



After the wrongdoing: What managers should know about whistleblowing



Janet P. Near^{a,*}, Marcia P. Miceli^b

^a Kelley School of Business, Indiana University, 1309 E. 10th Street, Bloomington, IN 47405, U.S.A.

^b McDonough School of Business, Georgetown University, 37th and O Streets, NW, Washington, DC 20057, U.S.A.

KEYWORDS

Organizational wrongdoing;
Internal whistleblowing;
External whistleblowing;
Retaliation against whistleblowers;
Business ethics

Abstract Most of us are likely at some point to observe wrongdoing in our organizations, and some of us will blow the whistle to someone with the authority to put a stop to the wrongdoing. Or we may be managers, inspectors, or auditors who serve as the official ‘complaint recipient’ when one of our colleagues wants to report wrongdoing in the organization. Whether we blow the whistle or are tasked with cleaning up after someone else does so, we are better off knowing in advance how the whistleblowing process usually plays out. In this article we discuss the pragmatic implications of 30 years of systematic research about whistleblowing: who does it and when, and why they choose to report the wrongdoing internally (within the organization) or externally (to outsiders). To avoid external whistleblowing, which entails all sorts of costs for the organization, we recommend that managers take clear steps: investigate the allegations, make the results of the investigation known to those affected, correct the problem if one is found, and avoid reprisal against whistleblowers. These actions can increase the chance that information about organizational wrongdoing stays inside the organization, where it may be remedied, instead of being made public.

© 2015 Kelley School of Business, Indiana University. Published by Elsevier Inc. All rights reserved.

1. Whistleblowing

Serious wrongdoing never occurs in some organizations—but this may not prevent employees from misperceiving that wrongdoing has occurred.

Other firms may engage in wrongdoing unknowingly or a small rogue group of employees may commit illegal actions much to their managers’ surprise. In some firms, of course, wrongdoing may be a part of business as usual. Whether perceived or real, managers often learn of wrongdoing in their organizations only when an employee blows the whistle about that wrongdoing. Clearly, managers would prefer that the whistleblowing be internal and

* Corresponding author

E-mail address: near@indiana.edu (J.P. Near)

limited to the confines of the organization rather than publicized through external channels such as the media or law enforcement agencies. Ironically, research shows that the actions managers may take in order to prevent whistleblowers from going external turn out to be precisely the actions that drive them to do so.

For example, at Peanut Corporation of America, plant manager Kenneth Kendrick reported to the CEO, Stewart Parnell, that plant conditions were unsanitary. In response, Kendrick was told by Parnell to ship peanuts despite contamination due to a leaking roof that let dirt and bird feces enter the production facility. Kendrick then emailed the Texas State Department of Health but received no response. Finally, as Kendrick learned that salmonella outbreaks were sickening many people and killing several others, he went on *Good Morning America* and explained that he felt compelled to complain to the media when his own granddaughter had become ill from eating the contaminated peanut butter (Harris & Barrett, 2009). As a result of these events, Peanut Corporation of America went bankrupt and executives and plant managers were indicted on 76 charges (Goetz, 2013). On Monday, September 21, 2015, former CEO Stewart Parnell was sentenced to 28 years in prison, the “toughest penalty ever for a corporate executive in a food poisoning outbreak” (Basu, 2015).

In this article we summarize what has been learned about whistleblowers from 3 decades of research and suggest strategies that managers can use to deal effectively with whistleblowing events. Along the way, we will provide brief answers to several questions based on what has been learned from the research:

- Why does whistleblowing matter?
- Where does whistleblowing happen?
- What is whistleblowing?
- Who blows the whistle and when do they do so?
- When and why do whistleblowers suffer reprisal?

The answers are often unexpected or surprising, but knowing those answers can provide the best strategies for responding effectively to internal whistleblowing—and for dealing with the aftermath of external whistleblowing if concerns are made public. Our concern is not with judging the complexity of ethical issues associated with whistleblowing, although those are certainly important; instead we focus on the pragmatic lessons that have

been learned about the whistleblowing process from systematic research about whistleblowers, managers, and retaliation.

1.1. Why does whistleblowing matter to managers and organizations?

The organization incurs many potential costs when organizational wrongdoing occurs. These might be financial when revenue or funds are lost, such as in cases of employee embezzlement. They might be reputational, as when lawsuits are filed (e.g., over product recalls, employee discrimination cases, any of a myriad of alleged illegal behaviors). There may be increased visibility as a result of media reports of perceived wrongdoing or even mere improprieties. Such unwanted attention may lead to perceptions of low corporate social responsibility among stakeholders, or perhaps to additional regulations from lawmakers or enhanced scrutiny on the part of law enforcement agents. Even when firms are not bankrupted by allegations of wrongdoing, at least some employees will almost certainly react with reduced organizational commitment, which could lead to higher turnover rates and perhaps lower productivity. If managers will follow through with careful investigation, internal whistleblowers can help organizations avoid or reduce these kinds of costs (Miceli, Near, & Dworkin, 2008) by alerting managers to allegations of wrongdoing before they are made public. Doing so has two benefits: (1) It resolves the current problem, hopefully before external stakeholders learn about it, and (2) it signals to employees that managers are open to dissent and wish to learn about problems before they escalate. Employees will then be more willing to share timely information about wrongdoing with managers in the future, thus preventing the nightmare of negative publicity in the media, social or otherwise.

