



Guardians of Trust: Exploring Internal Whistle-blowing Dynamics in Nonprofit Finance and Accounting

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Abstract

In nonprofit organizations, where the delivery of crucial services and charitable missions often intersects with vulnerabilities to fraud and corruption, internal whistle-blowing becomes paramount for nonprofits' ethical operations and maintaining public trust. This research delves into how organizational identification and psychological safety predict internal whistle-blowing intentions among employees in nonprofit organizations. The study focuses on a specific subset of this sector, examining 81 full-time finance and accounting professionals employed in 501(c)(3) organizations in the United States. The findings reveal a significant organizational identification and psychological safety ability in predicting an employee's internal whistle-blowing intentions. Specifically, organizational identification predicts internal whistle-blowing intentions by 19.96%, while psychological safety predicts 19.01%. When these constructs are combined, they predict 27.83% of the variance in internal whistle-blowing intentions. These results emphasize the need for nonprofit organizations to cultivate an environment where employees feel a strong sense of belonging and safety, as these factors are instrumental in encouraging ethical practices and transparency. This study fills a gap in the existing literature on nonprofit whistle-blowing and provides actionable insights for nonprofit leaders to foster an ethical, transparent work culture.

Keywords: *Whistle-blowing intentions, nonprofit, organizational identification, psychological safety, and business ethics*

Introduction/Background

Nonprofit organizations play an indispensable role in current society. These organizations offer services and support that touch on various aspects of societal well-being, from health and education to poverty alleviation and human rights (Kuenzi et al., 2021; McDonald & Goodman, 2021; Osili et al., 2023). The commitment of these organizations to vulnerable populations is a cornerstone of their mission (Swoboda & Swoboda, 2016). In recent years, however, the nonprofit sector in the United States has faced growing challenges that threaten its ability to fulfill this mission effectively, including a waning of public confidence in these organizations' problem-solving skills, alongside a notable decline in donations and trust (Osili et al., 2023). This diminishing trust is partly attributed to increasing instances of unethical practices, fraud, and corruption within the sector, posing significant risks to nonprofit organization's reputation, revenue, and sustainability (Scheetz et al., 2022). Osili et al.'s (2023) study indicates an approximate 35% decrease in public willingness to donate to nonprofits compared to two decades ago. Decreased donations and the broader decline in trust and reputation present significant obstacles for nonprofits, affecting their operational capacity and long-term sustainability.

Unethical practices, fraud, and corruption are central to these challenges. Despite its noble intentions, the nonprofit sector is not immune to unethical conduct and scandals (Chapman et al., 2023). The Association of Certified Fraud Examiners (2022) reported 180 occupational fraud cases in nonprofit organizations, with substantial financial losses. These instances of fraud and corruption deplete financial resources and erode stakeholder trust. For instance, the American Legacy Foundation, now known as Truth Initiative, lost approximately \$3.4 million due to poor internal controls, weak governance, and unchecked trust relationships, which allowed an employee to generate false invoices and steal funds, a scandal that likely influenced the organization's rebranding and name change (Bernstein & Aulgur, 2017).

Public scandals relating to fraud significantly decrease donor giving, as highlighted by LeClair (2019). As nonprofit organizations frequently view managing or pursuing growth, achieving long-term financial sustainability, and raising funds to cover total costs as primary challenges that they face (Nonprofit Finance Fund, 2022), the threat of decreased donor giving due to fraud, corruption, and unethical practices becoming public scandal could cause significant ethical dilemmas for these organizations and how they respond. Within the past few years, a variety of exposés and research articles have been produced on misconduct and unethical practices occurring within the nonprofit sector, including prominent organizations such as Oxfam, Save the Children, Amnesty International, and IJM, which raises a need for increased accountability within the nonprofit sector (Dolšak & Prakash, 2022; Francavilla et al., 2023; Scurlock et al., 2020; Tosca Bruno-van, 2019).

