

Debate

Whistle While You Work: A Look Inside Whistle-Blower Protection

ISSUE: Is government support for external whistle-blowing effective?

A number of laws have been enacted to encourage members of organizations to report misconduct. While most firms support internal reporting of misconduct through anonymous hotlines, many organizations are concerned about employees going public or reporting misconduct to the government. Whistle-blowers are protected through the Sarbanes–Oxley Act and a number of other government agencies that deal with fraud, stock trading, and corrupt practices. In 2010 the Dodd–Frank Wall Street Reform and Consumer Protection Act gave additional incentives for whistle-blowers. Whistle-blowers are encouraged to turn themselves in if they were part of a team or group that engaged in misconduct and doing so could result in monetary rewards. Despite these incentives, whistle-blowers in general do not get good treatment and often have trouble finding employment after they report misconduct. It has also been found that companies with good internal reporting systems have fewer whistle-blowers that report externally in an attempt to obtain rewards. This could be because employees feel that their concerns will be taken seriously and misconduct will be halted before it becomes a major problem.

There are two sides to every issue:

- 1. Government support through financial incentives for reporting misconduct in organizations is effective and benefits society.*
 - 2. Government support of whistle-blowing should be redirected toward stronger incentives for internal reporting of misconduct, not external whistle-blowing that could be harmful to the individual and the organization.*
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**This debate issue was developed by O. C. Ferrell and Linda Ferrell © 2021. This case was prepared for classroom discussion rather than to illustrate either effective or ineffective handling of an administrative, ethical, or legal decision by management. All sources used for this case were obtained through publicly available material.*