The stories of three well-known whistleblowers who were selected as Persons of the Year by *Time* magazine in 2002 (Lacayo & Ripley, 2002) illustrate these issues. Normally *Time* features only one Person of the Year, so putting three faces on the cover was unusual in and of itself. This was also the first time that whistleblowers had been selected for the honor, which is perhaps not surprising because the term ‘whistleblower’ had been coined only 30 years before by Ralph Nader (Nader, Petkas, & Blackwell, 1972). There have been many famous whistleblowers in subsequent years, but we begin with these three cases precisely because they were so notorious and because they are quite representative of the whistleblowing process.

All three whistleblowers were women and two were in the accounting areas of their organizations:

Sherron Watkins of Enron, Coleen Rowley of the FBI, and Cynthia Cooper of WorldCom. Watkins, a vice president of accounting, warned Enron chairman Kenneth Lay about improper accounting methods being used in several areas of the firm (Beenen & Pinto, 2009). Congress subsequently released Watkins' letter to Lay as part of its investigation of Enron and the internal whistleblower was outed. Rowley, an FBI staff attorney in Minneapolis, sent a memo to FBI Director Robert Mueller about her concerns regarding Zacarias Moussaoui, one of the September 11th co-conspirators; these warnings to the FBI were ignored. She later testified to the Senate Judiciary Committee on some of the endemic problems facing the FBI and the intelligence community that she believed interfered with 'connecting the dots' (Lacayo & Ripley, 2002). Cooper, a vice president of internal audit at WorldCom, informed its board that the company had covered up \$3.8 billion in losses (Cooper, 2008). WorldCom CEO Bernard Ebbers and other executives eventually received prison sentences. The *Time* cover story focused attention on whistleblowers, and these cases—among others—led to legal and social changes; all three whistleblowers were also affected, as they left their organizations (Rowley) or their firms went bankrupt (Watkins and Cooper). We begin with these three older cases because they typify key aspects of the whistleblowing process that we will consider as follows:

- All whistleblowing cases involve multiple parties, including one or more wrongdoers, whistleblowers, and complaint recipients (e.g., internal or external auditors) who receive the whistleblower's allegation of wrongdoing;
- The vast majority of whistleblowers start by reporting the wrongdoing internally to the organization, often to their direct manager, and use external channels only if the internal reports prove unsatisfactory; and
- Many whistleblowers find their experiences difficult, although not all suffer retaliation.

1.2. Where does whistleblowing happen?

The short answer to this question is: in all kinds of organizations. Wrongdoing happens everywhere and will probably come to an organization near you sometime in your managerial lifetime. Of course, rates of wrongdoing, whistleblowing, and retaliation vary over time, industry, type of job, and type of organization, as we will discuss. But the fact is that wrongdoing and therefore whistleblowing can

happen in the best managed of organizations. One employee intent on personal but illegitimate gain may cause such events to unfold, as may one employee who inadvertently or unwittingly engages in behavior that offends or harms other employees. The employee who knowingly engages in cover-up (e.g., of defective parts or product) in order to protect the firm is also engaging in wrongdoing, even if that individual's motivations are altruistic. In short, the motivations that cause employees to engage in wrongdoing—whether in support of themselves, their work unit, or the entire organization—are varied and unpredictable. For example, in the case of GM's recent problems with faulty ignition switches, many employees and engineers seem to have noticed the safety issue but did not report it to anyone, for reasons that remain unclear (Kennedy, 2014). Only when multiple deaths were reported did GM recall the faulty switches. As a result, GM CEO Mary Barra fired 15 employees for not reporting the problem.

As with wrongdoers, the motivations of whistleblowers are diverse and difficult to anticipate. All kinds of organization members engage in whistleblowing, for different reasons and under different circumstances. As we will explain, whistleblowers tend *not* to be disloyal employees out to harm the organization. Often, they are the long-term and loyal employees who care most about their organizations and are trying to protect them from continuing on a dangerous path. What we have learned from consistent research findings over many years is that whistleblowers are made, not born; they are normal employees who find themselves in the wrong place at the wrong time and therefore observe events that they believe are wrongful, and want to share that information with someone who can put a stop to the events (Near & Miceli, 1996).

In almost all cases, employees first blow the whistle internally, usually to their direct supervisor or other managers (Miceli et al., 2008). Whistleblowers then move to external whistleblowing only in rare cases, usually if the internal whistleblowing was unsuccessful or produced reprisal. Again, we will present the numbers to document this statement.

In summary: Wrongdoing can happen anywhere; whistleblowing often follows; and wrongdoing is usually reported internally first, giving managers a great opportunity to respond to the allegations of wrongdoing. This response may involve proving to whistleblowers that the events they thought they observed were not actually wrongful, or it may mean dealing with actual wrongdoing in a way that resolves the current problem and prevents future actions. It is critical that managers understand their

response will influence what whistleblowers do next: If whistleblowers feel their concerns have not been heard or dealt with, they are more likely to take their case to the media or to law enforcement, as illustrated by Kenneth Kendrick's actions. Retaliation against the whistleblower also increases the chance that the employee will go public with the information (Miceli et al., 2008). This may be counterintuitive to managers' expectations, but again, this effect has been well documented by research. Before discussing this, however, we spend some time defining 'whistleblowing.' This is a term fraught with ambiguity; only by explaining our working definition will we be able to move ahead to discuss the research results based on this definition.