The role of internal whistle-blowing becomes critical in this context. Whistle-blowing, particularly by employees in finance and accounting roles, safeguards against unethical practices, especially when the detection is often contingent on the vigilance of internal staff. However, empirical research identified a noticeable reluctance among nonprofit employees to report observed fraud and corruption, a trend contrasting with their private sector counterparts (Rothschild, 2013; Scheetz et al., 2020). Researchers have attributed the reluctance to report unethical behaviors to various factors, including fear of retaliation, lack of trust in the reporting systems, or a sense of futility (Alleyne et al., 2018). Despite the critical nature of this issue, there is a significant gap in research on whistle-blowing within the nonprofit sector. While there is considerable literature on whistle-blowing in the public and private sectors, the dynamics within nonprofits have not been adequately explored. This dearth of research is particularly concerning given the unique challenges, seemingly conflicting requirements, and ethical considerations in the nonprofit context (Hopkins, 2016; Kim, 2016; Swoboda & Swoboda, 2016).

Understanding the decision-making process behind whistle-blowing is complex, involving both personal and contextual or organizational factors. This study sought to address the gap in research by focusing on how personal and contextual factors impact nonprofit employees' decisions to whistle blow. This research was completed by delving deeper into the interplay of these factors, mainly focusing on the roles of organizational identification and psychological safety in predicting internal whistle-blowing intentions among finance and accounting professionals in 501(c)(3) nonprofit organizations. Organizational identification, a personal factor, involves the extent to which employees align their identity with that of their organization (Caprar et al., 2022). This construct influences

employees' perceptions of organizational values and their willingness to act in ways that support those values or rationalize and provide justifications when there is dissonance between values and actions and thus may influence the decisions to whistle blow (Caprar et al., 2022; Lira, 2020). Psychological safety, on the other hand, is a contextual or organizational factor that reflects the degree to which employees feel safe to take interpersonal risks, such as reporting unethical behaviors without fear of negative consequences (Edmondson, 1999; Lee et al., 2021).

This study explored the dynamics of internal whistle-blowing intentions within nonprofit finance and accounting. Specifically, we examine the influence of organizational identification and psychological safety on employees' intentions to report fraud, corruption, and unethical practices through internal mechanisms. This investigation seeks to address a notable gap in the current research by providing empirical insights into the factors that can predict internal whistle-blowing intentions in the nonprofit sector. Understanding these dynamics is critical for developing effective strategies to encourage ethical reporting behavior, ultimately enhancing transparency and accountability within these organizations, and enhancing public trust in the nonprofit sector. The subsequent literature review delves deeper into this area's theoretical underpinnings and existing research.

Literature Review

Contextualizing Whistle-blowing in Various Sectors

Whistle-blowing has garnered significant attention across various sectors due to its implications for governance, ethics, integrity, and organizational behavior (Dobel, 2020). In the private sector, whistle-blowing is often viewed through the lens of risk management and regulatory compliance, with a strong focus on its impact on corporate governance and accountability (Hayes et al., 2021). In the public sector, whistle-blowing is intertwined with public interest and safeguarding government integrity (Svara, 2021). However, in the nonprofit sector, whistle-blowing takes on a unique dimension due to these organizations' mission-driven nature and reliance on public trust and donor support (Chapman et al., 2023; Svara, 2021). Despite its importance, the study of whistle-blowing in the nonprofit context is markedly less extensive than in other sectors (Rothschild, 2013; Scheetz et al., 2020). Within this broader landscape, the unique dynamics of the nonprofit sector present distinct challenges and opportunities for understanding whistle-blowing behaviors and intentions. The motivations, barriers, and consequences of whistle-blowing in nonprofits are potentially influenced by factors unique to the nonprofit context (Chapman et al., 2023).

The Unique Dynamics of Nonprofit Organizations

Nonprofit organizations differ from their private and public counterparts in several ways. Nonprofits are driven by missions aimed at social good, often operate under tight financial constraints, rely heavily on public trust and donor goodwill, and frequently need to govern themselves due to a lack of attention in federal and state regulatory frameworks (Anheier & Toepler, 2019; Nonprofit Finance Fund, 2022; Swoboda & Swoboda, 2016). This unique combination of factors creates different challenges and dynamics around whistle-blowing. Studies have suggested that the nonprofit sector may experience different internal dynamics that affect employees' willingness to report unethical practices, including a strong sense of loyalty to the mission, fear of jeopardizing the organization's reputation, and concerns about potential backlash (Anglim, 2018; Friedman & Main, 2020; Svara, 2021).

