

# No Need for Whistleblowing

Stand Up to the Culture

by Ira Chaleff

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## Executives Need to Cultivate a Culture in Which Whistleblowing is Unnecessary

We operate in an age that increasingly demands financial and operational transparency and high standards of conformance to legal and moral requirements. Those who fail to maintain these standards pay with multibillion dollar legal judgments, the dissolution of venerable firms, dishonorable dismissals, and even jail sentences.

This trend was codified for publicly traded corporations by The Sarbanes-Oxley Act. Included among the many reforms is strong whistleblower protection language and severe penalties for violations. Both whistleblowers and the organizations whose wasteful or illicit practices they spotlight usually pay a high price. Is there a way for leaders to correct themselves short of blowing the whistle to regulatory bodies? The simple answer is to provide better internal mechanisms for surfacing and investigating questionable practices. These include board governance reforms, better internal audit procedures, and formal decision-making processes. However, are these measures sufficient? Not if the unwritten rules of the culture place higher value on something other than open communication and self-correction. In public companies, it is the imperative for profit growth and shareholder value. In a government agency, it may be keeping key powerful constituencies satisfied. In the military, it may be loyalty. In religious institutions, it may be maintaining their spiritual leadership image. While formal policy may say otherwise, there are implicit rules with powerful social and career consequences against speech that questions these core values.

Thus, it often comes down to the courage of a lone individual to stand up to the culture and raise questions that should be addressed internally before they rise to the level of requiring outside intervention. This individual is potentially providing a great service, but the leadership often does not recognize this until too late. Their narrow perception of self-interest blinds them to the opportunity for timely, internal correction. Does this mean that boards and management are helpless to transform these dynamics? Not at all! However, because of those dynamics, they tend to underestimate how much commitment is required to do so. They will substitute a written policy that provides some measure of legal protection for true cultural change. What can they do to improve this dangerous state of affairs?

- Surface and examine the core driving values, their measurements and rewards, which compete with legal and moral imperatives and best practices. Until these conflicts are articulated and acknowledged, they will block open dialog and self-correction.
- Train senior managers to recognize the tendency to screen out or devalue information contrary to their own mental models. Train them to actively listen and give dissenting views genuine, respectful consideration.
- Provide parallel development programs for employees that encourage them to make full use of the leadership's commitment to open dialogue. Encourage them to raise issues with the leadership and determine for themselves if it is now safe to raise even more sensitive issues should this be needed.
- Build rewards into the system for constructive dissent. Recognize the value of constructive dissent in performance reviews and awards.
- Establish safe channels of communication and make them as free as possible of the cultural pressures. The top of this channel should be independent from the hierarchical leadership and possesses the stature to confront the leadership if it is failing to heed important information from below. This is the last stop before a whistleblower concludes he or she must go outside.

The best safeguards of the integrity of leaders are their followers. If you build open relationships that can be trusted, the only whistle you will hear will be in your own ear when an issue needs your attention.

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