1.3. What is whistleblowing?

Much of the social science research concerning whistleblowing has used a standard definition (King, 1997), which we developed in the early 1980s (Miceli & Near, 1984; Near & Miceli, 1985) because we found that the media were using varying definitions which could lead to imprecision and confusion in usage. Whistleblowing has subsequently been conceptually defined and operationally measured fairly consistently by researchers; as a result, we can draw direct conclusions about whistleblowing and whistleblowers. Formally, we define whistleblowing as: "The disclosure by organization members (former or current) of illegal, immoral, or illegitimate practices under the control of their employers, to persons or organizations that may be able to effect action" (Near & Miceli, 1985, p. 4). This definition—or one very similar to it—has been used in studies of business firms (Miethe, 1999), hospitals (King & Scudder, 2013), nonprofits (Miceli, Near, & Schwenk, 1991), military organizations (Miceli, Near, Rehg, & Van Scotter, 2012), and government agencies in the United States (Near & Miceli, 2008) as well as in other countries (Miceli & Near, 2013a). It is important, however, to fully consider the implications of all parts of this definition because non-researchers (e.g., journalists) often use different definitions.

For example, journalists often limit their use of the term 'whistleblowing' to the reporting of wrongdoing through external channels (e.g., the media or law enforcement). In contrast, researchers have used a broad definition including both internal and external whistleblowers so that their actions might be compared empirically. Carefully designed field studies of actual whistleblowers have shown that most whistleblowers use internal channels first (Brown, 2008; Ethics Resource Center, 2012; Miceli et al., 2008). Only a small number of these

individuals go on to subsequently use external channels, and this due to the response they receive from the managers to whom they report the wrongdoing. For example, the Ethics Resource Center (2012) surveyed thousands of mostly private sector employees and found that only 18% ever used external channels for reporting wrongdoing and 84% of all employees did so only after reporting internally first. We will discuss the reasons for this. This information would not have been known if researchers had focused only on external whistleblowers.

This definition also limits the specification of whistleblowers to current employees such as Sherron Watkins at Enron (Beenen & Pinto, 2009) or former employees such as Sally Ride, who no longer worked for NASA at the time she reported her concerns about its problematic operations (Sherr, 2014), or Edward Snowden, who no longer worked for the NSA (but instead worked for an NSA contractor) when he went public with information about its surveillance programs (Scherer, 2013). Of course, organizational wrongdoing may be reported by outsiders rather than insiders (Miceli, Dreyfus, & Near, 2014), but in actuality insiders are more likely to have clear information about wrongdoing in an age when organizational operations are more complex and often more hidden than in the past (Government Accountability Project, 2009; Miethe, 1999; National Whistleblower Center, 2007). We do not include outsiders (e.g., journalists) in our definition of whistleblowers because they cannot be subject to the same kinds of organizational response (e.g., retaliation or firing) that may confront whistleblowers who are current or former employees of an organization. Perhaps the quintessential insider was Dr. Jeff Wigand, a scientist who blew the whistle on the use of addictive additives at Brown and Williamson, a large firm in the tobacco industry (Armenakis, 2004; Ripley, 2005). The 1999 feature film *The Insider*, starring Russell Crowe, told the story of Wigand, who tried to persuade top management at Brown and Williamson to remove the chemicals Wigand believed had been added to enhance the addictive effects of nicotine—and was fired for his efforts. Subsequently, Wigand discussed his concerns on *60 Minutes* despite threats of reprisal. It is unlikely that anyone other than an employee or former employee would have been able to access the information Wigand learned about in his job; even if an outsider had gained this sort of sensitive information, he/she would not have been subject to the pressures Brown and Williamson could bring to bear on Wigand as a former employee, who still relied on health insurance benefits from the firm as part of his severance package—and was threatened with discontinuation of the benefits if he went

public with his allegations. This case illustrates why it is important to distinguish insiders from outsiders when studying whistleblowers.

