework

Introduction to the Theoretical Framework
The effectiveness of whistleblowing within organisations is shaped by a complex interplay of both internal and external factors. To better understand these dynamics, this study proposes a conceptual framework that integrates ethical climate and regulatory strength as key determinants of the whistleblowing effectiveness. The framework is grounded in institutional theory, which offers a comprehensive lens for analysing how organisational behaviour is influenced by both internal ethical norms and external institutional pressures (DiMaggio & Powell, 1983).

Institutional theory posits that organisations do not operate in isolation but within structured environments shaped by legal, social, and cultural expectations. These institutional pressures compel organisations to align with normative, regulatory, and cognitive expectations, ultimately influencing their governance practices. In the context of whistleblowing,

institutional theory provides a structured approach to examining how ethical values within organisations and regulatory oversight from external institutions interact to influence employee decisions to report wrongdoing. This theoretical lens helps explain variations in whistleblowing effectiveness across organisational and national contexts, highlighting how conformity to institutional norms supports greater transparency and accountability.

Application of the Theory in the Context of the Study
The application of institutional theory in this study allows for a detailed exploration of how internal and external institutional forces, namely ethical climate and regulatory strength, interact to influence whistleblowing mechanisms within organisations.

Ethical climate, as an internal institutional element, encompasses the organisation's moral values, ethical leadership, and cultural norms that collectively shape employee behaviour and ethical decision-making (Abdullah et al., 2024). When organisations cultivate a strong ethical climate, they foster an environment in which employees are more likely to report misconduct, driven by a shared sense of responsibility and reduced fear of retaliation (Culiberg & Mihelič, 2017; Park et al., 2014).

On the other hand, regulatory strength functions as an external institutional pressure that provides structural support and legitimacy to whistleblowing. Robust legal frameworks, such as the Whistleblower Protection Act in the United States and the EU Whistleblowing Directive, offer critical safeguards for individuals who disclose unethical practices. These legal instruments enhance whistleblowing effectiveness by ensuring confidentiality, preventing retaliation, and encouraging compliance across sectors (Kayırgan & Nalbant, 2024).

By applying institutional theory, this study examines how ethical climate (internal) and regulatory strength (external) jointly shape the effectiveness of whistleblowing mechanisms, as captured through the whistleblowing index. This dual-level analysis contributes to a more holistic understanding of whistleblowing practices, providing insights into how organisational behaviour can be aligned with ethical standards and institutional expectations to promote greater accountability and corporate integrity.

Conceptualisation of the Framework
The hypothesised conceptual framework illustrates the relationship between ethical climate (independent variable) and whistleblowing effectiveness (dependent variable), with regulatory strength acting as a moderating variable. A strong ethical climate within an organisation fosters whistleblower intentions, thereby enhancing the whistleblowing effectiveness. However, in environments where regulatory protections are weak, even ethical organisations may experience lower whistleblowing activity due to fear of retaliation. In contrast, when regulatory protections are strong, employees feel more secure in reporting unethical activities, thus increasing whistleblowing engagement and effectiveness (Smaili, 2023). The conceptual framework integrates these variables to explain how the combination of internal ethical culture and external legal safeguards can improve corporate accountability and reduce fraudulent activities within organisations.
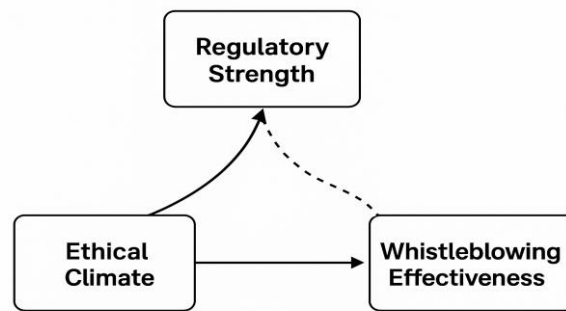
Figure 2: Conceptual Framework

Source: Authors' illustration

Hypothesis Development

Ethical Climate Affects Whistleblowing Effectiveness

An organisation's ethical climate plays a critical role in shaping employees' attitudes toward whistleblowing and directly influences the overall effectiveness of whistleblowing mechanisms. Ethical climate refers to the shared perceptions of ethical norms, values, and practices within an organisation that guide ethical decision-making and behaviour (Victor & Cullen, 1988). A strong ethical climate fosters transparency, trust, and accountability, thereby encouraging employees to report misconduct without fear of retaliation (Abdullah et al., 2024).

