Why is whistleblowing still such a taboo in 2024?

Professional Development Workshop
Friday 6th September 11:30 – 13:00
Kilpin Room, 2nd Floor

Introduction and aims of this PDW

- Two main objectives for today:

  - How can society remove the stigma from whistleblowing?

  - Why should organisations foster an open and more positive culture for whistleblowing?

Timings

- 11:30 – 11:40 Introductions

- 11:40 – 12:10 Literature and positioning

- 12:10 – 12:40 Group Discussion

- 12:40 – 12:55 Plenary feedback

- 12:55 – 13:00 Q&A / Close

Introduction to us

- **Stuart Allan** is a Senior Lecturer in the Strategy, Analytics and Operations Department at Nottingham Business School (NBS) - before entering Higher Education he had 30 years of experience working for and with several global IT consultancy firms. He now teaches Strategy, Consulting, Data Decisioning and Change Management modules to Executive Education and Postgraduate students on NBS' MBA and MSc Courses, and he is a committee member of BAM's Management Consultancy Network.

- **Jim Johnston** holds a post in the Management of New and Emerging Technologies at the University of the West of Scotland (UWS) and works across the Schools of Business and Creative Industries and frequently collaborates with colleagues across Science and Engineering on Knowledge Exchange projects with impacts across diverse stakeholders. Currently, Co Chair for BAM's Management Consultancy and Continental Networks as well as extensive experience of directorships in different charities and social enterprises.

- **Jeanette Hartley** is an Associate Lecturer at the Open University (OU). She completed her PhD in February 2022 with a thesis entitled "Management consultants navigating competing systems of engagement". Before entering academia, Jeanette gained seventeen years' experience as a Management Consultant with a global firm, specialising in transformational change in Financial Services and the Public Sector. Jeanette is Co-Chair of BAM's Management Consultancy Network.

Overview of BAM's Management Consultancy Network

- **As a Network** we are a group of Members who have a shared interest in management consultancy spanning multiple or even all Special Interest Groups (SIGs) and Networks

- Our plans for the coming year have three key strands:

  - **Informal coffee chats** on management consultancy related topics held on the third Wednesday of each month

  - **Joint events with the Centre for Management Consultancy Excellence (CMCE)** Examples: AI conference, Strategy showcases

  - **Consulting Skills development group** – we aim to pilot aligning management consultancy degree courses with the Chartered Management Institute (CMI) framework to gain dual accreditation and a route for students to eventual Chartered Management Consultant status

- Please join us – you can become a member in addition to any SIGs you may belong to.

Different types of whistleblowing

- Individual (e.g. Jimmy Saville)

- Institutional (e.g. Post Office) – the focus of today's PDW

- Industrial (e.g. Water industry sewage leaks)
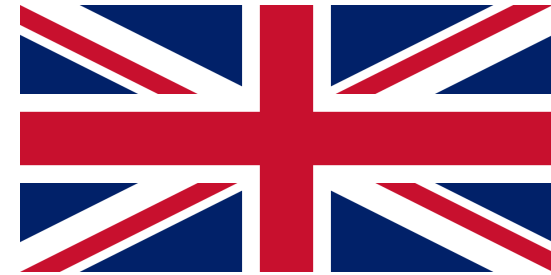
Institutional Wrongdoing – some recent examples….

- Hillsborough (1989) - https://www.theguardian.com/football/2021/oct/21/the-great-betrayal-how-the-hillsborough-families-were-failed-by-the-justice-system#:~:text=The%20legal%20system%20that%20dragged,blame%20on%20to%20the%20victims.
  - 97 deaths / 766 other people injured
  - 28 Years before charges brought on South Yorkshire Police
- Infected Blood / HIV (1970s and 1980s) - https://haemophilia.org.uk/public-inquiry/the-infected-blood-inquiry/the-contaminated-blood-scandal/
  - 3000 people died
  - c50 years before a compensation scheme was agreed
- Post Office (1999 – 2015) - https://news.sky.com/story/post-office-scandal-possible-criminal-conspiracy-horizon-investigator-tells-inquiry-13154930
  - 900 false convictions
  - 4 people took their own lives
  - Many other sub-postmasters lost their life savings paying back the money they were wrongly accused of stealing
  - 25 years before cases quashed

…why did people who knew the truth not speak up?

How can society remove the stigma from Whistleblowing?

What is whistleblowing?

