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# Whistleblowing in family firms: power and justice dynamics

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## Abstract

We explore how power and justice dynamics influence whistleblowing behaviour in family firms, focusing on the under-explored construct of connection power. Power and justice are two important, interrelated forces strongly affecting moral behaviour. We hypothesise a moderated moderation model and use a 2 × 2 × 2 between-subject experiment with 331 participants to test our conceptual model. We find that the family relation (i.e., connection power) of the wrongdoer changes what we know about the relationship between the legitimate power of the observer and whistleblowing likelihood, and that, in some instances, observers with high legitimate power are even less likely to blow the whistle than those with low legitimate power. Our exploration further reveals that, although the family relation of the wrongdoer discourages would-be whistleblowers, even those with legitimate power, organisational justice consistently increases the likelihood of whistleblowing in every case.

**Keywords** Whistleblowing · Family firms · Organisational justice · Legitimate power · Connection power

## Introduction

It has been highlighted that ethical issues in family firms are under-researched, with scholars calling for additional studies on how family influence can affect ethical behaviour and the moral infrastructure of businesses (Hadjielias et al., 2022; Vazquez, 2018). One significant behaviour that has yet to be explored is the phenomenon of “whistleblowing”. Whistleblowing – defined as “the disclosure by organisation members (former or current) of illegal, immoral, or illegitimate practices under the control of their employers, to persons or organisations that may be able to effect action” (Near & Miceli, 1985 pg. 4)—has been identified as the most significant mechanism to uncover wrongdoings in businesses such as fraud, theft, and corruption (Culiberg & Mihelič, 2017). Whistleblowing is a complex phenomenon that may involve internal and external parties, and may be perceived as loyal or disloyal behaviour depending on the context (Waytz et al.,

2013). We focus on the internal aspect, and using an experiment, we can avoid some of the confounding issues related to loyalty perception. As important drivers of whistleblowing, prior research has shown that power dynamics and organisational justice are important firm-level determinants of employee moral behaviour (Dasgupta & Kesharwani, 2010; Near et al., 1993). This is especially interesting in a family firm context. In particular, family firms, due to the preferential treatment of family members—also known as “bifurcation bias”—exhibit more complex power dynamics between family members and non-family employees (O’Brien et al., 2018), as well as unique organisational justice conditions (Barnett & Kellermanns, 2006) relative to their non-family counterparts.

With respect to power dynamics, our study identifies two types of power, 1) consistent with the extant whistleblowing literature, we define “legitimate power” as the formal type of power acquired by a position held in the company, and 2) the previously unexplored concept of “connection power”, an informal type of power obtained through acquaintance with influential or top-level people within the firm. Whilst connection power may also exist in non-family businesses, it is intrinsically characteristic within family firms since family employees’ kinship relations can create strong loyalty and allegiance toward one another (Samara & Arenas, 2017). Prior whistleblowing research has predominantly focused on the concept of legitimate power (Taylor & Curtis, 2013),

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whilst little is known about the impact of connection power on whistleblowing. In non-family firms, legitimate power that is established through the organisational hierarchy is an understandable salient determinant of whether observers blow the whistle (Taylor & Curtis, 2013), however in family firms, the connection power family members inherently possess may, in fact, be perceived as even more influential than the legitimate power that non-family employees may have through their senior positions in the business.

Power dynamics aside, “organizational justice” – defined as how the employees perceive fairness within the organisation (Greenberg, 1990) – is another known driver of whistleblowing. For example, Seifert et al. (2010) note that a higher level of justice significantly increases employees’ whistleblowing intentions. Their research shows that when companies support whistleblowing and have fair and reasonable practices with management willing to resolve the wrongdoing appropriately, employees are more likely to blow the whistle. Again, family firms are unique in this regard. Specifically, there are significant differences between family and non-family firms regarding employee perceptions of organisational justice, as resource distribution, accepted procedures, and information sharing can be unequally distributed amongst family and non-family employees (Jaskiewicz et al., 2013; Verbeke et al., 2020). As mentioned, the asymmetric treatment experienced by family and non-family employees can be explained via the bifurcation bias concept since this bias can lead to connection power and reduced perceptions of organisational justice (Kim & Marler, 2022).

The discussion leads us to our research question: *how do power and justice dynamics impact whistleblowing in family firms?* Conventional wisdom and evidence suggest that legitimate power of the observer is a salient construct and increases whistleblowing likelihood. However, in family firms, we want to understand if connection power of the wrongdoer can diminish the effects of legitimate power. Furthermore, in addition to merely exploring if connection power is an important concept, we also want to know if organisational justice can reduce the potential negative effects of connection power on the relationship between legitimate power and whistleblowing likelihood. Consequently, we investigate the joint effects of legitimate power, connection power, and organisational justice. We answer our research question through a  $2 \times 2 \times 2$  between-subject experiment with 331 participants, putting them in the shoes of the observer to wrongdoing. We find that whilst the legitimate power of the observer increases the likelihood of whistleblowing, this increase is negatively moderated by the connection power of the wrongdoer. Moreover, we find that this relationship is further moderated by the level of organisational justice in the organisation. Surprisingly and in contrast to prior research, we find that under certain conditions in family firms, observers with high legitimate power

are *less* likely to engage in whistleblowing than observers with low legitimate power. We explore this surprising finding by conducting mediation analyses and find that the primary underlying mechanism appears to be the perceived personal cost for the whistleblower because of the connection power of the wrongdoer. Whilst some of these findings are intuitive, the interactions displayed in our results challenge the conventional wisdom about legitimate power and whistleblowing, highlighting the importance of the nexus between power and justice in family firms.

Our study provides four primary contributions. First, we explore whistleblowing in family firms and identify how this business context offers unique challenges. Specifically, we integrate the literature around bifurcation bias, power, and organisational justice, discussing the emergence of connection power in family firms, and how this shapes employees’ moral behaviour concerning whistleblowing. Second, we explore connection power as a determinant of whistleblowing behaviour. Whilst connection power is not a new construct, its impact has surprisingly not been explored in the whistleblowing literature, which predominantly focuses on legitimate power. High connection power is typical of many family firms. Therefore, our study’s context makes our paper unique to other whistleblowing research that typically examines whistleblowing in public or private firms that are not family businesses. Third, we integrate the literature on power and justice to consider how they interact. Whilst they have independently been demonstrated to impact whistleblowing in the extant literature, prior research has not considered how they interact when investigated simultaneously. We apply this in a family firm context by demonstrating how perceived justice moderates the relationship between legitimate power and connection power. Investigating them jointly is important as bifurcation bias gives rise to connection power and issues relating to organisational justice. Fourth, we add to our understanding of the inherent differences between ethical behaviour within family and non-family firms. Specifically, we highlight the importance of bifurcation bias and connection power as the underlying mechanisms that drive differences in whistleblowing behaviour. Consequently, we contribute to the literature on the adverse effects of family influence on the firm, meaning that family members’ mere presence in the firm, and the resulting power dynamics that can ensue, may decrease the moral behaviour of employees.