Despite the growing body of literature on whistle-blowing, the intersection of organizational identification, psychological safety, and whistle-blowing intentions in the nonprofit sector remains underexplored. This gap is significant given the crucial role of whistle-blowing in maintaining ethical standards and public trust in nonprofits (Nuswantara, 2023; Scheetz & Fogarty, 2020). The current study addresses this gap by exploring how these factors collectively influence internal whistle-blowing intentions among finance and accounting professionals in nonprofit organizations. Understanding the whistle-blowing dynamics in the nonprofit sector is not just an academic exercise but a practical necessity for organizations (Mesquita Ayres et al., 2022). Insights gained from this study could be instrumental in developing more effective whistle-blowing policies and practices in nonprofits. These policies and

practices can enhance these organizations' ethical climate and accountability, strengthening public trust and effectiveness.

Finance and Accounting Professionals

A combination of organizational codes of conduct and professional ethical standards uniquely binds finance and accounting professionals. Their roles have historically been steeped in ethical considerations, given their significant social responsibility towards various economic stakeholders (Lapteş, 2019). Accountants, as producers of financial information, and finance professionals, as strategic business advisors, are critical in upholding integrity within their organizations and guarding public trust (Mesquita Ayres et al., 2022). Professional associations have established codes of conduct and ethical standards to guide finance and accounting professionals. These codes serve dual purposes: delineating unacceptable behaviors and outlining obligations and desirable professional qualities. For instance, members of the American Institute of CPAs (AICPA) are expected to follow the association's code of professional conduct, while the Association of Financial Professionals (AFP) has set ethical standards for treasury and finance professionals (American Institute of CPAs, 2020; Association of Financial Professionals, n.d.a, n.d.b). These codes are essential in providing a framework for professional ethical decision-making.

Despite these ethical frameworks, finance and accounting professionals often face pressure from both internal and external sources to act unethically, potentially leading to a disregard for professional standards (Huber, 2020). Their challenges include explicit or implicit pressure from colleagues, superiors, or external parties, such as clients and lenders, which can lead to ethical dilemmas and conflicts. Research has indicated that despite ethical codes, these professionals have a general hesitancy to report wrongdoing (Alleyne et al., 2018). Their reluctance often stems from a belief that their organizations do not welcome such reports and fear of retaliation. The hesitancy to report is concerning, given that finance and accounting professionals are in a prime position to identify corruption or unethical behavior. Finance and accounting professionals are expected to adhere to their ethical values and professional norms despite organizational complexities and pressures. Therefore, even in the face of complicity or organizational pressures, these professionals have the capacity and obligation to exercise ethical judgment and take action, such as whistle-blowing, when encountering unethical behaviors.

Organizational Identification

Organizational identification, where employees derive part of their identity from their organization, plays a complex role in whistle-blowing (Caprar et al., 2022). Organizational identification stems from social identity theory, which posits that an individual's sense of self is partly derived from their membership in social groups, such as their workplace (Tajfel, 1974, 1982; Tajfel & Turner, 1979). In nonprofit organizations, employees often have a strong identification with their organization's mission and values. Social identity theory suggests that this solid organizational identification might influence their whistle-blowing behavior as employees weigh the implications of their actions on their social identity and the group's integrity. This theory helps understand how organizational identification might facilitate or impede nonprofit whistle-blowing.

In the nonprofit sector, this identification is often intertwined with commitment to the organizational mission (Baluch, 2012; Svara, 2021; Wang, 2022). While a strong identification with the organization can motivate employees to protect its integrity, it can also lead to reluctance to report wrongdoing, especially if employees fear that such actions might harm the organization they deeply identify with (Caprar et al., 2022; Chevalier et al., 2020; Karahan & Bozkurt, 2021). The literature indicates a need to understand how this identification influences whistle-blowing behaviors, specifically in nonprofit settings, where personal and organizational values can be particularly intricate.

Psychological Safety

The concept of psychological safety, defined as the perception of taking interpersonal risks without fear of negative consequences, is crucial in whistle-blowing (Edmondson, 1999; Kahn, 1990; Liu et al., 2023). In environments

where employees feel psychologically safe, they are more likely to report unethical practices, as they do not fear retaliation or career damage (Lee et al., 2021). This phenomenon is particularly relevant in nonprofits, where the support of a charitable mission and the close-knit nature of many organizations can amplify fears of retaliation or ostracism (Scheetz et al., 2021; Svava, 2021; Swoboda & Swoboda, 2016; Wang, 2022). Research in other sectors has shown a positive correlation between psychological safety and ethical voice behaviors. However, this relationship is less explored in the nonprofit context, particularly regarding internal whistle-blowing intentions (Chen & Treviño, 2022; Zhang & Cao, 2021).