- **Near and Miceli (1985 p 4)** define whistleblowing as "*the disclosure by organization members (former or current) of <u>illegal, immoral or illegitimate practices</u> under the control of their employers, to persons or organisations that may be able to effect action*"

- **Fischer and Gollwitzer (2023 p 1)** postulate that "*empirical research in this field is comparably scarce*" but suggest whistleblowing constitutes 3 x components:
  - A response to a wrongdoing
  - Intimate inside information
  - An act of disclosure

- **Jubb (1999 p 77)** says "*Whistleblowing is characterised as a dissenting act of public accusation against an organisation which necessitates being disloyal to that organisation*"
  - 6 x criteria (*Act of disclosure, actor, subject [the what], target [the organisation], disclosure recipient, and outcome [internal or external]*).
    - NB Sometimes the "target" and "disclosure recipient" can be the same entity

Motivations for whistleblowing

- Some evidence suggests "*personality traits*" may be a moderating factor in whistleblowing - see **Fischer and Gollwitzer (2023)**

- **Cassematis and Wortley (2013)** support this view and interestingly concluded that *gender, tenure, age, higher job satisfaction and higher trust in management* had **<u>no</u>** bearing on who becomes a whistleblower.

- **Jubb (1999 p 88)** accentuates the ethical dilemma for potential whistleblowing "*it may be driven by motives that are virtuous or not; based on legal, professional or self-imposed obligation; and focussed on self-interest or the good of others*"

- **Lavena (2016 p 115)** outlines that "*contextual conditions in organizations (organizational culture, ethical climate, performance, justice, resources, organizational size, etc.) influence the decision to report wrongdoing*"

Being heard internally takes time, effort and commitment....and may have detrimental personal consequences

- **Dworkin and Baucus (1998)** observed internal whistleblowers sometimes escalated their concerns unknowingly to individuals associated with the wrongdoing

- **Vandekerckhove and Phillips (2019 p 201)** found that "*the whistleblowing process generally entails two or even three internal attempts to raise a concern before an external attempt is made, if it is made at all*"

- Moreover, the likelihood of the internal whistleblower being dismissed or overlooked for promotion/demoted increases the more times they raise their concerns - see **Vandekerckhove and Phillips (2019) and Smith (2014)**

Further reasons "not" to speak up

- **Edmonson (2012)** cites four primary drivers for why employees may not wish to speak up:
  - Being seen as ignorant – the risk of not having all the facts

  - Being seen as incompetent – the risk of exposing a lack of knowledge or skill that would be expected by others

  - Being seen as negative – offering critical views can reflect badly on the individual as someone who is difficult to work with

  - Being seen as disruptive – not wishing to "rock the apple cart"

Why should organisations foster an open and more positive culture for whistleblowing?

Guidance and policies exist to protect whistleblowers…

UK Government

- https://www.gov.uk/whistleblowing

…many organisations also have whistleblowing processes and systems in place to investigate reported wrongdoings…

… different cultures, however, can define "the norms" for what is perceived to be right and wrong….

...and some organisations are still choosing to ignore or not properly investigate internal allegations of institutional wrongdoing

- **Gabert-Doyan (2024)** suggests in the UK "the rise of legal claims shows awareness about whistleblowing is increasing.....but a more worrying trend: that those who blow the whistle are facing serious repercussions in the workplace — and that the issues they are exposing are not being dealt with properly"

- Lengthy drawn-out processes
- Judges not able to easily investigate claimant's disclosure