The following section discusses whistleblowing and family firms and then explores legitimate and connection power, developing our first two hypotheses. In that section, we also present organisational justice as an essential factor, establishing our third hypothesis. The fourth section explains the research method used for our experiment, and the fifth section examines the results discovered. The last section of the paper discusses the implications of the findings, the limitations of our design, and avenues for future research.

As previously defined, whistleblowing refers to the action of disclosing unethical, illegitimate, illegal and immoral practices of their employers, by current or former employees, to companies or people that may be able to stop the wrongdoing (Near & Miceli, 1995). There are three relevant parties or actors in whistleblowing, observers and would-be whistleblowers on one side, the perpetrators of wrongdoing, and finally, the report recipient. According to Near and Miceli (1995), there are five determinants that characterise effective whistleblowing: (1) characteristics of the whistleblower, (2) characteristics of the report recipient, (3) characteristics of the wrongdoer, (4) characteristics of the wrongdoing, and (5) characteristics of the organisation. The first determinant analyses the whistleblower's personality, demographic and moral judgement. The second examines the attributes of the individuals who receive the report and the features of the reporting channels. The third determinant considers the wrongdoer's credibility and power. The fourth focuses on the consequences of the offence for the firm, the credibility of the whistleblower's evidence, and the severity of the disclosed wrongdoing. Last, the fifth determinant relates to the organisational climate and structure, and assesses whether the firm finds whistleblowing appropriate. This paper is positioned within this literature by exploring how three of these determinants are interrelated in family firms: the legitimate power of the whistleblower, the connection power of the wrongdoer, and the organisational justice exhibited by the firm. Whilst other determinants may also be important, we would not expect them to be of the same level of importance in a family firm context.

In a family firm context, we contend that the power held by individual actors is affected by what is commonly referred to in the literature as “bifurcation bias”. Bifurcation bias is commonly used by scholars to distinguish family owned businesses from traditional firms (Daspit et al., 2018; Madison et al., 2018; Verbeke & Kano, 2012; Verbeke et al., 2020). The bifurcation bias concept refers to the preferential treatment of family over non-family employees within a family business. Scholars have used bifurcation bias to contrast dissimilarities between non-family and family firms, particularly human resource practices (Kim & Marler, 2022). Bifurcation bias describes the phenomenon of separating “family resources” and “non-family resources”, purporting that family employees are more unique and worthy of nurturing than non-family employees who are seen as replaceable commodities (Verbeke et al., 2020). Based on this, family firms are recurrently criticised for engaging in favouritism of family relatives over non-family employees overlooking their skills and qualifications (Barnett & Kellermanns, 2006; Cropanzano & Greenberg, 1997; O'Brien et al., 2018).

Such bias can lead to actual ethical outcomes for family firms. For example, Reck et al. (2021) highlight intergroup processes and the deviation of identities from the groups

to which individuals belong. They analyse the “ingroup-outgroup” concept that often forms in family firms and suggest that individuals who do not identify with the ingroup (i.e., the controlling family) have increased difficulty coping with ethical situations. This can be explained in terms of bifurcation bias, as members of the ingroup will be favoured relative to members of the out-group, causing them to feel excluded from some processes and decisions (Barnett & Kellermanns, 2006).

Although these studies do not examine whistleblowing directly, they allude to differences in family firms regarding the abovementioned determinants of whistleblowing. More specifically, bifurcation bias may skew traditional power structures, thus impacting the role of power and perception of justice in family firms, thereby negatively affecting whistleblowing. We delve deeper into these arguments in the following sections to develop our hypotheses.

## Hypotheses development

### Power and whistleblowing

In this study, we seek to understand the influence of the connection power of the wrongdoer and the legitimate power of the observer in family firms on whistleblowing likelihood, and at the same time, consider the level of organisational justice within the firm. Whilst a significant amount of work has investigated legitimate power, connection power has not yet been explored in the whistleblowing literature. “Power” is defined as the ability to influence and control the behaviour of others in some preferred way (Klein et al., 2000). It is also often referred to as authority. The hierarchy of non-family firms is arguably more transparent and well-defined than in family firms (O'Brien et al., 2018). Generally, this translates to employees who submit to superiors based on their position and influence on critical processes such as promotion and evaluation. However, due to bifurcation bias, power can manifest differently in family businesses, deeming their power dynamics as even more worthy of attention. By “power dynamics”, we refer to the interaction between the two different types of power we study. First, we consider the legitimate power of the observer, which is established through an official hierarchy. Second is the wrongdoer's connection power, the unofficial power gained through connections with important or influential people. We believe that the way connection power manifests itself in family firms is distinct from widely held firms, significantly affecting whistleblowing in family firms.

Starting with legitimate power, Raven and French (1958), Lord (1977), and Wellman et al. (2016) explain that legitimate power is characterised by an individual's status in a formal corporate hierarchy. The legitimate power of the

observer can influence whistleblowing intentions through their status in the organisation and the dependence of the business on that individual. Employees with a structurally lower position tend to be easier to replace. At the same time, the company may be more dependent on those with a higher status, since they have a greater technical or executive value (Near & Miceli, 1995). Furthermore, Wellman et al. (2016) contend that subordinates expect individuals with high legitimate power to engage in moral objection. Since legitimate power comes with an essential source of role expectation, employees with legitimate power feel morally obligated to report wrongdoing as a duty to the company they work for (Wellman et al., 2016). Staff with legitimate authority are expected to be confident and display courage when facing adversity (Mbago et al., 2018). Therefore, based on the existing literature, we know that the likelihood of whistleblowing and the degree of legitimate power the observer has are positively correlated.

However, power manifests itself differently in family firms than in traditional organisations, where there is often a dominant coalition comprising family members. In family businesses, power may therefore be expressed not only by a hierarchy but also by the kinship between family employees and family owners (O'Brien et al., 2018). In traditional firms, hierarchy is well established (Taylor & Curtis, 2013), whereas in family firms, power can be complicated, unclear, and more informal. Non-family employees are part of the organisation, but not the family system. This means they often face uncertain and complex situations regardless of their title (Barnett & Kellermanns, 2006). For instance, a subordinate related to the owner of the family business may have more power or may even be more intimidating than an official non-family manager. We call this type of power "connection power". Although not referring to family firms, Hersey et al. (1979) originally coined the term, describing connection power as a power obtained through connections with important or influential people. They explain that those with high connection power "induce compliance from others because they try to gain favour or avoid disfavour of the powerful connection" (Hersey et al., 1979 pg. 419).