Understanding Internal Whistle-blowing Intentions

Internal whistle-blowing intentions refer to an individual's willingness to report observed unethical practices within their organization through established internal channels (Latan et al., 2019; Near & Miceli, 1986). Internal whistle-blowing intentions are crucial in organizational studies as they reflect an employee's propensity to actively safeguard the organization's ethical standards before misconduct escalates into a public scandal or harms the organization (Nuswantara, 2023). Internal whistle-blowing serves as a vital mechanism for detecting and rectifying issues that could otherwise escalate into major scandals, damaging the organization's reputation and trustworthiness (Nuswantara, 2023).

The theory of planned behavior supports the study of whistle-blowing intentions instead of actual whistle-blowing activity. The theory of planned behavior is a well-established psychological theory that explains human behavior in terms of three key components: attitudes, subjective norms, and perceived behavioral control (Ajzen, 1991). In the context of whistle-blowing, researchers have used the theory of planned behavior to suggest that an individual's decision to report wrongdoing is influenced by their attitudes towards whistle-blowing, the perceived norms regarding whistle-blowing within the organization, and their perceived control over the whistle-blowing process (e.g., belief in the efficacy of the reporting mechanisms and protection against retaliation) (Alleyne et al., 2018; Mustafida, 2020). This predictive behavior theory can provide a comprehensive framework for understanding the psychological processes underlying whistle-blowing intentions and its ability to influence actual future behaviors in the nonprofit sector.

Integrating Organizational Identification and Psychological Safety in Internal Whistle-blowing Intentions

The study of internal whistle-blowing intentions becomes particularly intriguing when examined with organizational identification as a personal factor and psychological safety as a contextual factor. Employees with a strong sense of identification with their organization might experience a conflict when deciding whether to report wrongdoing, balancing their loyalty to the organization with their ethical obligations (Caprar et al., 2022; Graham et al., 2020; Karahan & Bozkurt, 2021; Zhang et al., 2023). Conversely, in environments with high psychological safety, employees might feel more secure in reporting unethical practices, knowing that their concerns will be addressed appropriately and without fear of retaliation (Lee et al., 2021; Liu et al., 2023; Zhang & Cao, 2021).

The theory of planned behavior suggests that an employee's attitude towards whistle-blowing, subjective norms, and perceived control influence their whistle-blowing intentions (Ajzen, 1991; Park et al., 2005). Social identity theory provides a lens to understand how an individual's identification with their organization impacts their decision to report misconduct (Tajfel, 1974; Tajfel & Turner, 1979). Psychological safety offers insights into how the perceived safety of reporting affects an individual's willingness to come forward with concerns (Edmondson, 1999; Kahn, 1990).

The literature indicates that while there is an understanding of the individual roles of organizational identification and psychological safety in influencing whistle-blowing, there is a gap in research that integrates these two factors within the nonprofit context. This integration is critical for a comprehensive understanding of the whistle-blowing phenomenon in nonprofits, as both personal and contextual factors can interact in complex ways to influence employees' decision-making processes. In the nonprofit sector, where trust and integrity are paramount, understanding and fostering internal whistle-blowing intentions is critical (Phillips, 2019; Svava, 2021). Nonprofits,

due to their mission-driven nature, require a robust ethical framework to maintain credibility and public support (Anglim, 2018; Friedman & Main, 2020; McDonald & Goodman, 2021; Peng et al., 2019; Scheetz et al., 2022; Svava, 2021). Research in this area can provide valuable insights for nonprofit leaders to create cultures encouraging ethical vigilance and reporting, ensuring that the organization adheres to its values and mission.

As a proactive approach for organizations to address whistle-blowing in the context of risk management and fraud mitigation, it is beneficial for organizations to understand employees' whistle-blowing intentions. This proactive approach, possible via a predictive behavior theory such as the theory of planned behavior (Ajzen, 1991), would be a more effective mitigation strategy for organizations than retrospective analyses of whistle-blowing failures. A retrospective approach to addressing whistle-blowing often implies a resigned acceptance of fraud, corruption, unethical conduct, and a lapse in the organization's risk management strategies and whistle-blowing policies. Recognizing whistle-blowing as a complex form of planned behavior influenced by various personal and contextual factors is essential in developing proactive strategies to encourage internal whistle-blowing in response to unethical conduct (Brown et al., 2016).