According to our definition, the purpose of whistleblowing is to get the wrongdoing stopped by reporting it to someone (internal or external) with the authority or power to make this happen. Thus, whistleblowing differs from what is sometimes referred to as ‘employee voice,’ which occurs when employees recommend changes in the organization with the intent to improve operations or otherwise benefit the organization. There are similarities between whistleblowing and voice (Miceli & Near, 2013b), but one essential difference is that whistleblowing concerns wrongdoing, at least as perceived by the whistleblower. It must be emphasized that ‘wrongdoing’ by definition is determined by the employee who observes it. It may involve illegal actions or legal actions that are perceived by the employee to be immoral or illegitimate. Obviously, this may create a difficult disconnect between the manager and the whistleblower if the manager believes that the whistleblower has inaccurate information and that no wrongdoing took place. Worse still are situations in which both parties agree on the facts of the case but disagree as to whether or not they constitute wrongdoing; such instances can lead to prolonged and difficult discussions. In these discussions, it is best if managers focus on whistleblowers’ behaviors, not their intentions or motivations. It may be tempting to believe that whistleblowers are disgruntled or vindictive employees, but this would often be erroneous, as we discuss later. If managers perceive whistleblowers through myopic lenses, they will make strategic mistakes in how they handle the allegations of wrongdoing, and often the aftermath of the initial whistleblowing incident can be far worse than the original wrongdoing complaint itself. For example, arguments about whether Edward Snowden was a moralistic crusader or a disloyal traitor should be kept separate from the question of whether he blew the whistle; technically speaking, following our definition, he engaged in whistleblowing behavior when he reported activities of the NSA that were previously unknown in the public arena. But this designation does not mean that everyone agrees on either the nature of his motivations or the morality of Snowden’s actions. In other words, the question of whether a whistleblower has purely altruistic motives or has behaved ethically is separate from the question of whether that individual has indeed engaged in whistleblowing behavior. From the perspective of managers trying to deal with a whistleblower, knowing the person’s motivations is probably irrelevant in deciding on appropriate actions.

This discussion should lead to three important conclusions about whistleblowing. These conclusions are significant because they help to explain the process and why it varies so much in every case.

First, every whistleblowing situation is a process that unfolds over time, not limited to a single event in which an employee complains about a perceived wrongdoing. Typically the employee reports wrongdoing internally in the first step, then management reacts in the second step, and the employee decides in step three whether or not to take further action (e.g., to go external).

Second, and as mentioned at the beginning of this article, this process always involves three key parties: the wrongdoer(s); the whistleblower(s); and the complaint recipient(s), who may be managers, human resource staff, official auditors, inspectors of some type, or even an anonymous or external hotline for reporting misconduct (Meinert, 2011). Often, other employees learn about these events indirectly from one or more of the key parties involved, so attempts to contain the damage by restricting information about the wrongdoing may have the unfortunate effect of creating more rumor and innuendo.

Third, because so many variables are involved in the process, no two whistleblowing situations are the same. Managers should beware of advice to handle allegations of wrongdoing following some standard procedure, because every wrongdoer and every whistleblower will respond differently depending on the conditions of the situation. For example, managers should not assume that threatening retaliation will prevent the whistleblower from going external, just as it did not work in the cases of Wigand and Kendrick.

1.4. Who blows the whistle and when do they do so?

Now that we have spent some time considering the formal definition of whistleblowing, we can proceed to discussion of research results. Thus far, most research about whistleblowing has employed one of two methods: scenarios about hypothetical whistleblowing and surveys about actual whistleblowing. There have also been a few other types of studies (e.g., experiments, studies utilizing multiple methods), but these are used less commonly. In scenario studies, participants are asked to read a case of a wrongdoing situation and answer hypothetical questions about how they would respond if they were to observe a similar situation in their own organizations. In survey studies, employees are asked on anonymous questionnaires whether they have observed wrongdoing in their own organizations and

whether they reported it; the questionnaires are anonymous because few people are otherwise willing to participate in such a study and answer questions truthfully (Miceli et al., 2008). Results show that the rate of hypothetical whistleblowing by participants in the scenario studies is much higher than the actual rate of whistleblowing reported by participants in the survey studies (Mesmer-Magnus & Viswesvaran, 2005). This is not surprising; most of us would like to think that we would try to put a stop to organizational wrongdoing if we were to observe it. Nonetheless, in this article we focus on the findings from the survey studies because they probably provide a more accurate estimate of wrongdoing and whistleblowing rates in actual organizations.

Another caution is necessary in considering rates of wrongdoing from survey studies. Broadly speaking, survey researchers can use one of two approaches for selecting questionnaire participants: casting a wide net and taking data from anyone (e.g., an open-access, web-based survey) or limiting the group selected for participation to a specified sample with known characteristics (e.g., employees of a particular firm). Although sometimes the wide-net approach provides a useful overview (Labaton Sucharow LLP, 2011), it is difficult to know who those people are, how many times they fill out the survey, their state of mind at the time of completion (e.g., potential inebriation or fatigue, leading to inaccurate recall of events), or whether their responses generalize to anyone else. This is why voting surveys used for political polls specify a random sample drawn from the population of all eligible voters, so that mathematically the poll answers provide a reliable representation of what the entire population would say if asked (but at much lower cost!). For this reason, we focus our discussion of past research on studies that use random samples of employees from specified employers.

In the United States, the largest surveys of this kind were conducted with federal government employees in 1980, 1983, and 1992. In 1978 a new law created the Merit Services Protection Board. In part, its charge was to protect federal whistleblowers from retaliation; the long-term goal was to encourage federal employees to report waste, fraud, and abuse in an effort to save money in federal agencies. The three surveys were conducted in order to assess the effectiveness of the new law, with sample sizes ranging from 4,400 employees to 13,500 employees. Over this time period, the rate of wrongdoing observed by employees in the preceding 12 months in fact declined, from 45% of all employees in 1980—just after implementation of the new law—to 18% in 1983 to 14% in 1992 (Miceli, Rehg, Near, & Ryan,

1999). From this perspective, the law was effective (Near & Miceli, 2008). Furthermore, the percentage of observers of wrongdoing who blew the whistle also changed over the same time period, from 26% to 40% to 48% (Miceli et al., 1999). Given that the objective of the new law was to encourage internal reporting of wrongdoing, this change too represented success.