In a family business context, this type of power that family employees intrinsically have can be highly concerning for non-family employees and even crowd out legitimate power. This is due to the benefits of such power, including preferential treatment in terms of discipline, special entitlement to resources that would not be available to others, and a legitimate fear of retaliation for whistleblowers. For example, O'Brien et al. (2018) observed that employees related to the business owner are less likely to expect another employee to report their wrongdoing. In the same paper, they also found that the more closely related an employee is to the company's owner, the lower the expected severity of their sanction. Although not utilising

the notion of connection power per se, other studies have also identified the consequences of informal/relational types of power that perpetrators may have. For example, Robertson et al. (2011) highlight the effect of "likeability reputation" of the wrongdoer as a significant deterrent for whistleblowers. Fundamental to the concept of power itself, those with connection power also may enhance what sociologists refer to as "resistance", which limits the influence or imposition of power that one is subject to (Barbalet, 1985). Specifically, family employees may (informally) exert power over others and resist the unwanted influence attempts of non-family employees. Such arguments lead to the notion that in family firms, where connection power exists, family employees may perceive their personal risk of committing wrongdoing to be lower.

This asymmetric treatment experienced by non-family members aligns with the concept of bifurcation bias (Kim & Marler, 2022). Even though family employees may not have legitimate power, their inherent connection power can cause non-family employees to see them as more influential and privileged. We believe it is important to consider the connection power of the wrongdoer, as it has been established that the perpetrator's power status can affect the propensity of would-be whistleblowers to blow the whistle (Gao et al., 2015; Thomas, 2020).

Additionally, as Gao et al. (2015) argue, whistleblowing intentions are influenced by the perpetrator's power status because of the personal cost the whistleblower may encounter. For instance, the level of connection power (as described above) held by the wrongdoer is expected to elicit fear of the retaliation that any whistleblower may be subjected to (e.g., Rehg et al., 2008). It is intuitive to understand that observers who may expect retaliation are far less likely to blow the whistle than individuals who do not fear such retribution (Mesmer-Magnus & Viswesvaran, 2005). The authors also note that retaliation may not always be initiated by upper-level executives but also by co-workers without being sanctioned by top management, potentially diminishing the role of legitimate power when connection power is present.

Given this discussion, it becomes clear that the connection power of the wrongdoer should have a significant impact on the well-known relationship between legitimate power and whistleblowing (i.e., the legitimate power of the observer has a positive effect on whistleblowing likelihood). As the whistleblowing literature has not considered connection power of the wrongdoer to date, the existing knowledge we have with respect to the effects of legitimate power of the observer on whistleblowing likelihood is limited to cases where the wrongdoer does *not* hold connection power. This leads us to our first hypothesis, which provides us with an important baseline for our subsequent hypotheses:



**H1a** When the wrongdoer has low connection power, the legitimate power of the observer is positively related to whistleblowing likelihood.

However, based on the discussion above, we believe that things change significantly when the wrongdoer has high connection power. In these instances, we expect that the observer will have to start considering potential retaliation in such an event, and therefore we expect that it may negate the positive effects of legitimate power of the observer as predicted in H1a. In other words, high levels of connection power of the wrongdoer crowd out the effects of legitimate power of the observer on whistleblowing likelihood. This leads us to our second hypothesis:

**H1b** When the wrongdoer has high connection power, the legitimate power of the observer is not related to whistleblowing likelihood.

## The moderating effect of organisational justice

Justice refers to the behaviour or treatment recognised as morally right based on fairness, equality, ethics, law or religion (Pekurinen et al., 2017). We know from prior studies that organisational justice plays a significant role in the likelihood of whistleblowing in firms (Miceli et al., 2012; Seifert et al., 2010, 2014). For example, Seifert et al. (2010) argue that when an organisation's procedures, policies and environment are fair and just, employees will be more likely to blow the whistle when necessary. They found that a higher level of justice increases employees' whistleblowing intentions. Their results show that management can positively affect the likelihood of reporting fraudulent behaviour by changing some human resource practices. However, it could be more complex for family firms. Family owned businesses, therefore, offer a unique and interesting setting where power can be distributed based on kinship rather than legitimate position. At the same time, justice and fairness can also be challenged due to bifurcation bias.

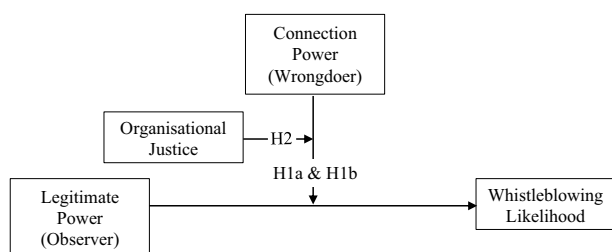
As bifurcation bias predicts, human resource management procedures in family firms are often unclear and inconsistent, which may negatively impact how employees perceive fairness within such firms (Barnett & Kellermanns, 2006). Furthermore, Barnett and Kellermanns (2006) explain that family influence can positively and negatively affect the fairness of human resource procedures. These practices would likely have differential effects on non-family employees' organisational justice perceptions. The authors point out that non-family employees are commonly uncertain about their identity and status, which can likely cause them to doubt the trustworthiness of the family firm to create and put in place

unbiased and fair human resource procedures. For example, family firms are known to favour the hiring of relatives or close friends over unrelated applicants (Jaskiewicz et al., 2013), who, once hired, enjoy preferential treatment relative to non-family employees (Daspit et al., 2018). These unfair conditions and procedures could negatively affect organisational justice perceptions and whistleblowing behaviours.

For example, whistleblowing may be negatively impacted if employees do not feel supported and their organisation has biased procedures (Seifert et al., 2010). Additionally, employees working within a company that offers an unfair setting may fear the unfair personal cost of retaliation. Some employees may, unfortunately, encounter retaliation after blowing the whistle because the firm would want to prevent public knowledge of the wrongdoing. These retaliations can include silencing the whistleblower, dissuading other employees from engaging in moral behaviours, and discrediting the whistleblower (Mesmer-Magnus & Viswesvaran, 2005). We understand from previous studies that whistleblowing is a proactive social behaviour (Bjørkelo et al., 2010). Additionally, we know that organisational justice is strongly related to proactive social behaviour based on the research by Crawshaw et al. (2012) on proactive work behaviour. Together, these previous studies indicate that a lack of justice will decrease whistleblowing behaviour. We, therefore, posit that organisational justice matters and may have an asymmetric impact on the likelihood of whistleblowing, depending on whether the perpetrator is a family member and thus has connection power.

Referring to the effects of power on whistleblowing mentioned in H1a and H1b, we believe organisational justice will reduce the negative effects of connection power on the relationship between legitimate power and whistleblowing likelihood. For example, if organisational justice is high and all employees are treated fairly and equally, we posit that non-family employees are more likely to blow the whistle even when the perpetrator is a family member, as the high organisational justice neutralises the perceived connection power of the perpetrator. We expect this to be the same for observers with low and high legitimate power within the organisation. Conversely, if organisational justice is low, connection power is more formidable, causing non-family employees to be even less likely to blow the whistle on family members. They have low trust that their report will be taken seriously and will most likely fear retaliation to a greater extent than if the perpetrator did not have connection power. This leads us to our second hypothesis:

**H2** When the wrongdoer has high connection power, high organisational justice will reduce the negative effects of the connection power of the wrongdoer on the relationship between the legitimate power of the observer and whistleblowing likelihood.