Employing this theoretical framework, which combines these theories and concepts, provides a structured approach to examining nonprofit internal whistle-blowing intentions. The framework allows a deeper understanding of the personal and contextual factors influencing whistle-blowing intentions and behaviors. It offers a basis for developing targeted interventions to encourage ethical reporting practices. Furthermore, this theory-driven research contributes to a more nuanced understanding of the unique dynamics of whistle-blowing in the nonprofit sector, enhancing the sector's capacity to maintain ethical standards and public trust.

Methods

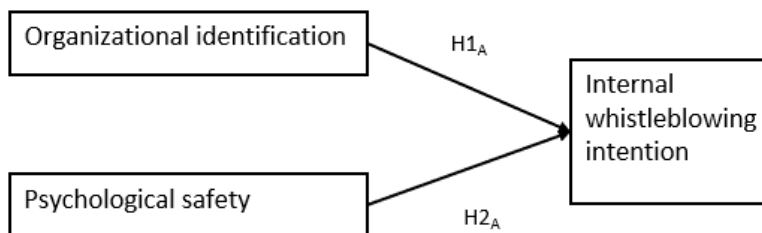
Consistent with the theoretical framework used for this study, which converges social identity theory (Tajfel, 1974), the concept of psychological safety (Kahn, 1990), and the theory of planned behavior (Ajzen, 1991), the study proposes the following hypotheses:

Hypothesis 1_A Organizational identification significantly predicts internal whistle-blowing intentions among finance and accounting professionals in 501(c)(3) nonprofit organizations.

Hypothesis 2_A Psychological safety significantly predicts internal whistle-blowing intentions among finance and accounting professionals in 501(c)(3) nonprofit organizations.

Figure 1

Research Model



The primary purpose of this non-experimental quantitative cross-sectional study is to investigate whether organizational identification and psychological safety were predictors of the internal whistle-blowing intentions of

finance and accounting professionals within 501(c)(3) nonprofit organizations in the United States. This study aims to fill the research gap in the nonprofit sector, particularly in understanding how these factors shape employees' intentions to report unethical practices internally. A quantitative research approach was employed, utilizing a survey-based method to gather data due to its effectiveness in quantifying relationships between variables, suitability for testing the proposed hypotheses, and ability to provide participants anonymity and confidentiality.

The target population for this study comprised finance and accounting professionals employed in 501(c)(3) nonprofit organizations across the United States. Due to the nature of their positions, these individuals are often at the forefront of encountering financial discrepancies and ethical dilemmas, making their insights particularly valuable for the study. Participants were recruited via convenience sampling, using LinkedIn groups, email announcements and referrals, and SurveyMonkey Audience. The survey included eligibility questions to verify that participants met the criteria of this survey's target population, meaning that they were employed full-time in finance or accounting roles at a 501(c)(3) nonprofit.

The sample size was determined using power calculations to ensure sufficient statistical power for hypothesis testing. Power calculations were performed using G*Power to determine the appropriate sample size for the study. The calculations were based on a beta value of 0.20, an alpha level of 0.05, and a power of 0.80. These parameters were used to ensure that the study had sufficient power to detect meaningful effects (Hedberg, 2018). As this study involved multiple regression, a minimum of 72 participants was required.

This study's choice of statistical methods was guided by the nature of the research questions and the data collection type. Multiple linear regression analysis was selected due to its effectiveness in examining the relationship between multiple independent variables (organizational identification and psychological safety) and a single dependent variable (internal whistle-blowing intentions). This method is particularly suitable for quantifying the extent to which the independent variables predict the dependent variable, allowing for a nuanced understanding of their collective impact (Pederson, 2017). Additionally, the use of adjusted R^2 in our analysis ensures a more accurate interpretation of the data, especially considering the relatively small sample size of the study. This approach enhances the reliability and validity of our findings, providing robust insights into the factors influencing internal whistle-blowing intentions in 501(c)(3) nonprofit finance and accounting professionals.

