



# The Role of the Whistleblower

Company leaders should welcome, not  
fear, the whistleblower  
by David Goodman

In the 19th century, when a law enforcement officer wanted to alert the public to imminent danger – a fire, a runaway horse, a pickpocket running through the crowd – he blew his whistle.

Today's "whistleblower" is an insider or former insider who reports misconduct that has been enabled or ignored by those entrusted to prevent it. Calling attention to conduct that is perceived to be tolerated, even if the actions are inappropriate, may be treated as disruptive or even hostile. The need to "blow the whistle" may suggest that the ordinary internal controls are no longer functioning appropriately. Because of the upheaval their disclosures can cause, whistleblowers are often cast as troublemakers, and may require protection from retribution from those in a position to benefit from the misconduct. The anonymous figure who touched off the ongoing impeachment inquiry is only the latest in a long line of high-profile whistleblowers who have shaped the course of American history. While the vast majority of whistleblowers earn less notoriety, their impact has been profound and has resulted in a variety of workplace safety, product safety, environmental protections, and financial integrity measures that we may take for granted.

While it may be understandable that the specter of a whistleblower makes leaders nervous, the truth is that individuals who are willing to speak up about problematic issues perform an important role inside institutions. They give leaders within companies the opportunity to stay on the right side of employees, customers, regulators, suppliers, and competitors. They may call out issues that are integral to the entity's success that might otherwise go unnoticed. Here are four key truths leaders need to understand about whistleblowers:

Whistleblowing may be a sign of a healthy culture.

When an organization operates in line with its stated values, employees feel respected and take pride in being part of a shared mission. When something threatens that mission, whether it's a manager's inappropriate behavior or a fellow worker's illegal activity, employees of a healthy organization feel safe speaking up. They have confidence that executives at the top will remedy the problem and reaffirm the values of their healthy culture.

In unhealthy workplace cultures, on the other hand, suspicion and mistrust rule, and because no one is willing to speak out, troubling behavior often goes unchecked until it does lasting damage to the organization. In extreme cases, employees might feel a need to leak damaging information – regardless of whether their suspicions are well founded or not – to the media or to government agencies because they have lost faith in the organization’s own internal channels. Leaders of healthy organizations should encourage employees to provide regular feedback, both positive and negative, so that they can understand what is working within the organization and what is not. If that feedback is not making its way to you, it may be time to ask what is stopping people from coming forward.

## Whistleblowers can protect a company’s long-term interests.

In addition to creating a culture of transparency and accountability, having an effective reporting process in place can protect and preserve the company when it comes under scrutiny. Providing open channels for reporting perceived misconduct provides an opportunity to get ahead of problems before they mushroom into larger threats to the organization. Some whistleblower complaints are based on misunderstandings, innuendo, or rumor. Addressing the whistleblower’s concern can help restore confidence in the integrity of the organization and avoid disruption.

Additionally, following up on the whistleblower’s reporting demonstrates commitment to corporate compliance that may mitigate the consequences of the misconduct. Leaders should review their internal compliance manuals and policies to ensure that these documents promote reporting problematic behavior through appropriate channels. Leaks are most likely to occur when people perceive that they do not have a safe alternative channel of communication. This underscores the importance of ensuring employees have a workable internal channel that protects them from retaliation.

Any organization, whether it is subject to government oversight or not, can potentially reduce its legal exposure by showing that it has a process in place for investigating violations. Leaders need to understand, that the internal checks and balances a whistleblower policy provides are there to protect the company and not necessarily the officers of the company. The separate legal entity that employs workers, serves clients, and contributes to its industry can be preserved by effectively handling information that comes to light. The same cannot be said for individuals who violate laws or organizational values.



## The whistleblowing process is not one-size-fits-all.

Companies must devote the time and resources necessary to create an internal reporting process that is tailored to the needs of the organization. People tend to think of whistleblowing in the context of large corporations, but to promote success, smaller organizations need to develop effective channels of internal reporting. Closely held businesses and family companies can present particular challenges when it comes to holding all team members to the same standard. It is imperative for companies, both large and small, to facilitate an impartial process for reporting perceived misconduct or potential threats to the organization and to guard the entity, its owners, and its employees against criminal and civil liabilities, as well as to promote and preserve strong relationships with lenders and customers.

Leaders must start by articulating what they are trying to accomplish, the violations they are trying to prevent, and the risks the organization faces. For example, ensuring appropriate workplace behavior requires one process; preventing financial abuse requires another. Knowing who you are as a company, who you want to be, and how you wish to be perceived allows you to design a streamlined process that is fair to all parties and prevents retaliation, including less overt forms such as improper allocation of assignments, limited advancements or denial of leave. Remember, the goal is to make employees feel safe speaking out because, for the good of the company, you really do need to hear what they have to say.

## Whistleblowers aren't "tattletales"— they are partners.

In less healthy company cultures, whistleblowers are sometimes seen as "snitches" or disaffected employees with axes to grind. Sometimes those perceptions are accurate. After all, these folks are human beings, and their actions may be agenda driven. Some whistleblowers may be acting for selfish rather than selfless motives. But when inappropriate or illegal activity is brought to light, the motivation for reporting is not what matters. What matters is correcting those wrongs to protect the company.

A company's employees can be its strongest advocates for good corporate citizenship, which includes speaking out when they see something going wrong. But they can only partner with you in this role if they know that an internal process exists to help them report information without fear of retaliation. Organizations that take compliance seriously will provide high-quality training for all team members so that they know exactly what steps to take if they have something to report, as well as how the company will protect them. Being transparent about the process helps create a "we're all in this together" culture.



A functioning whistleblowing process provides company leaders with a lens into what is going on in the day-to-day work of the organization to which they might not normally have access. A proactive and fair process for dealing with the information that flows through this channel will keep your company on the right track and out of legal trouble.

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