**Fig. 1** Conceptual model

Our hypotheses lead us to our conceptual model, summarised in Fig. 1. In effect, we theorise a moderated moderation model. The connection power of the wrongdoer moderates the effect of the legitimate power of the observer on whistleblowing likelihood, and this moderation is moderated by the level of organisational justice in the organisation. Whilst we do not formally hypothesise our model's underlying mechanisms, we explore multiple potential mediators of the relationships based on prior literature as part of our further analysis.

## Method

### Design

Given our discussion thus far, we use an experimental approach to test our hypotheses. Specifically, we use a  $2 \times 2 \times 2$  between-subject experimental design where we manipulate the legitimate power of the potential whistleblower, the connection power of the wrongdoer, and the organisational justice exhibited by the firm. We phrase our scenarios (Appendix A) and questions in the third person to avoid social desirability bias.<sup>1</sup>

### Sample

We recruited 331 participants from Amazon's Mechanical Turk platform to test our stated hypotheses. We restrict our recruitment to those in the United States to minimise any confounding effects of culture. Participants were remunerated 1.50 USD for their participation in the study. The average age of the sample was 39.86, their average length of work experience was 18.07 years, and 40.40 per cent were women.

<sup>1</sup> As part of our further analysis, we conduct a second experiment where we find that asking the questions in the first or third person does not affect our results.

## Task

We utilised a survey with randomised treatment groups, where participants were presented with different scenario information based on their treatment group assignment. After providing informed consent,<sup>2</sup> participants were provided with information on the fictitious Dandy Watch Company in our experiment. This included some brief information on the company's background that was the same across all experimental conditions. Each participant was randomly assigned to a treatment group that manipulated the information on the connection power status of the perpetrator, the level of organisational justice at Dandy Watch company, and the legitimate power of the potential whistleblower. After the scenario was presented, participants provided their opinion on the likelihood of the potential whistleblower, called Thomas<sup>3</sup> Bentley, reporting the wrongdoing to an appropriate person in the organisation. After providing information on our dependent and mediating variables, the participants answered attention-check questions (they could not return to reread the scenario) and demographic questions. The full experimental materials are included in an appendix.

## Independent variables

### Legitimate power

We manipulated the legitimate power of the potential whistleblower by using their official position in the company. In the low legitimate power condition, participants were told that Thomas Bentley is employed in the warehouse at the Dandy Watch Company and that his job is to fulfil orders from the website by picking and packaging the items. In the high legitimate power condition, participants were told that Thomas Bentley is employed as a supervisor in the warehouse of Dandy Watch Company and that his job is to oversee other employees who fulfil orders from the website by picking the items and packaging them. Both conditions held constant that Thomas Bentley is 35 years old and that Dandy Watch Company has employed him for the past 8 years.

<sup>2</sup> The experiment received institutional research committee approval and was performed in line with the 1964 Helsinki declaration and its later amendments or comparable ethical standards. Informed consent was obtained from all individual participants included in the study. This article does not contain any studies with animals performed by any of the authors, and the authors have no conflicts of interest relating to this study.

<sup>3</sup> As part of our further analysis, we conduct a second experiment where we change the name of the observer to the gender-neutral Alex and we find that gender of the observer does not affect our results.

## Connection power

We manipulate the connection power of the wrongdoer using their family relation to the founder. In the low connection power condition, the participants are told that the wrongdoer is an employee in the warehouse, with no information on family relations provided. In the high connection power condition, participants are told that this person is the founder's nephew. The context of the wrongdoing is held constant across both conditions. It provides a scenario where the potential whistleblower observes the wrongdoer putting watches into his backpack, believing that this employee may have stolen more than \$10,000 worth of watches.

## Organisational justice

We manipulated the level of organisational justice in Dandy Watch Company by describing scenarios where the level of organisational justice was low or high. In the low organisational justice condition, participants were told that Thomas Bentley did not like that some employees are treated more preferentially than others and that not all rules and procedures are being enforced in an equal way. In the high organisational justice condition, participants were told that Thomas Bentley especially likes that employees are treated equally and that he has never noticed any preferential treatment, as all rules and procedures are being enforced in an equal way. Both conditions held constant that Thomas Bentley generally enjoys his work at the Dandy Watch Company and hopes to stay with the business long-term.

## Dependent variable

Our dependent variable is the whistleblowing likelihood. Specifically, we ask participants their opinion on the percentage likelihood that Thomas Bentley will report the wrongdoer to an appropriate person within the business. We use an 11-point Likert scale anchored at 0 and 100 per cent likelihood, separated by 10 per cent intervals. The dependent variable question was phrased in the third person to avoid social desirability bias (Chung & Monroe, 2003; Cohen et al., 1998, 2001). As part of our further analyses, we also show that our results hold if the dependent variable question is phrased in the first person.

## Mediating variables

In our further analyses, we explore the underlying mechanisms for our results by considering mediating variables. We use the theoretical model by Schultz et al. (1993), which proposes that whistleblowing intentions are influenced by the perceived seriousness of the wrongdoing, the perceived

personal cost of whistleblowing, and perceived personal responsibility for reporting the wrongdoing.

## Manipulation check and attention

We conduct an out-of-sample manipulation check to confirm that our experimental materials manipulate the intended constructs (Hauser et al., 2018). The out-of-sample manipulation check allows us to test the manipulations outside the experiment. In total, 98 participants recruited from Amazon's Mechanical Turk completed the out-of-sample manipulation check survey. They were presented with the scenarios from each factor side-by-side (randomly ordered to avoid order effects). For legitimate power, participants were asked to choose the scenario in which they thought the observer had the most legitimate power after providing them with a definition of the term. For organisational justice, participants were asked to choose the scenario in which they thought the business environment described was the most fair and just after providing them with a definition of organisational justice. For connection power, participants were asked to choose the scenario in which they thought the perpetrator had the most connection power, after providing them with a definition of the term. Binomial tests (one-tailed) indicate that the proportion of participants choosing high conditions was significantly different from chance,  $p < 0.001$ . In addition to asking them to select the high condition, we also asked them to rate the level of legitimate power, organisational justice, and connection power for each scenario on a 1–7 scale to ensure that not only are the scenarios different but that the perceived difference between each set of two scenarios is strong enough to observe an effect. The differences in the level ratings were significant for each of the three factors (legitimate power = 4.06 mean difference between high and low conditions, organisational justice = 4.54 mean difference between high and low conditions, connection power = 3.87 mean difference between high and low conditions). Finally, there is a possibility that our participants may believe that the wrongdoer, who is the nephew of the founder, may be allowed to take the goods for personal use and thus confound our results. As a result, we also asked the participants of our out-of-sample manipulation check to rate the likelihood that the employee in the scenario was allowed to take the inventory home for personal use (using a 1–7 scale). The mean rating for the condition with the nephew was rated on average 2.83, whereas the condition with no indication of family relation was rated on average as 2.68. However, the difference between these two means is not statistically significant, indicating that this is not a major confounder with respect to this issue.

