

Ethics in Education and Business: Issues of Whistle-Blowing

Xi Duan

School of Architecture and Engineering, Tianfu College of Southwestern University of Finance and Economics, No. 2 Yuanxing West Street, Mianyang, Sichuan, China

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Abstract: This paper explores the dynamics of how whistle-blowing reveals illegal or immoral acts practiced by education and business organizations and how power and influence affect the well-being of individuals within the industry. A set of literature along with several recognized cases of whistle-blowing is reviewed and the major factors are reviewed in this paper. The term whistle-blowing has been defined. Given the distinguishable nature of two organizations, it has been found that there are differences exist between whistleblowing in educational and business settings. The obstacles of being whistleblowers have been discussed besides excessive retaliation, which is usually their biggest concern when individuals blow the whistle. According to the results obtained from current research articles, organizations should have culturally appropriate programs or policies to eliminate cultural resistance, and more importantly, to create sound ethical practices so that employees do not fear to have to be a whistleblower.

1. Introduction

Ethics violations in large organizations and educational institutions, which are revealed by whistleblowers, are examples of how power and influence affect the well-being of many individuals. Whistle-blowing can reveal illegal or immoral acts practiced by organizations to the related authorities and/or to the public. Perhaps one of the most recognized cases of whistle-blowing is the cases of Enron and Worldcom. In the Enron case, Sharon Watkins, risked her position and her job to reveal the misled earning reports Enron has been providing to SEC and the shareholders [1]. In the Worldcom case, three employees discovered the evidence of accounting fraud in their organization and risk their jobs to report it. Perhaps, one of the most recognizable cases of whistleblowing in academics was at the University Of North Carolina at Chapel Hill. Whistleblowing act of learning specialist, Mary Willingham, has lead to the exposure of academic misconduct involving university's football players and education of student athletes. Officers of an organization are required to have a duty of care, which is having an obligation to carry out their duties with care, and duty of loyalty, which is acting in good faith when it comes the best interest of their company. Whistle-blowing directly conflicts with these duties and before necessary whistleblowing protection acts, could have led to employees and officers to get terminated for revealing private and potentially incriminating information. This study helps generate a clear understanding of the causes and consequences of whistle-blowing. Based on the analysis of

researchers and related industry practitioners, this paper discusses the society's understanding and reactions of whistle-blowing from older times to the present. Furthermore, it assists the managers of organizations to introduce a series of policies to both encourage and protect whistleblowing behavior.

2. Manuscript Preparation

Whistle-blowing is an act of doing the right thing despite the possible negative effects on one's well-being, which is similar to the definition of morality. There have been major laws passed that protect and incentivize whistleblowers to encourage and in some cases financially reward public and private employees and company officials to do report organizational wrongdoing and violations of laws, and protect the stakeholders' interest. Whistleblower Protection Act of 1989 [2]. was one of the earliest laws that offered protections for federal employees, in the case of any illegal activity happening in the US Government and protects the federal employee's identification, no matter what the investigation reveals. In the aftermath of scandals like Enron and Worldcom, The Sarbanes-Oxley Act of 2002 was enacted to protect whistleblowers in organizations.

According to Yeoh [3], SOX was designed to mostly cover public sector employees in the US. This act protects the officers of the organizations against retaliation from their company for revealing private organizational information and gives them protection against refusing to violate a law on behalf of the organization. The 2007 Global Financial Crisis led lawmakers to strengthen the efforts and enact The Dodd-Frank Act of 2010. The DFA introduced additional requirements for corporate reporting, which is designed to protect the interest of employees, shareholders and the public interest. According to Paul [4], the most important thing an organization can do is to create a climate of trust and encourage employees to report wrongdoing when then they see it. In this paper, we aim to explain and answer three major question related to ethical dilemmas in whistle-blowing. We will try to answer the different definitions on whistle-blowing in research, examine to challenges that the whistleblowers face, and examine what organizations can do to create sound policies against ethical violations and to encourage whistleblowing acts when wrongdoing is discovered.

According to Johnson, "Whistleblowing occurs when an organizational member who decide to remain in an organization but take their concerns about abuses to outsiders in the hope of correcting the problem" [5]. Webster's Universal College Dictionary defines a whistleblower as someone who informs on another or makes public notice of corruption or wrongdoing [6]. Researching the definition makes one consider the reasons an employee would become a whistleblower. Often whistleblowers raise concerns to the appropriate internal resources without receiving their desired outcome.