Whistleblowing cases have been rising in the UK's employment tribunal system

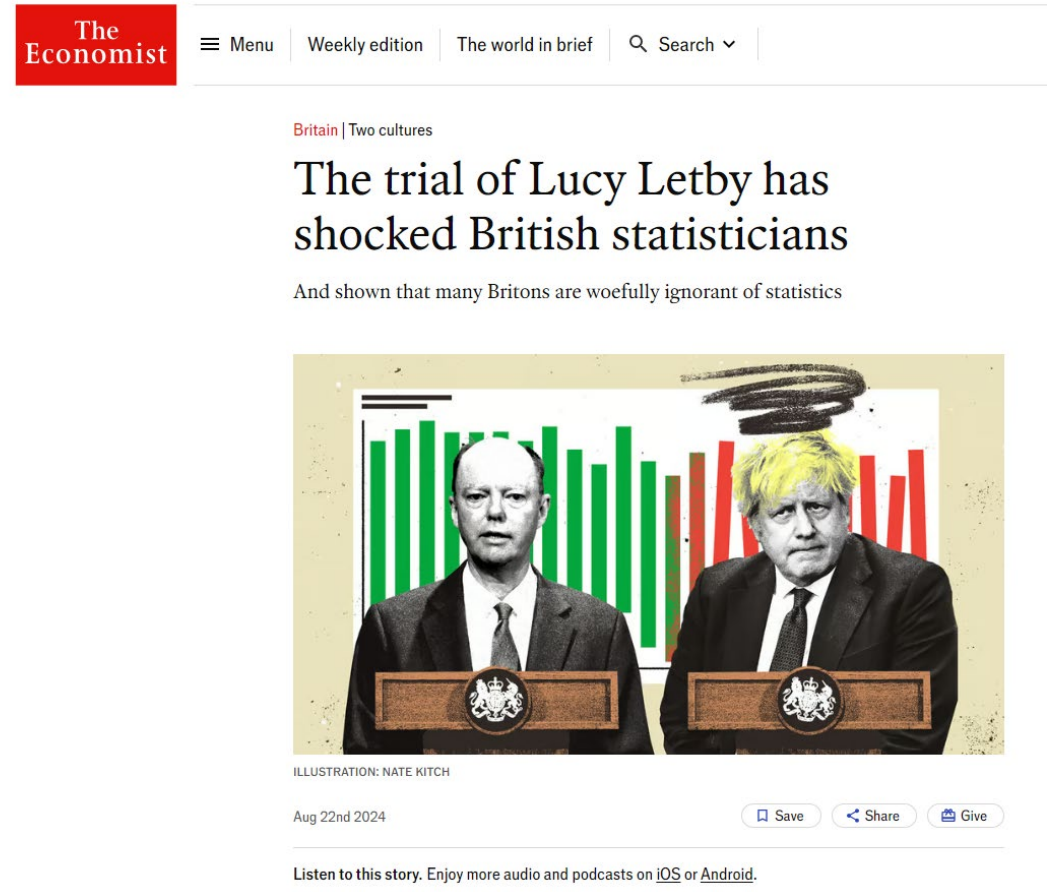Public interest disclosure cases as share of all cases (%)

FINANCIAL TIMES   Source: FT analysis of Ministry of Justice Tribunal Statistics
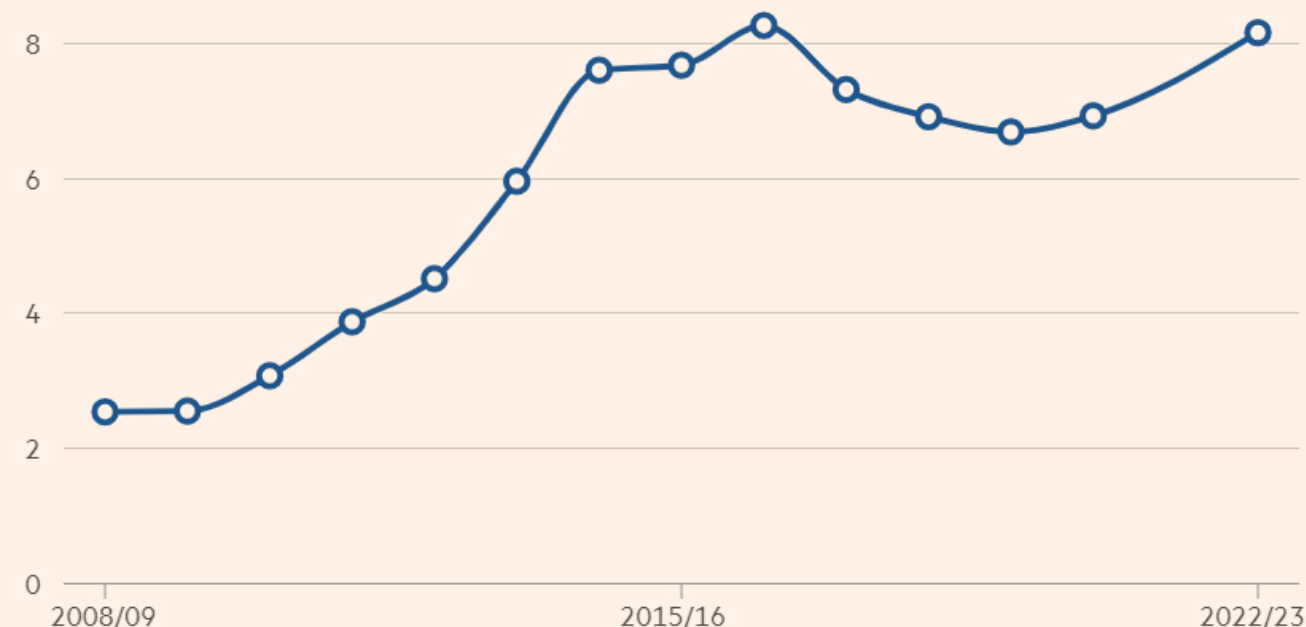
Institutional Defensiveness…?