In addition to the out-of-sample manipulation check, our main experiment uses three attention checks to ensure



that the participants pay attention. At the end of our instrument, we ask our participants: (1) Whether the wrongdoer is related to the founder of the business, (2) What position the observer of the wrongdoing holds in the business, and (3) Whether the environment in the scenario described a workplace where some employees are treated preferentially. Of the 313 participants, 299 participants passed the attention check for the family relation of the wrongdoer, 295 participants passed the attention check for the observer's position, and 298 participants passed the attention check for the level of organisational justice. In total, 250 (79.87 per cent) passed all three attention checks, and data for these participants are used throughout our analysis section. It is important to note that our results are inferentially the same if we include participants who did not pass the attention checks; however, the strength of the observed relationships decreases.

## Results

We begin by providing descriptive statistics for each of the treatment groups. Table 1 presents the mean and standard deviations for each treatment group in the experiment. Consistent with our expectations, we find that there are apparent differences between the treatment groups with respect to whistleblowing likelihood. Specifically, when the observer has legitimate power, their whistleblowing likelihood increases from 68.82 per cent to 76.83 per cent. Additionally, when the perpetrator is related to the family member, the whistleblowing likelihood decreases from 82.36 per cent to 62.85 per cent. Finally, when organisational justice is high, the whistleblowing likelihood increases from 64.96 per cent to 80.32 per cent. These initial results affirm our expectations. Next, we proceed with the formal testing of our hypotheses.

**Table 1** Descriptive statistics

Legitimate power	Connection power	Organisational justice	Mean	Std. Deviation	N
Low	Low	Low	70.00	24.77	30
		High	80.61	26.21	33
		Total	75.56	25.89	63
	High	Low	54.85	25.75	33
		High	70.00	21.60	31
		Total	62.19	24.85	64
	Total	Low	62.06	26.22	63
		High	75.47	24.49	64
		Total	68.82	26.14	127
High	Low	Low	86.36	12.95	33
		High	91.94	10.78	31
		Total	89.06	12.18	64
	High	Low	45.56	24.55	27
		High	78.75	18.45	32
		Total	63.56	27.02	59
	Total	Low	68.00	27.85	60
		High	85.24	16.45	63
		Total	76.83	24.24	123
Total	Low	Low	78.57	21.01	63
		High	86.09	20.90	64
		Total	82.36	21.21	127
	High	Low	50.67	25.44	60
		High	74.44	20.38	63
		Total	62.85	25.82	123
	Total	Low	64.96	27.08	123
		High	80.31	21.38	127
		Total	72.76	25.491	250

Means, standard deviations, and number of participants for each factor and treatment cell in the experiment. The table only provides the descriptive statistics for the participants who passed the attention checks

### Hypotheses testing

The descriptive statistics, means, and standard deviations for each treatment group are presented in Table 1. The results for the 2 × 2 × 2 ANOVA are shown in Table 2, whereas Table 3 provides an overview of pairwise comparisons between all treatment groups based on estimated marginal means. Furthermore, the results of two 2 × 2 ANOVAs analysing the low and high conditions for connection power separately are shown in Tables 4 and 5.

**H1a & H1b** We begin our analysis by focusing on the relationship between legitimate power of the observer and

whistleblowing likelihood and explore whether this relationship is impacted by the connection power of the wrongdoer. The interaction effect between these two factors is significant ( $F(1, 242) = 6.819, p = 0.01$ ). Specifically, when the wrongdoer has low connection power, we find that the whistleblowing likelihood is lower in the high legitimate power treatment (89.06, *s.d.* = 12.18) than in the low legitimate power treatment (75.56, *s.d.* = 25.89). This provides support for hypothesis H1a and is in line with prior research. However, when the wrongdoer has high connection power, the whistleblowing likelihood is not statistically different between the high connection power treatment (62.19 *s.d.* = 24.85) and the low connection power treatment (63.56, *s.d.* = 27.02).

**Table 2** Analysis of variance

Source	SS	df	MS	F	Sig
Corrected Model	51,719.305 <sup>a</sup>	7	7388.472	16.243	0.000
Intercept	1,299,973.529	1	1,299,973.529	2857.960	0.000
Legitimate Power	2867.700	1	2867.700	6.305	0.013
Connection Power	24,743.643	1	24,743.643	54.398	0.000
Organisational Justice	16,196.852	1	16,196.852	35.608	0.000
Legitimate Power * Connection Power	3101.672	1	3101.672	6.819	0.010
Legitimate Power * Organisational Justice	658.353	1	658.353	1.447	0.230
Connection Power * Organisational Justice	4025.681	1	4025.681	8.850	0.003
Legitimate Power * Connection Power * Organisational Justice	2071.829	1	2071.829	4.555	0.034
Error	110,076.295	242	454.861		
Total	1,485,300.000	250			
Corrected Total	161,795.600	249			

Results from analysis of variance. R Squared = .320 (Adjusted R Squared = .300)

**Table 3** Pairwise comparisons

Legitimate Power	Organisational Justice	(I) Connection Power	(J) Connection Power	Mean difference (I-J)	SE	Sig	95% CI	
							Lower	Upper
Low	Low	Low	High	15.152*	5.38	0.005	4.554	25.749
	High	Low	High	10.606*	5.334	0.048	0.098	21.114
High	Low	Low	High	40.808*	5.534	<.001	29.906	51.71
	High	Low	High	13.185*	5.375	0.015	2.598	23.773
Legitimate Power	Connection Power	(I) Organisational Justice	(J) Organisational Justice	Mean Difference (I-J)	SE	Sig	95% CI	
							Lower	Upper
Low	Low	Low	High	- 10.606*	5.38	0.05	- 21.204	- 0.008
	High	Low	High	- 15.152*	5.334	0.005	- 25.659	- 4.644
High	Low	Low	High	- 5.572	5.334	0.297	- 16.08	4.936
	High	Low	High	- 33.194*	5.573	<.001	- 44.173	- 22.216
Connection Power	Organisational Justice	(I) Legitimate Power	(J) Legitimate Power	Mean Difference (I-J)	SE	Sig	95% CI	
							Lower	Upper
Low	Low	Low	High	- 16.364*	5.38	0.003	- 26.961	- 5.766
	High	Low	High	- 11.329*	5.334	0.035	- 21.837	- 0.822
High	Low	Low	High	9.293	5.534	0.094	- 1.609	20.195
	High	Low	High	- 8.75	5.375	0.105	- 19.337	1.837

The table provides mean differences based on estimated marginal means. \* $p < 0.05$

**Table 4** Analysis of variance for low connection power condition

Source	SS	df	MS	F	Sig
Corrected Model	8055.952	3	2685.317	6.791	<0.001
Intercept	857,217.089	1	857,217.089	2167.922	<0.001
Legitimate Power	6077.028	1	6077.028	15.369	<0.001
Organisational Justice	2073.930	1	2073.930	5.245	0.024
Legitimate Power * Organisational Justice	200.823	1	200.823	0.508	0.477
Error	48,635.386	123	395.410		
Total	918,200.000	127			
Corrected Total	56,691.339	126			

Results from analysis of variance. R Squared = .142 (Adjusted R Squared = .121)