As this study involved human subjects, ethical considerations were paramount. The research protocol, including the survey instruments and participant recruitment methods, was reviewed and approved by an Institutional Review Board (IRB). Participants received a detailed informed consent form outlining the study's purpose, procedures, potential risks, and benefits. Participation was voluntary, and confidentiality was assured. Participants had the right to withdraw from the study at any time. Data privacy and confidentiality were rigorously maintained throughout the study. Personal identifiers were removed from the dataset, and only aggregate results were reported.

The survey was distributed electronically using SurveyMonkey. The study utilized previously validated survey instruments to measure the three key constructs: organizational identification, psychological safety, and internal whistle-blowing intentions. Organizational identification was measured using Wang et al.'s (2022) 7-item scale, which employs a seven-point Likert measurement and is based on Edwards and Peccei's (2007) and Mael and Ashforth's (1992) instruments. Psychological safety was measured using a 7-item scale, which employs a seven-point Likert measurement. This instrument was initially developed by Edmondson (1999); however, it was modified for this study to measure psychological safety on an organizational level, as opposed to a team level, as done by other researchers such as Carmeli and Gittell (2009). This study's dependent variable was measured using the 4-item measuring internal whistle-blowing intentions from Park et al.'s (2005) whistle-blowing intentions scale, which employs a five-point Likert scale.

Before analysis, the data were cleaned to check for completeness and accuracy. Any incomplete responses were excluded from the final analysis. The cleaned dataset was then prepared for statistical analysis. Assumptions of regression analysis, such as linearity, independence of errors, homoscedasticity, and normality, were tested and met to ensure the validity of the results.

Results and Discussion

The study sample consisted of 81 qualifying participants, meeting the minimum threshold for a statistically robust analysis. The study's analysis began with descriptive statistics to provide a snapshot of the sample characteristics and the distribution of responses. The demographic data presented in Table 1 revealed that the gender and racial representation of the sample was a relatively accurate representation of the nonprofit sector, as independent information indicates that the characteristics of the nonprofit workforce are 75.6% white and 65.7% female (Independent Sector, 2024).

Table 1

Descriptive Statistics of Participants

Characteristic	Full Sample	
	<i>n</i>	%
Gender		
Female	51	63.0
Male	24	29.6
Non-binary	1	1.2
Prefer not to say	<u>5</u>	<u>6.2</u>
Total	81	100
Age		
18-29	6	7.4
30-39	23	28.4
40-49	19	23.5
50-59	16	19.8
60+	14	17.3
Prefer not to say	<u>3</u>	<u>3.7</u>
Total	81	100
Race or Ethnicity		
Asian	4	4.9
Black or African American	7	8.6
Hispanic or Latino	9	11.1
Middle Eastern or North African	2	2.5
Multiracial or Multiethnic	1	1.2
White	53	65.4
Prefer not to say	<u>5</u>	<u>6.2</u>
Total	81	100
Education Level		
Graduated from high school	9	11.1
Associate's degree	7	8.6
Bachelor's degree	25	30.9
Master's degree	30	37.0
Doctoral degree	7	8.6
Prefer not to say	<u>3</u>	<u>3.7</u>
Total	81	100

Along with demographic information, this study also confirmed the reliability of all instruments used before undergoing statistical analysis. The survey instruments used all had more than two responses, so their reliability was

analyzed using Cronbach's alpha; an acceptable reliability score is at least 0.7 (Creswell, 2014; Krathwohl, 2009). Each instrument used in this study had a reliability score of at least 0.7 (Table 2).

Table 2

Reliability Scores for Survey Instruments

Instrument	Dimension	n	Cronbach's Alpha
Organizational Identification Scale	Organizational Identification	7	0.840
Psychological Safety Scale	Psychological Safety	7	0.819
Internal Whistle-blowing Intentions Scale	Internal Whistle-blowing Intentions	4	0.759

A nuanced understanding of the data emerges when examining the skewness and kurtosis as part of the exploratory data analysis (Table 3). The skewness values for the variables all exhibit a negative skew, albeit to a varying degree. While the negative skewness in the data suggests a certain degree of variability in responses, particularly towards the lower end, the higher mean scores across all variables indicate a generally positive outlook among participants regarding organizational identification, psychological safety, and internal whistle-blowing intentions.