- **Pomeroy (2024)** outlines five typical steps some organisations take when issues are raised:
  - Denial – refusal there is any wrongdoing or willingness to investigate the allegation
  - Debunking – offer up alternative reasons and discredit the actor(s) raising the disclosure
  - Deflecting – blame others
  - Disclosure – restrict access to data and detail
  - Delay – play the long game, hoping the actor(s) may give up

- He concludes "*Groupthink*" and "the *Concentration of Power*" may be drivers for the above

- **Smaili, Vandekerckhove and Arroyo Pardo (2022)** suggest "*Agency Theory*" may also be a cause for organisation ineffectiveness to act on internal disclosures

Agency Theory – see Jenson and Meckling (1976)

…or perhaps Executives struggle to understand the signals?

"

for people in positions of authority not to have basic quantitative literacy is 'unacceptable'

"

Professor Spiegelhalter, Emeritus Professor of Statistics at University of Cambridge

The Economist

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Britain | Two cultures

The trial of Lucy Letby has shocked British statisticians

And shown that many Britons are woefully ignorant of statistics

ILLUSTRATION: NATE KITCH

Aug 22nd 2024

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So, what should be done…

- **Moberly (2014)** suggests:
  - *Early internal disclosures* provide opportunities to correct wrongdoings more cost-effectively
  - *Training and empowering supervisors* to deal with whistleblowing reduces "false alerts"

- **Lee and Fargher's (2012)** research found:
  - *Reporting hotlines* - more common in larger firms, when hotlines are introduced reporting of disclosures increases
  - Only half of the firms surveyed publicly stated anonymous reporting is permitted; *anonymity leads to increased disclosures*
  - There is a positive correlation in reporting cases when the organisation has *higher numbers of external/independent Directors*
  - *Regulated firms* are more likely to have higher numbers of disclosures

…and what are some of the benefits for organisations who encourage (and act on!) whistleblowing disclosures?

- **Back (2015)** suggests these four key advantages:
  - **Protects the organisation** – avoid negative publicity, helps to identify and fix problems, reduce fraud and may avoid external disclosure (media/regulator)
  - **Protects employees** – shows the organisation wants to do the right thing (e.g. poor practices not tolerated), fosters a better working culture, which can result in increased staff retention/loyalty
  - **Protects customers and the public** – save lives, avoid subsequent litigation, earn public support and trust
  - **Encourages wider interest in organisational performance** – not just the leaders responsible for everything

Workshop

Discussion 1

     How can society remove the stigma of whistleblowing?

Discussion 2

     Why should organisations foster an open and more positive culture for whistleblowing?

Within the context of – "*Achieving transformation for greater good: Societal, organisational and personal barriers and enablers*" BAM 2024 Conference Theme.

Plenary feedback

- Feedback from the two discussions

Coffee Conversation

Recent Thoughts

February 2024

Power Imbalances

- relative seniority of participants
- self preservation
- collective pressure(s)
- risks to client and consultants relations

**Effects of Consultants
Terms of Reference**

- limit scope
- can ignore
- do 'dirty work'

Risk to Reputation
and future sales
from Whistleblowing

Independence Issues

- challenges of anonymity
- incentivising reporting
- disgruntled versus genuine

Auditors

legal duties to investigate
BUT may be ignored

Diversities of Cultural
perceptions of Whistleblowing

BAM 2024
CONFERENCE

NBS Nottingham
Business School
Nottingham Trent University

Thank You!
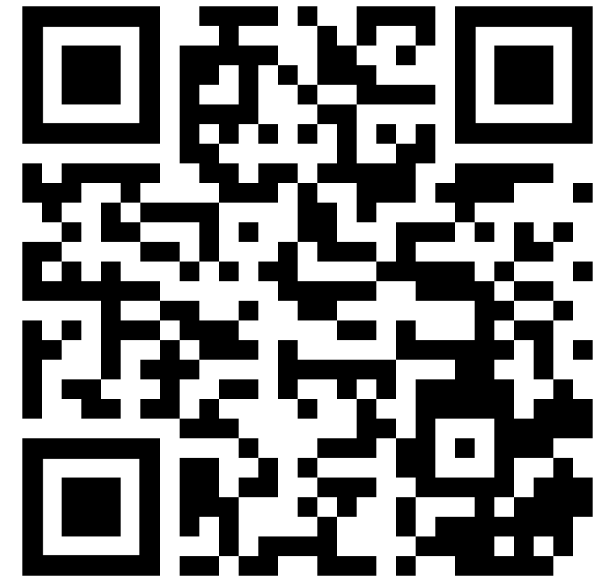
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