**Table 5** Analysis of variance for high connection power condition

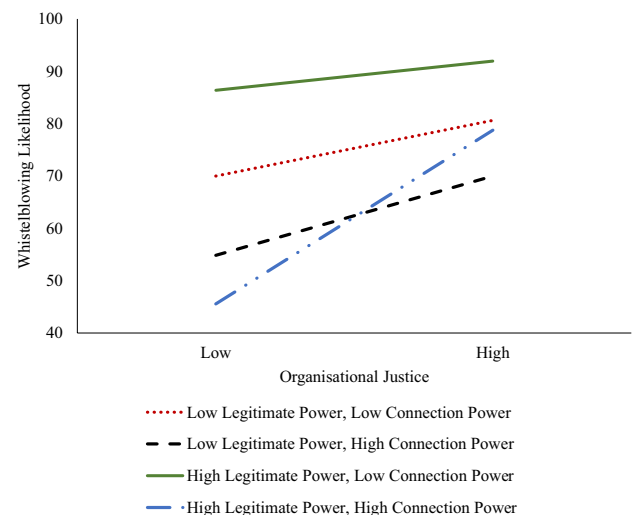
Source	SS	df	MS	F	Sig
Corrected Model	19,863.156	3	6621.052	12.824	<0.001
Intercept	474,425.847	1	474,425.847	918.878	<0.001
Legitimate Power	2.253	1	2.253	0.004	0.947
Organisational Justice	17,862.936	1	17,862.936	34.597	<0.001
Legitimate Power * Organisational Justice	2487.978	1	2487.978	4.819	0.030
Error	61,440.909	119	516.310		
Total	567,100.000	123			
Corrected Total	81,304.065	122			

Results from analysis of variance. R Squared = .244 (Adjusted R Squared = .225)

This indicates that the positive effect of legitimate power is diminished when the wrongdoer has high connection power, consistent with hypothesis H1b.

**H2** Our second hypothesis predicts that in the high connection power treatment, organisational justice will moderate the relationship between legitimate power and whistleblowing likelihood. The three-way interaction effect between Legitimate Power, Connection Power, and Organisational Justice is significant ( $F(1, 242) = 4.555, p = 0.034$ ). Due to the difficulty of using simple statistics in interpreting a three-way interaction, we plot the estimated marginal means in Fig. 2.

The figure shows that the effect of the connection power of the wrongdoer on whistleblowing likelihood is conditional on both the legitimate power of the observer and the level of organisational justice. In the high organisational justice treatment, the effect of legitimate power on whistleblowing is parallel to the connection power treatments. Whereas, in the low organisational justice treatment, we find a presence of a crossover interaction. In a low organisational justice environment, observers with high legitimate power are more



Notes: The figure shows estimated marginal means for the three-way interaction between legitimate power, connection power, and organisational justice.

**Fig. 2** Estimated marginal means for three-way interaction. The figure shows estimated marginal means for the three-way interaction between legitimate power, connection power, and organisational justice

likely than observers with low legitimate power to engage in whistleblowing when the wrongdoer has low connection power. However, observers with high legitimate power are *less* likely than observers with low legitimate power to engage in whistleblowing when the wrongdoer has high connection power. We explore our results further by conducting two  $2 \times 2$  ANOVA estimations for the interaction between legitimate power and organisational justice by analysing the low and high conditions for connection power separately.

First, exploring the low connection power condition, we find that the main effects for legitimate power and organisational justice are significant but that the interaction between these two variables is not statistically significant. In contrast, we find that the main effect of legitimate power is not statistically significant for the high connection power condition. However, the main effect of organisational justice and the interaction between legitimate power and organisational justice are significant. Collective, this clearly demonstrates that the effects of legitimate power and organisational justice, as well as their interaction, are clearly different when the wrongdoer has connection power. These results are consistent with hypothesis 2.

## Further testing

The results of the main ANOVA indicate that there is a three-way interaction between legitimate power, connection power, and organisational justice. We also observe a crossover interaction, meaning that in some instances, observers with low legitimate power are more likely to blow the whistle than observers with high legitimate power. To explore the underlying mechanisms in our observed relationships, we use mediation analysis. As mentioned in the method section,

we use the theoretical model by Schultz et al. (1993), which proposes that whistleblowing intentions are influenced by the perceived seriousness of the wrongdoing, the perceived personal cost of whistleblowing, and perceived personal responsibility for reporting the wrongdoing. We use path analysis to explore the role of these potential mediators. Our initial analysis indicates that the perceived seriousness of the wrongdoing and perceived personal responsibility for reporting the wrongdoing are not mediating the observed relationships, as the path models that included these variables show a poor fit. However, we find evidence that perceived personal cost is mediating some of our observed relationships, as the path model shows a very good fit ( $\chi^2 = 5.524$ ,  $CFI = 0.996$ ,  $RMSEA = 0.039$ ,  $SRMR = 0.017$ ). We present the results of this analysis in Table 6. This provides an indication that the perceived personal cost and, thus, the fear of retaliation is the main underlying mechanism that can explain why we are observing the somewhat surprising effects in our study.

In addition to our mediation analysis, we also provide further testing to ensure that our results are not driven by our experimental design choices. As such, we perform a second experiment with minor changes to the experimental materials. The changes include (1) using a unisex name for the observer in the scenario to avoid any gender bias, (2) using an additional dependent variable question that asks participants what they would do in the same scenario (first-person perspective) to understand if there is any social desirability bias, and (3) asking additional questions as part of the debrief to understand the generalisability of our findings.

We recruited 342 participants using Amazon's Mechanical Turk platform. Similar to the first experiment, we restricted our participants to those located in the United States to minimise any confounding effects of culture and excluded anybody who had participated in either the first

**Table 6** Path analyses for mediation model

	Personal Cost				Whistleblowing Likelihood			
	B	SE	LLCI	ULCI	$\beta$	SE	LLCI	ULCI
Intercept	3.10***	0.27	2.57	3.63	103.55***	3.08	97.52	109.58
Legitimate Power	-0.92**	0.37	-1.65	-0.19	9.07	4.84	-0.43	18.56
Connection Power	1.11**	0.37	0.38	1.84	-3.12	3.50	-9.97	3.74
Organisational Justice	-0.89*	0.37	-1.62	-0.16	1.00	3.54	-5.81	7.81
Legitimate Power * Connection Power	1.85***	0.53	0.81	2.90	-5.59	5.05	-15.48	4.30
Legitimate Power * Organisational Justice	0.71	0.52	-0.32	1.73	2.61	4.86	-6.91	12.12
Connection Power * Organisational Justice	0.42	0.52	-0.61	1.44	6.43	3.54	-0.55	13.40
Legitimate Power * Connection Power * Organisational Justice	-2.32**	0.75	-3.79	-0.86	-2.05	7.04	-15.84	11.74
Personal Cost					-10.82***	0.58	-11.97	-9.68
Observations	250				250			

Results from structural equation model that uses perceived personal cost as a partial mediator for our conceptual model relationships. Standard errors in parentheses. \*\*\* $p < 0.001$ , \*\* $p < 0.01$ , \* $p < 0.05$

experiment or the out-of-sample manipulation check. Participants were remunerated 1.50 USD for their participation in the second experiment, 269 (78.65%) of participants passed all three attention checks, and this sample was used to replicate the findings of the first experiment.