Table 3

Skewness and Kurtosis

Variable	n	M	SD	Skewness	Kurtosis
Organizational Identification	81	5.3598	1.0712	-0.8067	0.1774
Psychological Safety	81	4.9153	1.1408	-0.3988	-0.5631
Internal Whistle-blowing Intention	81	4.2716	0.6849	-0.6986	-0.4286

Linear regression analysis was conducted to test the hypotheses. The analysis showed that organizational identification is a significant yet modest, predictor of internal whistle-blowing intentions (Table 4). Specifically, the findings suggest that organizational identification accounts for approximately 19.96% of the variance in internal whistle-blowing intentions. Given these results, the hypothesis that organizational identification significantly predicts internal whistle-blowing intentions among finance and accounting professionals in 501(c)(3) nonprofit organizations is accepted. Psychological safety was also a significant, yet low, predictor of internal whistle-blowing intentions (Table 5). The findings suggest that psychological safety accounts for approximately 19.01% of the variance in internal whistle-blowing intention. Overall, the hypothesis that psychological safety predicts internal whistle-blowing intentions among finance and accounting professionals in 501(c)(3) nonprofit organizations is accepted.

Table 4

Linear Regression for Organizational Identification as a Predictor of Internal Whistle-blowing Intentions

n	R	R ²	Adjusted R ²	Std. Error of Estimate	F Change	df1	df2	Sig F Change
81	0.458	0.210	0.200	0.613	20.95	1	79	<0.001

Note. The predictor variable (independent variable) is organizational identification. The outcome variable (dependent variable) is internal whistle-blowing intentions. Presented statistics rounded to three decimal points where applicable.

Table 5

Linear Regression for Psychological Safety as a Predictor of Internal Whistle-blowing Intentions

n	R	R ²	Adjusted R ²	Std. Error of Estimate	F Change	df1	df2	Sig F Change
81	0.447	0.200	0.190	0.616	19.78	1	79	<0.001

Note. The predictor variable (independent variable) is psychological safety. The outcome variable (dependent variable) is internal whistle-blowing intentions. Presented statistics rounded to three decimal points where applicable.

Multiple linear regression was utilized to assess the collective impact of organizational identification and psychological safety on internal whistle-blowing intentions. The analysis revealed that these constructs are nearly moderate predictors of internal whistle-blowing intentions, accounting for approximately 27.83% of the variance, as indicated by an adjusted R² of 0.2783 (Table 6). The model's significance, $p < 0.001$, affirmed the statistical significance of the results.

Table 6

Multiple Linear Regression for Organizational Identification and Psychological Safety as Predictors of Internal Whistle-blowing Intentions

n	R	R ²	Adjusted R ²	Std. Error of Estimate	F Change	df1	df2	Sig F Change
81	0.544	0.296	0.278	0.582	16.43	2	78	<0.001

Note. The predictor variables (independent variables) are organizational identification and psychological safety. The outcome variable (dependent variable) is internal whistle-blowing intentions. Presented statistics rounded to three decimal points where applicable.

Discussion

The finding that organizational identification significantly predicts internal whistle-blowing intentions aligns with the study's theoretical framework. The results suggest that employees who view their identity as closely tied to their organization are more likely to take actions that they perceive as beneficial, such as reporting misconduct. The results also imply that strengthening employees' identification within the nonprofit context could be a strategy to promote ethical behavior and internal reporting.

The significant role of psychological safety in predicting whistle-blowing intentions underscores the importance of creating a work environment where employees feel secure in speaking up and reporting misconduct. These results align with theory and prior literature, indicating that employees are more likely to act on their ethical concerns when they trust they can report issues without retaliation. The study's findings suggest a complex interplay between organizational identification and psychological safety in influencing internal whistle-blowing intentions. The findings highlight the need for nonprofit organizations to foster a strong sense of identification among their employees and ensure that the work environment is perceived as safe and supportive of ethical reporting.

This study's findings significantly contribute to the literature on whistle-blowing intentions, particularly within the nonprofit context. Our analysis provides empirical evidence supporting the role of organizational identification and psychology in predicting internal whistle-blowing intentions, a relatively underexplored area in nonprofit research. Notably, the study extends the application of the theory of planned behavior, social identity theory, and the concept of psychological safety to the context of nonprofit whistle-blowing, offering new insights into how these theoretical frameworks manifest in practical, organizational settings. The revelation that organizational identification and psychological safety collectively account for a substantial portion of the variance in internal whistle-blowing intentions underscores the complexity of ethical decision-making in nonprofits. This nuanced understanding expands upon previous studies by highlighting the interplay between individual psychology and organizational culture within the unique nonprofit context.