The second large and randomly selected sample of employees to answer questions about wrongdoing came from Australia in 2005. This study involved 7,600 government employees from state and federal agencies. One benefit of focusing on these employees is that the legal basis for handling whistleblowing is fairly standard among governmental employees, whereas this is not the case for employees from other sectors, where the legal ramifications vary greatly (Miceli et al., 2008). While the laws differ somewhat in Australia as compared to the United States, the results in some ways were actually quite similar: over a 2-year period, 71% of Australian government employees had observed wrongdoing in their agencies (Brown, 2008)—or about 35% per year, comparable to the U.S. rate.

For comparison purposes it is interesting to note that one study of directors of internal auditing in all types of organizations—business firms, nonprofits, and government agencies—found that 83% observed wrongdoing and of that 83%, 93% reported it to someone with the authority to put a stop to it (Miceli et al., 1991). This finding is striking because it suggests that auditors typically observe more organizational wrongdoing than do employees with other responsibilities; directors of internal auditing represent a group of employees tasked with finding financial wrongdoing in organizations and reporting it to top management, so they are more likely to be privy to information that reflects a true estimate of wrongdoing. Because this was their job and management recognized that duty, only about 5% of the internal auditors in this study reported retaliation—a figure much lower than in studies of non-auditors (Miceli & Near, 1994).

In pondering these figures, it is important to know how wrongdoing was defined in these studies. Survey respondents were asked to consider a checklist of possible types of wrongdoing and to indicate those they had observed. Observation of any of these activities within the organization was counted:

- Stealing of federal/state funds or federal/state property; accepting bribes/kickbacks; use of position for personal benefit, unfair advantage to contractor, and employee abuse of office.

- Waste of organizational assets, by ineligible people receiving benefits or by a badly managed program.
- Mismanagement, including management's cover-up of poor performance or false projections of performance.
- Safety problems, including unsafe or non-compliant products or working conditions.
- Sexual harassment.
- Illegal discrimination.
- Violation of law.

Although the checklist of activities varied somewhat across the studies, these were the major elements of the definition of 'wrongdoing' that was used. Other studies have also used variations of this checklist, so there is some standardization in how wrongdoing is measured (Miceli et al., 2008).

What these figures suggest is that while most employees do not observe wrongdoing in their organizations in a given year, some clearly do, and this may be higher in organizations where whistleblowing is not encouraged either by legal means or by the organization's culture. Moreover, most employees who observe wrongdoing do not blow the whistle. Why is this?

Firstly, fear of retaliation is part of the story. The rates of whistleblowing in U.S. federal agencies increased when employees gained greater protection under the law from reprisal following whistleblowing. This is not to say that all whistleblowers avoided retaliation. In fact, as the rate of whistleblowing increased among U.S. federal employees who observed wrongdoing, so did the 1-year rate of retaliation among those whistleblowers who were not anonymous—from 16% in 1980 to 21% in 1983 to 33% in 1992 (Near & Miceli, 2008). The 2-year rate in Australia in 2005 was 22% among state and federal employees (Brown, 2008).

Even though employees of the U.S. government receive some protection from firing or the most serious of reprisals, they often suffer other punishments. For example, Peter Van Buren, an employee of the Foreign Service for 23 years, reported wasteful spending in Iraq in his book *We Meant Well*, which had been cleared by the State Department for publication; subsequently, however, Van Buren lost his security clearance and was told to work from home, telecommuting on a job that had no real duties. He joined the ranks of the 'hallwalkers': employees of government agencies who effectively

lose the right to execute their jobs and instead lose their desks and wander the halls of their agencies or work from home (Raz, 2012). Presumably, the rate of retaliation would be higher among employees of business firms or nonprofits, as this group does not enjoy the same types of legal protection from reprisal as do government employees, as we will discuss.

But this is not the whole story because employees who observe wrongdoing and choose to blow the whistle differ somewhat from employees who choose not to blow the whistle. Based on results from multiple studies, they tend to be older, with more years of education and of service to the organization; they are more likely to be supervisors and have higher pay levels; and they say that they have both knowledge of appropriate internal channels for reporting wrongdoing and a feeling of responsibility for reporting wrongdoing (Miceli et al., 2008). It has been speculated that after observing wrongdoing women are more likely than men to blow the whistle, but research results have been inconsistent on this point (Miceli et al., 2008).