First, we explored if the name of the observer in our first experiment (Thomas) had an effect on our results. We changed the observer's name to a more gender-neutral one, Alex, and removed any gendered language in our scenarios. The results of our  $2 \times 2 \times 2$  ANOVA are inferentially the same as in the first experiment. All significant relationships in the first experiment maintained their statistical significance, with minor changes to their F-values. This indicates that the gender of the observer does not influence our results.

Second, the dependent variable question in our first experiment was phrased in the third person to avoid social desirability bias (Chung & Monroe, 2003; Cohen et al., 1998, 2001). Whilst commonly used in whistleblowing literature, this may raise the question of whether our findings are about the perceived whistleblowing likelihood of a third person rather than the actual whistleblowing likelihood of participants. To address this issue, we added a question to our second experiment, where we asked the participant what *they* would do if they were in Alex's position. Our results show that there is a strong correlation between the two variations of the dependent variables, and the results of our  $2 \times 2 \times 2$  ANOVA are inferentially the same as in the first experiment. All significant relationships in the first experiment maintained their statistical significance, with minor changes to their F-values. This provides us with confidence that our results hold even when asking participants what they would do in the same situation. The reason we may not be observing a social desirability bias could be attributed to the anonymous nature of our experiment, making it less likely to elicit such a bias.

## External validity

As with many experiments, there may be questions concerning our findings' external validity and generalisability. We include several questions at the end of our second experiment to address this issue. First, we asked participants whether they had worked for a family business, and 50.56% indicated they had. We further asked this portion of the sample follow-up questions related to our findings in the first experiment. We find that 84.59% of participants who had worked for a family business felt that family members received preferential treatment, 78.93% stated that they felt that family members had more power than them even if they were in a more senior position than the family member, and 64.15% said that they have avoided reporting wrongdoing by a family member even though

they would have reported a non-family member in the same situation. 74.01% of those who had avoided reporting a family member indicated that fear of retaliation was one of the primary reasons for their choice to do so. We also asked participants about the realism and sufficiency of the materials (scenarios) for the purposes of making the whistleblowing likelihood decision using an 11-point scale (0 to 10). We find that participants rate both realism ( $M = 8.15$ ) and sufficiency ( $M = 7.82$ ) highly. These additional questions suggest that the effects we observe in our experiment are commonplace in family businesses and that our scenarios are realistic and sufficient, suggesting that our results are externally valid and generalisable.

Finally, we asked participants about the details of their own experiences with witnessing wrongdoing when working or a family business using an open-ended question at the end. We have chosen to provide a few contrasting answers to this question that provide real-life examples of the issues we discuss in our paper. Participant 74 had a positive example and said:

I once told the boss that his daughter drank at work and had a drug problem. I was hesitant at first as I thought it could backfire but he had always treated me well so I thought he should know. She ended up going to rehab and I got more responsibilities at work so I don't think all family businesses are bad.

In this example, we see that somebody being treated well, and thus could imply high organisational justice, was one of the determinants of them deciding to blow the whistle when the wrongdoer had connection power. It appears the positive treatment addressed the hesitant feelings the participant experienced at first. On the other hand, participant 138 has this to say:

They treated me like a second class citizen and I didn't want to get involved in their drama and I could only see it ending up badly for me!

This quote demonstrates the significance of organisational justice. Whilst the participant did not share the details of the wrongdoing, the participant appears to not feel responsible for reporting the person, and the feeling of retaliation was one of the factors that led to this decision. This feeling was also shared by participant 156, who said.

Saw the owners nephew take money from customers and not put it in the cash register many times and didn't say anything. Didn't think there was a point as he had done so many bad things at work that I would have gotten fired for, so why would I risk my job when they probably wouldn't do anything anyway.

This further reiterates the importance of fair and consistent practices and, as a result, high organisational justice.



The participant didn't report the wrongdoer due to the risk of retaliation and because they perceived that they were held to a different standard than the family member who had connection power. Taken together, these three brief examples demonstrate the importance of organisational justice when trying to overcome the issues that arise as a result of connection power.

## Discussion

From a whistleblowing perspective, family firms are intrinsically intriguing due to the intermingling of multiple types of power in such firms, including legitimate and connection power (Barnett & Kellermanns, 2006; Gao et al., 2015), as well as unequal justice distributions between family and non-family employees (Jaskiewicz et al., 2013; Verbeke et al., 2020). Our observations in the high connection power condition provide insights into the determinants of whistleblowing in a family firm, which significantly modifies the expected relationship between legitimate power and whistleblowing likelihood, particularly in low justice conditions.

In this study, we have proposed that the overarching concept of bifurcation bias explains these differences, that is, family owners' preferential treatment of family over non-family employees. Such bias leads to conditions that create informal types of power (i.e., connection power) and enables the potentially unfair distribution of justice in family firms (i.e., lack of punishment for family wrongdoers and fear of retribution for non-family whistleblowers). It is already known from the extant literature that the concepts of power and organisational justice are both salient determinants of whistleblowing behaviour. However, given the conditions mentioned above, these have not been investigated in family firms. Further, how these two concepts might interact has yet to be explored. In this paper, we specifically address this research gap by exploring how connection power affects the relationship between legitimate power and whistleblowing, whilst at the same time understanding how justice may diminish some of the negative effects of connection power.

Consistent with the whistleblowing literature, we find evidence that legitimate power increases whistleblowing likelihood, but only in a low connection power setting. This confirms prior findings and is not necessarily surprising. However, based on this baseline result, we go on to show that in family businesses, when the wrongdoer has high connection power, the positive relationship between legitimate power and whistleblowing breaks down. Referring to Fig. 2, when compared to the baseline condition of high legitimate power (of the observer) and low connection power (of the perpetrator), our results indicate that the legitimate power of observers does not compensate for the

connection power of wrongdoers. Even more interesting is that under certain conditions (i.e., when perpetrators have high connection power, and organisational justice is low), whistleblowing likelihood is greater for those with *lower* legitimate power than those with high legitimate power. This is counterintuitive to what we know about legitimate power and whistleblowing in other studies, demonstrating the need for our more nuanced research design.

As mentioned, organisational justice plays an essential role in this relationship. In instances of low organisational justice and when the wrongdoer has high connection power, observers with high legitimate power are less likely to blow the whistle than observers with low legitimate power. However, in instances of high organisational justice, this pattern is reversed. Whilst we did not predict a crossover interaction in this particular case, our mediation model suggests that the perceived personal cost is the underlying mechanism. We believe that this mediator provides us with a valuable insight that, at first glance, may seem counterintuitive. Whilst research has previously indicated that those with high legitimate power are more likely to engage in whistleblowing based on their authority in the organisation, our results indicate that those individuals are also perceived to incur high personal costs when the wrongdoer has connection power, and there is low organisational justice. We believe this may be attributed to a person with official authority in the organisation having more to lose if they suffer the kind of retaliation that those with connection power can inflict. As a result, our paper contributes to the whistleblowing literature by demonstrating the complexities of the whistleblowing process when connection power exists in a family firm context.