Further, the study's findings are instrumental in guiding nonprofit leaders towards more effective strategies for fostering an ethical reporting environment, thereby enhancing accountability and integrity within the sector, including several practical implications for nonprofit organizations. First, strategies aimed at enhancing organizational identification should consider the ethical dimensions of such identification. Second, creating and maintaining a psychologically safe environment is crucial for encouraging internal reporting of unethical practices. Nonprofit leaders should focus on developing policies and cultures that support both these aspects to promote ethical behavior and transparency. While the study provides valuable insights, it has limitations. The sample size and the use of self-reported measures may limit the generalizability of the findings. Future research could explore these dynamics in different nonprofit contexts and use alternative methodologies, such as qualitative approaches or case studies, to gain deeper insights.

Recommendations and Conclusions

The study revealed that both organizational identification and psychological safety hold significant predicting ability of internal whistle-blowing intentions among finance and accounting professionals in 501(c)(3) nonprofit organizations. The study found that a robust identification with an organization leads employees to a heightened willingness to report unethical practices in the nonprofit context. This finding underscores the crucial role of organizational identification in influencing employee behavior, particularly in ethical vigilance. Concurrently, the study emphasized the vital role of psychological safety. Ensuring a risk-free environment where employees can voice concerns without fear of retribution is pivotal in fostering a culture where ethical concerns are not only noted but actively reported.

This novel research is significant for business administration, particularly within nonprofit management and business ethics. Nonprofits, pivotal in societal welfare, operate on the fulcrum of public trust and ethical integrity. The insights gained from this study provide a strategic framework for nonprofit administrators, highlighting the necessity of nurturing organizational identification and psychological safety. These elements transcend beyond compliance and risk management, evolving into strategic tools fortifying nonprofit organizations' ethical bedrock, reputation, and operational efficacy. Considering these findings, it is recommended that nonprofit organizations invest in cultivating a mission-driven culture that strongly values ethical conduct and decision-making. This recommendation involves consistently communicating the organization's mission and values and actively involving employees in decisions and initiatives that resonate with these values authentically and ethically. Such practices can enhance the employees' sense of belonging and identification with the organization and decrease the possibility of unethical pro-organizational behavior and other detrimental effects of solid organizational identification observed in other sectors (Caprar et al., 2022).

Additionally, nonprofit leaders should focus on establishing and maintaining an environment of psychological safety. This environment encompasses establishing clear, accessible channels for reporting unethical practices and ensuring these mechanisms are grounded in confidentiality and trust. Leadership training emphasizing trust, respect, and open communication is also essential. Such training can create a workplace atmosphere where employees feel safe to report concerns. Moreover, nonprofits should engage in regular ethical training programs. These programs reinforce the importance of ethical behavior and the necessity of reporting misconduct. Concurrently, a periodic

review of policies related to ethics and whistle-blowing is essential to ensure they remain effective and reflect best practices.

Further research in diverse nonprofit categorizations is essential to enhance the applicability and generalizability of these findings and increase understanding of the nonprofit context. Exploring these dynamics across different types of nonprofit organizations, encompassing varied sizes and missions, can provide a broader understanding of internal whistle-blowing intentions within the sector. Additionally, qualitative methodologies can offer deeper insights into employees' experiences and perceptions regarding whistle-blowing. Longitudinal studies could also be beneficial in examining the evolution of organizational identification and psychological safety over time and their sustained impacts on whistle-blowing intentions and actual whistle-blowing behaviors.

This study contributes significantly to the discipline of business administration, especially within the sphere of nonprofit management and business ethics. It provides actionable insights for nonprofit leaders, offering a blueprint for fostering ethical practices and bolstering the integrity and effectiveness of their organizations. The emphasis on organizational identification and psychological safety guides nonprofits towards ethical compliance and building robust, sustainable organizations grounded in trust and ethical responsibility. Overall, the results of this study should encourage further research on business ethics within the nonprofit context.

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