Secondly, the conditions matter; in fact, they may be even more important than the characteristics of the employee in distinguishing those who choose to blow the whistle from those who do not. Specifically, the choice to blow the whistle is correlated with the seriousness of the observed wrongdoing, the strength of evidence of wrongdoing, having supportive supervisors, and working in an organization whose culture is supportive of whistleblowing (Miceli et al., 2008). Employees who observe wrongdoing under these conditions are more likely to blow the whistle than are other employees, regardless of their own personal characteristics. In short, employees tend to report wrongdoing when they think it is especially egregious and they are quite sure that what they observed was actually wrongful behavior; they tend not to blow the whistle when the wrongdoing seems minor or when their evidence is weak. Furthermore, employees report wrongdoing when they think that supervisors want to learn about the wrongdoing, presumably in order to make changes if changes are warranted. When asked why they had not reported wrongdoing they had observed, employees most frequently answered that it was because they knew their managers could not or would not make changes and the wrongdoing would continue unabated; the second most frequent response was that they feared reprisal (Near, Van Scotter, Rehg, & Miceli, 2004). In sum, if managers want to learn about wrongdoing from internal whistleblowers, and not in the media, there are specific steps to be taken in order to encourage employees to provide this information rather than go public with it. Those steps are clear:

- Provide support for internal whistleblowers;
- Investigate allegations of wrongdoing and share the results of the investigation with employees; and
- Do not allow reprisal against internal whistleblowers because it sends the signal that information from employees is not valued.

1.5. When and why do whistleblowers suffer reprisal?

As indicated previously, most whistleblowers in random samples of employees from known organizations do not suffer reprisal, contrary to the picture that may be presented in media reports of individual whistleblowers—almost all of whom seem to have been the victims of retaliation. But this is one area in which the numbers may lead to misleading conclusions, because even though the rate of retaliation may be low, the consequences appear significant.

Once again, definitions matter. Retaliation has been defined as “undesirable action taken against a whistleblower—and in direct response to the whistleblowing—who reported wrongdoing internally (i.e., within the organization) or externally (i.e., outside the organization)” (Rehg, Miceli, Near, & Van Scotter, 2008, p. 222). Retaliation may take many forms in addition to outright firing. For example, at a large military base where both civilian and military employees completed an anonymous questionnaire with a checklist of 22 types of reprisal, the most common forms of retaliation were poor performance appraisal (15%), tighter scrutiny of daily activities by management (14%), and verbal harassment or intimidation (12%). None of the employees reported firing, demotion, or suspension, suggesting that managers turned to more creative forms of reprisal when their options were constrained by regulation or managerial practice (Rehg et al., 2008).

Interestingly, retaliation in most studies tended to occur when the wrongdoing reported was serious—precisely when employees were most likely to blow the whistle. Retaliation also tended to be correlated with low support from managers and a culture unsupportive of whistleblowing. Finally, in several studies, retaliation was correlated with external whistleblowing (Miceli et al., 2008). It should be recalled that whistleblowers rarely turn to external channels and usually do so only after they have first used internal channels for reporting the wrongdoing. As we noted, this means that in many cases the process plays out in three steps:

1. The employee reports the wrongdoing internally;
2. The manager retaliates against the whistleblower;
3. The whistleblower then reports the wrongdoing externally, in the media, to the union, or to law enforcement.

Managers who think they can circumvent the process by retaliating against the internal whistleblower, and thereby discouraging further action, may in fact achieve just the opposite. Based on findings from past research on whistleblowers, internal whistleblowers who suffer reprisal are likely to then report the wrongdoing externally. Clearly, managers who do not want to read negative publicity about their organization in the media should prevent wrongdoing; but if or when wrongdoing occurs, they may still avoid unwanted notoriety if they take the whistleblower seriously, investigate the allegations, and prevent supervisors from engaging in reprisal against the whistleblower.

Increasingly, U.S. employees of private firms—and not just government workers—are being offered legal protection from retaliation or even a bounty for reporting wrongdoing. For example, Cheryl Eckard warned her senior managers at GlaxoSmithKline that defective drugs were being produced at the company’s plant in Puerto Rico. Instead of resolving the problems, they fired her. Eckard filed a lawsuit. Ultimately, GlaxoSmithKline paid \$750 million to the U.S. government to settle criminal and civil complaints that the company knowingly sold contaminated drugs; of this amount, Eckard received \$96 million (Meinert, 2011). Federal laws protect some employees of private firms from retaliation when they report some types of wrongdoing (Deschenaux, 2012); for example, employees who report safety problems to OSHA are explicitly protected from retaliation (United States Department of Labor, 2015). In some situations, such as Eckard’s, the federal regulations also provide a bounty or reward to whistleblowers who are successful in helping the U.S. government recover funds lost to fraud or abuse, especially through the SEC and Sarbanes-Oxley regulations (Dworkin, 2007; Meinert, 2011; Rose, 2014). As of 2011, 49 states offered protection from retaliation against whistleblowers under some conditions (Meinert, 2011), but the variation among states has historically been huge; for example, in some states whistleblowers must first report internally in order to enjoy protection from reprisal, but in others the opposite is true (Miceli et al., 2008).

The laws are changing quickly and in ways that make retaliation against whistleblowers much

riskier for managers. Before taking action toward any whistleblower, managers should consult their legal department or outside counsel. Similarly, any employee considering becoming a whistleblower should also first consult an attorney or an organization that provides advice to whistleblowers (e.g., the Government Accountability Project, a nonprofit located in Washington, DC).