Research indicates that organisations with a positive ethical climate tend to exhibit higher levels of whistleblowing activity, as employees feel morally compelled to disclose unethical behaviour (Erin & Bamigboye, 2020). Additionally, ethical leadership, marked by integrity and open communication, strengthens employees' confidence in reporting wrongdoing (Palumbo & Manna, 2020). In contrast, a weak ethical climate, characterised by unethical leadership and organisational silence, discourages whistleblowing and undermines corporate governance (Irawanto & Novianti, 2020).

Given that an ethical organisational culture significantly influences whistleblowing behaviour, it is hypothesised that:

Hypothesis 1: Ethical climate positively influences whistleblowing effectiveness.

Ethical Climate Affects Regulatory Strength

The ethical climate within an organisation also significantly influences the strength and quality of regulatory mechanisms governing whistleblowing. Ethical climate represents the shared values, norms, and expectations that guide ethical conduct, shaping how both employees and leadership respond to ethical challenges (Victor & Cullen, 1988). A strong ethical climate not only promotes ethical decision-making but also enhances organisational commitment to regulatory compliance (Erin & Bamigboye, 2020).

Organisations with a well-established ethical climate are more likely to adopt and adhere to comprehensive whistleblowing policies that align with both internal governance principles and external legal frameworks (Kayırgan & Nalbant, 2024). Moreover, a strong ethical culture reinforces accountability, which can prompt regulators to enforce stricter and more supportive whistleblower protection laws (Palumbo & Manna, 2020). Conversely, organisations with

weak ethical climates often struggle with compliance and attract greater external scrutiny, thereby necessitating stricter regulatory interventions (Irawanto & Novianti, 2020).

Given the role of ethical climate in shaping organisational alignment with regulatory frameworks, it is hypothesised that:

Hypothesis 2: Ethical climate positively influences regulatory strength.

Regulatory Strength Affects Whistleblowing Effectiveness

Regulatory strength is a crucial factor in determining the effectiveness of whistleblowing mechanisms. Strong regulatory frameworks offer essential legal protections, robust enforcement, and institutional support for whistleblowers. These mechanisms create a safe environment for reporting unethical practices and mitigate the fear of retaliation (Kayırgan & Nalbant, 2024).

Jurisdictions and organisations with stringent whistleblower protection laws often report higher whistleblowing index scores due to increased employee confidence in the integrity of the system (Erin & Bamigboye, 2020). In addition, proactive regulatory bodies that monitor and enforce compliance cultivate environments in which whistleblowing becomes institutionalised as a key element of corporate governance (Palumbo & Manna, 2020). Conversely, in weak regulatory environments, the absence of protection discourages employees from reporting, thereby increasing the risk of undetected misconduct (Irawanto & Novianti, 2020).

Given the importance of regulatory enforcement in encouraging ethical reporting, it is hypothesised that:

Hypothesis 3: Regulatory strength positively influences whistleblowing effectiveness.

Ethical Climate and Whistleblowing Effectiveness through Regulatory Strength

Regulatory strength also plays a moderating role in the relationship between ethical climate and whistleblowing effectiveness, by reinforcing ethical organisational norms through legal and institutional oversight. While a strong ethical climate encourages employees to disclose misconduct, the presence of robust regulatory mechanisms significantly enhances the effectiveness of these disclosures (Kayırgan & Nalbant, 2024).

Employees working in ethical environments may be more willing to report wrongdoing; however, in the absence of legal protections, fear of retaliation may still deter whistleblowing (Erin & Bamigboye, 2020). Regulatory strength legitimises whistleblowing by providing formal channels, anonymity, and protection, thereby reinforcing internal ethics with external credibility (Irawanto & Novianti, 2020).