The importance of whistleblowing is based on the fact that it has been identified as the most significant mechanism to uncover wrongdoings in businesses, such as fraud, theft, and corruption (Culiberg & Mihelič, 2017). The most recent report by the Ethics Resource Centre (ECI, 2021) finds that there has been an increasing trend in reporting wrongdoing, with around 80% now saying that they have reported wrongdoing, which is similar to our findings. However, the most concerning issue in the latest report is that 79% of employees in the United States and 61% of global employees reported experiencing retaliation. This is very relevant for our study, as we find that retaliation is the primary mediating variable that can explain why some choose not to report the family member.

Our results also have important implications for practice. Family firms usually cannot do anything about the fact that some employees may be related to the founder or owner. Still, they can curb bifurcation bias by fostering an environment where organisational justice is perceived as high. By doing so, family firms can encourage whistleblowing, and employees feel that they will not be retaliated against. This is particularly important when the wrongdoer is a family member, especially given that family members may potentially

have a greater incentive to commit fraud against the family business (O'Brien et al., 2018). Moreover, as family firms professionalise, they are more likely to hire non-family members in positions with legitimate power, and those managers may often supervise members of the owning family. This is an interesting and unique situation that often occurs in family firms. Our study shows that it is crucial to couple the use of such non-family managers with a focus on organisational justice to empower and provide them with the agency to behave in the organisation's best interest, even if it means reporting unethical behaviour by a family member. We believe that the focus on organisational justice within family firms is critical, as these types of firms have several characteristics that make them susceptible to employee fraud. For example, family firms have been observed to have lower levels of internal controls (Bardhan et al., 2014), meaning that fraud may be easier to perpetrate for the offender. For example, a specific type of control lacking in family firms is the intentional dispersal of power. As connection power emerges organically, this provides some individuals in the organisation with the opportunity to engage in fraud without having to collude with others. Additionally, research has shown that family members are more likely to engage in fraud from their own family business as they perceive their personal cost as low at the individual level (O'Brien et al., 2018). Even more interesting, what constitutes unethical behaviour for those with connection power may be more subtle in family firms. For example, some may interpret the theft we simulated in our study as merely an entitlement rather than wrongdoing. Although we control for this in our out-of-sample manipulation check, our study highlights the intricate consequences of connection power and how it might be ethically mitigated in family firms. Another interesting scenario that may play out in family firms – albeit not found in our study – is that those with connection power may find themselves targeted by whistleblowers as a form of retribution against the owning family. Once again, our study enables future enquires to delve deeper into the significant family firm phenomenon of connection power as it relates to whistleblowing.

Furthermore, whilst our study provides the first exploration into the phenomenon of whistleblowing in family firms, there are still many unknowns about whistleblowing in this particular context that are outside the scope of our study. Whistleblowing is often seen as one of the dominant ways that fraud is uncovered in non-family firms, but we don't know if family firms rely on whistleblowing as a control mechanism to the same extent. In addition, if they depend on whistleblowing as a control mechanism, there are still questions about whether the implementation of these processes and programmes differs from non-family firms. Again, these unresolved questions provide fruitful opportunities for future research in this area.

Whilst the focus of our study was connection power in family firms, we believe this particular issue may also be of importance for non-family firms, as connection power can occur within any firm. In non-family firms, connection power may still be present due to personal relationships with influential people, thus, future research may want to explore the construct in a non-family firm setting in greater detail. With that said, we contend that in family firms, connection power is most likely more salient due to the blood ties between the owners and the employees, and the connection power is more apparent to others due to them often sharing last names or other overt displays of family connection. This gives rise to the notion that future researchers could investigate connection power as a continuum rather than simply "high" or "low" as we have done here. We believe our study provides a solid foundation for such studies.

Although our study sheds light on the underlying forces that enable (or hinder) ethical behaviour in family firms, there are several limitations that we must acknowledge. First, we use an experimental method to test our hypotheses; consequently, it could be argued that this may not measure actual behaviour in real life but the theoretical behaviour in a laboratory environment. As a starting point, we utilise a method most suited for testing our conceptual model. Experiments are the predominant research approach in the whistleblowing literature, although they are still lacking in family firm studies. We conducted a second experiment where we gathered information on the prevalence of our observed issues in the real world. We found that issues relating to preferential treatment of family members and them being perceived as more powerful even when they are subordinates are widespread in family firms. More worrying, we find that the majority of our participants who have worked for a family business have, in the past, avoided reporting a family member for wrongdoing even though they would have done so if the wrongdoer was not a family member. Consequently, we have tried to address some of the issues relating to the external validity of our findings. That said, future research would preferably utilise alternative methodologies to corroborate our model and use qualitative methods to delve further into these complex relationships. For example, future research could use open-ended questions with textual answers to understand the thought process of participants in detail and then code the answers based on the content. Second, per the literature on organisational justice, our experimental manipulation for justice can be seen as unidimensional. Specifically, our measure more closely captures what has been referred to as "procedural justice". Although other aspects of justice certainly exist (i.e., distributive, interactional, informational, etc.), we believe that procedural justice is the most appropriate justice concept to view in our study, given the behaviour of interest (i.e., whistleblowing). With that said, it is well known that there is no clear delineation between the various

refinements of organisational justice. Therefore, we have chosen to hypothesise at a broad level due to the overlapping nature of these dimensions. Finally, all of our participants are from the United States; consequently, we cannot comment on whether our results would hold in a different cultural context. In our defence, we limited our sample to one cultural context to avoid potential confounding effects. However, we believe this provides an excellent opportunity for future researchers to explore the various cultural variations that may occur in other countries. For example, our hypotheses and methodology hold mainly for an individualistic culture such as the United States, however, it may be interesting to explore whether an individualistic versus collectivistic cultural setting would influence the findings with respect to connection power.

Notwithstanding our limitations, we believe we provide a valuable contribution to both the family business and general whistleblowing literature by introducing the concept of connection power and clearly showing that this type of power can disrupt what was previously understood as the given relationship between legitimate power and whistleblowing. We also show how such power simultaneously interacts with organisational justice and provide several practical insights for family firms on increasing the likelihood of employees blowing the whistle. This is important as unethical behaviour can sometimes have detrimental impacts on an organisation, including bankruptcy. Therefore, by nurturing a culture that encourages whistleblowing, family firms promote moral behaviour and increase their likelihood of survival in the long term.

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**Data availability** Data is unavailable as participants did not consent for their data to be shared.

## Declarations

**Conflict of interests** The authors do not have any potential conflicts of interest.

**Ethical approval** This study was approved by the Bond University Human Research Ethics Committee and was performed in accordance with the ethical standards laid down in the 1964 Declaration of Helsinki and its later amendments.

**Consent to participate** All participants in the experiment provided informed consent.

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