2. Conclusions

We read about sensational cases of organizational wrongdoing and contentious whistleblowing cases in media outlets and often assume that this is typical of all organizations and all whistleblowers. In fact, findings from systematic social science research using random samples of employees from specified organizations, completed over the past 30 years, have been remarkably consistent and imply specific recommendations for managers. Many managers will at some point observe wrongdoing, and some will blow the whistle themselves—or they will serve as the official complaint recipient when one of their subordinates or colleagues wants to report wrongdoing in the organization. Either way, managers who know something about the typical whistleblowing process will be forewarned and forearmed.

Usually, whistleblowers are *not* malcontents seeking to spread negative rumors about the firm or organization; they are employees who think they have observed serious wrongdoing and would like to see it stopped—and in most cases they believe their bosses will thank them for bringing forward this vital piece of information. The majority of employees who observe wrongdoing will not report it, but they tend to do so if the wrongdoing is serious, the evidence is clear, and management provides a culture that is supportive of hearing and acknowledging bad news. Most whistleblowers do not suffer reprisal, but those who do often make their allegations public; again, this is most likely when the wrongdoing observed is especially serious or if the reporting employee thinks that management is not supportive of whistleblowers (perhaps rightly so, because they were after all the victims of retaliation). To avoid external whistleblowing, which entails all sorts of costs for the organization, managers may take clear, sometimes uncomfortable actions:

- Listen to employees who allege wrongdoing and carefully investigate the allegations;
- Make the results of the investigation known to those who were aware of the alleged wrongdoing, whether this is a small group of employees or all employees;

- Correct the problem if one is found and do so transparently (e.g., a change in policy or firing the wrongdoer); and
- Treat whistleblowers with respect and care, and ensure that other coworkers and managers do not punish them for their actions.

These actions can increase the chance that information about organizational wrongdoing stays inside the organization, where it may be remedied, instead of being aired in social media, legal records, or other public venues.

References

- Armenakis, A. (2004). *Making a difference by speaking out: Jeff Wigand says exactly what's on his mind*. *Journal of Management Inquiry*, 13(4), 355–362.
- Basu, M. (2015, September 22). 28 years for salmonella: Peanut exec gets groundbreaking sentence. *CNN.com*. Retrieved from <http://www.cnn.com/2015/09/21/us/salmonella-peanut-exec-sentenced/index.html>
- Beenen, G., & Pinto, J. (2009). *Resisting organizational-level corruption: An interview with Sherron Watkins*. *Academy of Management Learning and Education*, 8(2), 275–289.
- Brown, A. J. (2008). Whistleblowing in the Australian public sector: Enhancing the theory and practice of internal witness management in public sector organizations. In *Australia and New Zealand School of Government Research Series*. Canberra, Australia: ANU E-Press.
- Cooper, C. (2008). *Extraordinary circumstances: The journey of a corporate whistleblower*. Hoboken, NJ: John Wiley & Sons.
- Deschenaux, J. (2012, August 14). *Government focus on whistleblowers impacts private sector*. Retrieved from Society for Human Resource Management website: <http://www.shrm.org/legalissues/federalresources/pages/whistle-blowers-private-sector.aspx>
- Dworkin, T. M. (2007). *SOX and whistleblowing*. *Michigan Law Review*, 105(8), 1757–1780.
- Ethics Resource Center. (2012). *Inside the mind of a whistleblower: A supplemental report of the 2011 National Business Ethics Survey*. Retrieved from http://www.ethics.org/files/u5/reportingFinal_0.pdf
- Goetz, G. (2013, February 22). Peanut Corporation of America from inception to indictment: A timeline. *Food Safety News*. Retrieved from <http://www.foodsafetynews.com/2013/02/peanut-corporation-of-america-from-inception-to-indictment-a-timeline/#.VbknGvVhHw>
- Government Accountability Project. (2009, February 3). *Post editorial misses mark on whistleblowers*. *OpEdNews.com*. Retrieved from <http://www.opednews.com/articles/Post-Editorial-Misses-Mark-by-Government-Account-090203-251.html>
- Harris, D., & Barrett, K. (2009, February 16). Former manager says peanut plant complaints ignored. *ABC News*. Retrieved from <http://abcnews.go.com/GMA/story?id=6888169>
- Kennedy, B. (2014, June 5). CEO Mary Barra outlines GM's 'enormously painful' ignition switch recall report. *Yahoo! Finance*. Retrieved from <http://finance.yahoo.com/news/ceo-mary-barra-outlines-gms-184629164.html>