This combination of ethical climate and regulatory strength ensures whistleblowing systems function effectively, leading to increased transparency and stronger governance outcomes (Palumbo & Manna, 2020). According to institutional theory, organisations are shaped by internal norms and external pressures. Regulatory strength, as a coercive institutional force, legitimises and supports the ethical climate's influence on whistleblowing (DiMaggio & Powell, 1983).

Given the influence of regulatory strength in strengthening the ethical climate-whistleblowing link, it is hypothesised that:

Hypothesis 4: Regulatory strength positively moderates the relationship between ethical climate and whistleblowing effectiveness.

Integrating Organisational Ethics and Institutional Forces

Although whistleblowing has received substantial attention in the literature, limited research has examined the combined influence of ethical climate and regulatory strength on the effectiveness of whistleblowing mechanisms, particularly as captured by the whistleblowing index. Prior studies have identified that transparent governance structures and independent audit committees contribute to stronger whistleblowing cultures (Erin & Bamigboye, 2020). Furthermore, regulatory enforcement reduces fear of retaliation and provides legitimacy to whistleblowing activities (Irawanto & Novianti, 2020).

This study contributes to the theoretical discourse by proposing a conceptual framework that integrates internal organisational ethics (ethical climate) with external institutional forces (regulatory strength). By drawing on institutional theory (DiMaggio & Powell, 1983), the framework emphasises how organisational behaviours are shaped by both normative expectations and coercive institutional pressures. The interaction between ethical climate and regulatory strength offers a holistic explanation of whistleblowing effectiveness, extending beyond the fragmented variables often studied in isolation. This theoretical integration addresses a critical gap by recognising that ethical encouragement alone is insufficient without regulatory safeguards, and vice versa.

Implications for Governance, Policy, and Practice

The proposed framework has important implications for corporate leaders, policymakers, and regulators seeking to strengthen whistleblowing mechanisms. For organisational leadership, fostering a strong ethical climate, through ethical leadership, open communication, and structured support systems, can encourage employee disclosures and reduce the prevalence of misconduct (Miceli & Near, 2002). Ethical cultures help normalise whistleblowing as a legitimate response to organisational wrongdoing.

For policymakers and regulators, the study reinforces the need for robust legal protections, including anti-retaliation measures, secure and anonymous reporting channels, and whistleblower incentives. Countries or organisations that institutionalise such protections are more likely to experience higher whistleblowing effectiveness (Kayırgan & Nalbant, 2024). The integration of institutional theory also supports sector-specific applications, enabling regulators to tailor interventions for different contexts, such as financial services, public institutions, or multinational corporations (Palumbo & Manna, 2020).

Together, these implications stress that internal ethics and external enforcement should not operate in silos. Coordinated strategies that align organisational culture with legal compliance are crucial for enhancing transparency, accountability, and integrity across corporate systems.

Conclusion and Future Research Directions

This study has developed a conceptual framework that explains whistleblowing effectiveness through the interaction of ethical climate and regulatory strength, grounded in institutional theory. The findings suggest that while an ethical climate encourages employees to report

wrongdoing, the presence of strong regulatory mechanisms significantly enhances this effect by offering protection, structure, and legitimacy. The framework advances current whistleblowing literature by unifying internal and external determinants, contributing a novel lens for evaluating whistleblowing effectiveness.

However, as a conceptual study, its primary limitation lies in the absence of empirical validation. Future research should empirically test the proposed hypotheses using quantitative methods such as structural equation modelling to explore how these relationships operate across industries, including finance, healthcare, and public administration. In addition, cross-national case studies could provide insights into how cultural factors, such as power distance or collectivism, interact with ethical climate and regulatory environments to shape whistleblowing outcomes (Alford, 2001).

Future studies could also consider the role of emerging factors, such as technological reporting platforms, organisational identity, or generational workforce shifts, to further expand the whistleblowing discourse. Overall, by highlighting the synergistic relationship between ethical values and regulatory strength, this framework provides a valuable foundation for advancing theory, improving corporate practice, and informing effective whistleblower protection policies.

Acknowledgements

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