While motivations for whistleblowing are limitless, differences exist between whistleblowing in educational and business settings. It is essential to examine the goals of each organization. Educational organizations provide instruction, generate research, and work to enhance the quality of life in a geographic area or a specific population. Business organizations are focused on delivering a product and producing profits. The impact of organizational goals on public perception of whistleblowing is apparent through the University of North Carolina at Chapel Hill Whistleblower scandal. During the scandal, the focus remained on the investigation and the tarnished academic reputation of the university. The universities' bottom line was not a significant point of discussion. However, when one observes business whistleblowing incidents, the bottom line and potential settlement cost are always a focal point.

Differences in the definition of whistleblowing are apparent when reviewing the University of North Carolina at Chapel Hill's whistleblower policy and the Sarbanes-Oxley Act of 2002. Business

whistleblowing may relate to a specific industry law while educational whistleblowing can refer to one organization. This relationship is evident by examining the reporting process for a university and a business. To report possible wrongful conduct at the University of North Carolina at Chapel Hill one must submit a report to university authorities or anonymously to a third-party vendor [7]. Under the Sarbanes-Oxley Act, business employees can submit their reports to the United States Department of Labor's Occupational Safety & Health Administration office [8].

The term retaliation is an essential component in whistleblower policies in both business and educational organizations. The University of North Carolina at Chapel Hill's penalty for retaliation against a whistleblower states that "Members of the Carolina Community who violate this policy may face disciplinary or other corrective action including, but not limited to, suspension, expulsion, disciplinary warning, termination of employment, restriction from University property, or termination of a formal relationship or agreement with the University" [7]. However, the penalty for committing retaliation against a business whistleblower is more severe than retaliation at the university. The Sarbanes-Oxley Act of 2002 mandated reforms to regulate corporate conduct and makes retaliation against whistleblowers a crime [8].

Throughout the process of voicing out concerns, a whistleblower will face various challenges before, during, and after blowing the whistle. Sadly enough, in many cases after one has blown the whistle, the damage is irreparable. More often than not long before someone becomes a whistleblower, they voice their concerns within their organization in which their concerns are left unanswered. Among the challenges faced by whistleblowers, retaliation is the most prominent and severe. For example, Retaliation for reporting discrimination is the top complaint to the Equal Employment Opportunity Commission – 44.5% of reports mention it. Furthermore, more than 25% of internal retaliation reports were substantiated through corporate investigations in 2015 [9].

The key issue with retaliation is it forces employees to feel as though the better route to take is to remain silent. This is both problematic for the morale of any workforce, and for the general public. For example, documents contained within a hearing on Capitol Hill in 2010, revealed that employees knew about faulty equipment aboard the Deepwater Horizon rig prior to an explosion, which would cause millions of gallons of oil to spill into the Gulf of Mexico. If employees had spoken out prior to the explosion, perhaps the explosion would not have happened, halting massive damage to the environment, loss of life, damage to BP's public image, and the loss of millions of dollars. BP had a history of perpetuating an environment in which employees felt they could not speak out. After the catastrophic oil spill in 2010, Another BP employee who asked to remain anonymous and to be identified also as a Houston-based engineer who has worked for the company for more than 30 years, told Truthout that when he attempted to get the problem resolved "up through line and HR management at BP," he was "subject to retaliation from a senior HR manager who was clearly signaling an intent to perform character assassination and reputational damage" [10]. In short, employees feeling they cannot speak out against problems in the workplace can be catastrophic.

Perhaps the largest issue regarding whistleblowing is the overall negative image given to whistleblowers. When employees are rewarded for voicing their grievances internally, then they'll never need to take them externally. The real issue lays with senior leaders of companies refusing to take ownership of issues that exist under their command. Once they do, employees will see no need to take grievances external, and unfortunately executives, whistleblowing is going nowhere. The number of reports of whistleblower retaliation to OSHA has increased every year since FY 2009 through FY 2015 [11]. With this in consideration, all massive organizations should assume that sooner than later they will find themselves in a position in which an employee is voicing concerns about the way things are done. The best action for the welfare of the public and morale of any company is to ensure all employees are free to voice their concerns without fear of retaliation.