- King, G., III (1997). The effects of interpersonal closeness and issue seriousness on blowing the whistle. *Journal of Business Communication*, 34(4), 419–436.
- King, G., III, & Scudder, J. N. (2013). Reasons registered nurses report serious wrongdoings in a public teaching hospital. *Psychological Reports*, 112(2), 626–636.
- Labaton Sucharow LLP. (2011, December 11). Significant number of Americans have knowledge of workplace misconduct and are willing to blow the whistle, according to Labaton Sucharow survey. Retrieved from <http://www.labaton.com/en/about/press/Labaton-Sucharow-announced-the-results-of-its-nationwide-Ethics-and-Action-Survey.cfm>
- Lacayo, R., & Ripley, A. (2002, December 30). Persons of the Year 2002: Cynthia Cooper, Coleen Rowley, and Sherron Watkins. *Time*, 160(27), 30–33.
- Meinert, D. (2011). Whistle-blowers: Threat or asset? *HR Magazine*, 56(4), 27–32.
- Mesmer-Magnus, J. R., & Viswesvaran, C. (2005). Whistleblowing in organizations: An examination of correlates of whistleblowing intentions, actions, and retaliation. *Journal of Business Ethics*, 62(3), 277–297.
- Miceli, M. P., Dreyfus, S., & Near, J. P. (2014). Outsider “whistle-blowers”: Conceptualising and distinguishing bell-ringing behaviour. In A. J. Brown, D. Lewis, R. Moberly, & W. Vandekerckhove (Eds.), *International handbook on whistleblowing research* (pp. 71–94). London: Edward Elgar.
- Miceli, M. P., & Near, J. P. (1984). The relationships among beliefs, organizational position, and whistle-blowing status: A discriminant analysis. *Academy of Management Journal*, 27(4), 687–705.
- Miceli, M. P., & Near, J. P. (1994). Relationships among value congruence, perceived victimization, and retaliation against whistle-blowers: The case of internal auditors. *Journal of Management*, 20(4), 773–794.
- Miceli, M. P., & Near, J. P. (2013a). An international comparison of the incidence of public sector whistle-blowing and the prediction of retaliation: Australia, Norway, and the US. *Australian Journal of Public Administration*, 72(4), 1–14.
- Miceli, M. P., & Near, J. P. (2013b). Some implications of the voice literature for research on whistle-blowing. In R. Burke & C. Cooper (Eds.), *Voice and whistleblowing in organizations: Overcoming fear, fostering courage, and unleashing candour* (pp. 182–202). London: Edward Elgar.
- Miceli, M. P., Near, J. P., & Dworkin, T. M. (2008). *Whistle-blowing in organizations*. New York: Psychology Press, Taylor & Francis Group.
- Miceli, M. P., Near, J. P., Rehg, M. T., & Van Scotter, J. R. (2012). Predicting employee reactions to perceived organizational wrongdoing: Demoralization, justice, proactive personality, and whistle-blowing. *Human Relations*, 65(8), 923–954.
- Miceli, M. P., Near, J. P., & Schwenk, C. P. (1991). Who blows the whistle and why? *Industrial and Labor Relations Review*, 45(1), 113–130.
- Miceli, M. P., Rehg, M. T., Near, J. P., & Ryan, K. (1999). Can laws protect whistle-blowers? Results of a naturally occurring field experiment. *Work and Occupations*, 26(1), 129–151.
- Miethe, T. D. (1999). *Whistle-blowing at work: Tough choices in exposing fraud, waste, and abuse on the job* (2nd ed.). Boulder, CO: Westview Press.
- Nader, R., Petkas, P. J., & Blackwell, K. (1972). *Whistle-blowing: The report on the conference on professional responsibility*. New York: Grossman.
- National Whistleblower Center. (2007). *Whistleblowers still the best at detecting fraud*, Retrieved from http://www.whistleblowers.org/index.php?option=com_content&task=view&id=102
- Near, J. P., & Miceli, M. P. (1985). Organizational dissidence: The case of whistle-blowing. *Journal of Business Ethics*, 4(1), 1–16.
- Near, J. P., & Miceli, M. P. (1996). Whistle-blowing: Myth and reality. *Journal of Management*, 22(3), 507–526.
- Near, J. P., & Miceli, M. P. (2008). Wrongdoing, whistle-blowing, and retaliation in the U.S. government: What have researchers learned from the Merit Systems Protection Board (MSPB) survey results? *Review of Public Personnel Administration*, 28(3), 263–281.
- Near, J. P., Van Scotter, J. R., Rehg, M. T., & Miceli, M. P. (2004). Does type of wrongdoing affect the whistle-blowing process? *Business Ethics Quarterly*, 14(2), 219–242.
- Raz, G. (2012). “Hallwalkers”: The ghosts of the State Department [Radio broadcast]. *All Things Considered*. Washington, DC NPR (National Public Radio).
- Rehg, M. T., Miceli, M. P., Near, J. P., & Van Scotter, J. R. (2008). Antecedents and outcomes of retaliation against whistleblowers: Gender differences and power relationships. *Organization Science*, 19(2), 221–240.
- Ripley, A. (2005). Ten questions for Jeffrey Wigand. *Time*, 165(7), 8.
- Rose, A. (2014). Better bounty hunting: How the SEC’s new whistleblower program changes the securities fraud class action debate. *Northwestern University Law Review*, 108(4), 1235–1302.
- Scherer, M. (2013, December 11). Edward Snowden, The Dark Prophet. *Time*. Retrieved from <http://poy.time.com/2013/12/11/runner-up-edward-snowden-the-dark-prophet/>
- Sherr, L. (2014). *Sally Ride: America’s first woman in space*. New York: Simon & Schuster.
- United States Department of Labor. (2015). *The Whistleblower protection programs*. Retrieved from <http://www.whistleblowers.gov/wpac.html>