

## Whistleblowing Extended Toolkit

Through an ethical systems lens, whistle blowing empowers workers to speak up for principles and ethics and shines a light on unethical practices that can cause economic and reputational risks for organizations as well as negative consequences for consumers, citizens and colleagues.

Unlike common perception that whistle blowers are "traitors" or "rats", an ethical approach is to view internal whistle blowers as concerned employees who possess the qualities and motivations that leaders should cultivate to sustain the long term health of the organization and its stakeholders.

# Whistle Blowing

## Factors That Inhibit Reporting Misconduct

 Decentralization  
Organizational culture  
Toxic Leadership  
Potential reactions to the whistle blower

Vadiera, A. K., Aguilera, R. V., and Coza, B. (2009). Business Ethics Quarterly

## Creating an Ethical Culture

Implement structures and policies that visibly protect and incentivize internal reporting

Make ethics part of the core organizational values

Leaders must be active listeners and role-models of integrity

  



## Organizational Priorities

In an ethical organization, internal whistle blowing serves as a powerful mechanism to protect and grow the economic, legal, and reputational value of a business.

**To make this shift, organizations need to prioritize ethics and create a culture of integrity and speaking up.**

Research has shown that the most important factors that influence reporting intentions and behavior include:

- Leadership
- Perceived support
- Organizational justice
- Organizational culture
- Type of organization
- Risk of retaliation

On paper, every organization thinks of itself as “ethical.” How can we reconcile this with today’s ultra-competitive corporate climate that prioritizes profits and continual growth? The result is that companies can, and occasionally do, take short cuts that endanger the organization, its customers as well as the public ([see some recent examples](#)).

*But why do these shortcuts occur?* If an issue is systemic, it may need a massive investment of time and capital to correct- and that may not be a luxury profit-driven companies can afford.

Companies and CEOs must shift their priorities and focus on:

1. The long-term vs. short-term (link coming soon)
2. Stakeholder value (link coming soon)
3. [How and why ethics pays](#)

## Ideas to Apply

Consensus seems to be that organizational context strongly influences the whistle blowing process and experience. Congruent to systems thinking, these 4 nudges help make internal reporting work:

### 1. Make ethics part of the core organizational values

- Establish a code of conduct and incorporate in recruitment materials, employee contracts and internal policies

### 2. Create structures and systems that visibly protect and incentivize internal reporting, i.e. particularly speaking truth to power (and sanction retaliation)

- Institute robust and effective [Compliance and Ethics programs](#)

### 3. Leaders act as role-models and active listeners to promote cultures of speaking up

- [Hire and develop leaders who exhibit ethical behavior and influence ethical cultures](#)

### 4. Apply a systems approach, including:

The individual dimension

- What characteristics influence intentions and reporting behavior? (to come)

The organizational dimension

- How can you encourage employees to speak up?
- In what ways does leadership and organizational culture predict behavior?

The legal dimension

- How do laws and rewards, like the SEC Whistleblower Program, influence the whistleblower's behavior, the process, and organizations?

## Research Entry Points

**The National Business Ethics Survey® generates the U.S. benchmark on ethical behavior in American corporations**

The latest report shows improvement on how companies conduct work while it yet again highlights the severe problems of reporting behavior and retaliation against whistle blowers.

**An integrative analysis of past whistle blower research highlighting consistent and inconsistent findings**

Vadera, A. K., Aguilera, R. V., and Caza, B. (2009). Making sense of whistle-blowing's antecedents: learning from research on identity and ethics programs. *Business Ethics Quarterly*, Vol. 19 (4), pp. 553-586

**Comprehensive article about the quandary of becoming a whistle blower**

The New York Times, Alina Tugend (September 20, 2013). Opting to Blow the Whistle or Choosing to Walk Away.

**The impact of financial rewards for whistle blowers on American and multinationals organizations**

The Economist (2011, November 17). The Year of the Bounty Hunter.

**Ted Talk on ordinary people who dare to speak up in the name of progress**

"The Dangers of Willful Blindness" - Margaret Heffernan

### ***Organizations For Whistleblower Protection and Advocacy***

- [Government Accountability Project](#)
- [National Whistleblowers Center](#)

### ***Books***

- Heffernan, M. (2011). *Willful Blindness: Why We Ignore the Obvious at Our Peril*. Walker & Company.
- Miceli, M., Near, J.P., Dworkin, T.M. (2008) *Whistle Blowing in Organizations*
- Alford, C. F. (2001). *Broken Lives and Powerful Organizations*. Cornell University Press: Ithaca NY.
- Glazer, M. P. and Glazer P. (1989). *The Whistleblowers*. Basic Books: New York.

### ***Journal Articles***

- [Dalton & Radtke, 2013](#). The Joint Effects of Machiavellianism and Ethical Environment on Whistle-Blowing. *Journal of Business Ethics*, 117 (1), 153-172.
- Heumann, M., Friedes, A., Cassak, L., Wright, W. (2013). The world of whistleblowing: from the altruist to the avenger, *Public Integrity*. Winter 2013-2014 (16), pp. 25-51.
- Ethics Resource Center (2012). "[Inside the Mind of a Whistleblower](#)." A supplemental report of the 2011 National Business Ethics Survey.
- [Ethics Resource Center \(2012\)](#). "[Retaliation: When Whistleblowers Become Victims](#)." A supplemental report of the 2011 National Business Ethics Survey.

### **Newspapers and Magazines**

- The Rolling Stone (Matt Taibbi. February 18, 2015): [A Whistleblower's Horror Story](#)
- The Wall Street Journal (Lucy Burton. February 12, 2015): [What J.P. Morgan's 'Worst Nightmare' Thinks About Whistle Blowing](#)
- Washington Post (Paul Rauwolf P., Mitchell D. January 23, 2015): [Why are there so few Whistleblowers? Blame Evolution.](#)
- The New York Times (Henning, P. J. December 1, 2014) [Tattletales Embraced as Whistle-Blower Programs Gain Support.](#)

# Misconceptions

Whistle-blowers are more likely than inactive observers to:



Be highly paid



Have high job performance



Hold supervisory or professional status



Have the role responsibility to report wrongdoing and the knowledge of channels for doing so

Near, J. P., & Miceli, M. P. Whistle-blowing: Myth and reality. Journal of Management

## What do companies with ethical scandals have in common?



CEO's are incentivized to take a short-term perspective leading to massive risk taking and a toxic leadership style

Systems and policies create "ethical blind spots" at all levels



Deviant behavior is tolerated resulting in unethical internal cultures



Goldman, A. (2010). *Destructive Leaders and Dysfunctional Organizations: A Therapeutic Approach*.