In the 1950s, the manager used to be seen as the king and employees were not supposed to ask questions to the manager. That “ostrich in the sand” mentality is not the way to manage in the 21st century. Today, effective managers believe that a good whistleblowing strategy welcomes dialogue and feedback at every level and can build a culture that can foster an open problem-solving environment. Since the number of reports of whistleblower retaliation has increased in recent years significantly, major laws have been passed. But yet, whistleblowers feel that they will likely be abandoned by coworkers, criticized by superiors, denied promotions and that's why only 52% of employees who witness unethical conduct report to the proper authorities [5]. Also, one-third of American employees believe that they have witnessed unethical activities at work which indicates that they have an enormous potential to detect and control waste, crime, and fraud in the workplace [12], so whistleblowers play a very important role in combating malpractice in the organization. Organizations can create sound ethical practices so that employees do not fear to have to be a “whistleblower”. Although because of the challenges that the whistleblowers face in the organization make them reluctant to blow the whistle, there are several ways the employers can help their employees raise their concerns in a controlled way.

Organizations need to have culturally appropriate training programs or policies in order to create sound ethical practices, regardless of where the whistleblowing is taking place- business or education. Research shows that the greatest difficulty to an effective reporting system is “cultural resistance” [13] and that is why organizations should practice an open-door policy. Most of the employees feel afraid to discuss wrongdoings with their bosses, so an organization’s first step should be to break down any culture of fear and foster a “speak up culture” [14]. Since the mid-1980s, U.S. public policy has encouraged whistleblowing and focused on making the organizational culture company’s primary means for fighting ethical wrongdoing. It is also important that organizations build a culture that encourages strong ethical conduct because when trust flourishes, whistleblowing is unnecessary as the culture is so open that employees feel safe to raise an issue and believe that there will be prompt and fair consideration [15]. But it is also important to realize that the scope for whistleblower legislation varies greatly among different types of organizations because of their locations in various states and territories [16]. Having a program with safe and structured channels for reporting should be in any organization, where multiple avenues are available, so everyone can have a channel that they can trust. This will make it easy for the employees to internally report any confusion that they have at an early stage. In this case, it is very important to ensure the employees that protection and confidentiality will be provided to them and they will be informed about the action being taken for their concern.

Organizations should create a whistleblowing strategy that can be used constructively as a risk management tool [16]. This will help them lessen damaging their reputation by external whistleblowing. An Effective whistleblowing strategy can help organizations create a sound ethical environment because individuals will tend to take pride in their organization’s determination to address malpractice and won’t fear to have to be a whistleblower. There have also been laws passed, where whistleblowers are incentivized and financial rewards are provided to motivate and encourage employees to report wrongdoings that they witness at the workplace. It is important for the organizations to take retaliation seriously so the employees know that it is safe to raise concerns at the workplace.

3. Conclusions

Whistle-blowing is a great example of how power and influence affect the well-being of many individuals when it comes to ethics violations in large organizations and educational institutions. Whistle-blowers are termed as those who want to correct the problem in their organizations by

making public notice of wrong actions. This definition varies when it comes to different educational and business settings in regards to public focus because each organization has its unique goal. Business whistleblowing may relate to a specific industry law while educational whistleblowing can refer to one organization as it can be seen from different reporting process. In addition, people show different focal points. While people generally focus on the investigation and reputation of educational settings like the UNC scandal, the public tends to focus on the bottom line and potential settlement cost for a business corporation. Being a whistleblower is never easy. Throughout the process of voicing one's concerns, a whistleblower will face various challenges before, during, and after blowing the whistle. The first challenge is while people voice their concerns within their organization, their concerns are usually left unanswered. When they actually make their voices heard, retaliation is the biggest challenge because it forces employees to realize that remaining silent is the better way.

To create sound ethical practices so that employees do not fear to have to be a whistleblower, organizations should have culturally appropriate programs or policies to eliminate cultural resistance. Organizations should know that it is important to build a culture that encourages strong ethical conduct. An open-door policy is a good start to break down the culture of fear and foster a “speak up culture”. Programs with safe and structured channels for reporting and that can provide protection and confidentiality to the employees who report should be offered in any organization.

Future research can target more on the specific means of whistle-blowing due to more advanced news spreading technology such as short video platforms. Some of the references and examples given in this paper are relatively medieval and there are still deficiencies in the case analysis within the educational industry. Therefore, subsequent research can refer to more recent examples and future include global organizations. The study of whistle-blowing correspondingly helps the top leaders of an institution build a more transparent and fair organizational structure.

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