

# The Whistleblower's dilemma

## ACCOUNTANCY

By Julian Clarke

The public rightly expects high standards from professionals, although the nature of their work may expose them to more ethical dilemmas than many other people in business. Professionals employed in senior positions are regularly involved in making important decisions many of which aren't easily made and may result in stressful situations for those involved.

One of the more difficult situations is knowledge of a wrongdoing or potential face such an ethical dilemma without having been involved in the decision-making process. Merely knowing about a course of action that may not be legal, fair or honest can put someone in a difficult position.

## Ethical dilemmas

Unfortunately most employees have few avenues to turn to for advice when faced with difficult ethical decisions or dilemmas. Often they cannot turn to their boss for advice because frequently the request to do something wrong comes from their superior.

Accountants in general practice and industry may face different ethical dilemmas, yet the likely downside effect may not be dissimilar - potentially the loss of either the client or the loss of employment.

Perhaps accountants in

practice have an advantage in such difficult situations as at least they are in a position to voice their concerns to their client. Company accountants, financial controllers, finance directors and chief financial officers (CFOs) may not have such a ready forum should they be faced with an ethical dilemma.

## To whom can they turn?

Given their own seniority in the organisation, there is every likelihood that their colleagues may themselves be implicated in any wrongdoing or request to participate in questionable actions - the very cause of the ethical dilemma.

When facing an ethical dilemma, the choice appears to be to try and change the situation, mentally isolate oneself from whatever is going on, or resign.

Some are capable of switching off in such circumstances, particularly by concentrating on their day to day responsibilities.

Yet for many the mental turmoil of continuing to work in an uncomfortable business environment can only have one outcome - resignation. An accountant who resigned because he didn't want to participate in unethical actions described his situation in a letter to the CFO magazine, although the dilemma he describes could probably apply to anyone working

in a responsible position:

"No one can really discuss ethics until he has been asked to do something that is unethical. Ethics has a different meaning to each of us. And I have never met anyone who didn't believe that he or she had high morals before an ethical issue forced a certain decision."

Faced with such a dilemma, you must weigh loyally to family against loss of employment and income. You must also deal with the frustration and stress of the situation, as well as eventually face the day of the dreaded decision. Being a CFO does not spare you this anguish. CFOs have to care for the needs of themselves, their families, their employees and professional responsibilities just like everyone else. This is a very stressful situation and a constant balancing act.

"What compounds everything is that we live in a world of financial survival. Without money, no one can exist. If you quit, you could be out of work for years. The employer will not give you a favourable reference and who is going to hire a CFO without references? You could tell a prospective employer your dilemma, but most people don't want to hire problems."

"Once you have been

through this type of ethical dilemma, you become more understanding of the motivating factors.

"I am a white knight who did the right thing and was out of work for 18 months, losing my self-respect in the process. Was it worth it? That is a personal question that I don't have the answer to. But, please God, don't offer me this choice again!"

This man had the further option of blowing the whistle but didn't. Although he didn't accuse anyone of wrongdoing, he and his family suffered as a result of his decision to resign, and could have suffered further had he chosen to blow the whistle and expose the unethical behaviour. It may be possible to try to reason with the wrongdoer and hope a change in direction will result. Yet many find it difficult to do this or to report wrong behaviour.

For many it is easier to go along with a wrong decision or action than report the wrongdoer.

Is this because the effect of whistle blowing can be severe on the whistleblower, or both? Or because society tends not to appreciate of people who tell tales on others? Maybe people feel hypocritical reporting the someone for

something they could have done themselves.

Does it make a difference if the effect of the wrongdoing is minor rather than major? Or if the wrongdoer is personally known or not? Would it be easier to blow the whistle if it were possible to do so without naming names?

The dilemma seems to be a conflict between wanting to be loyal to someone and wanting to correct wrongdoing. But to whom does ultimate loyalty lie? To boss, company, its owners or oneself? It seems loyally to the person frequently prevails, even in cases of severe wrongdoing.

One case where the wrongdoer was personally known and the wrongdoing was severe was the US "Unabomber" who had been sending bombs anonymously through the mail for 18 years, killing three and injuring 23.

Then in 1996 David Kazynski suspected that his brother Ted was the Unabomber and reported him. An FBI agent remarked that David "was as torn as anyone would be, between doing what is socially right and loyalty to his brother."

In a Time magazine interview with both brothers, David says that before discovering Ted was the Unabomber, "ethical questions weren't that important to me. But now I have all kinds of questions about other things. I thought I knew the difference between right and wrong."

The difference between the two is often unclear - David's decision to turn in the Unabomber may have been the "right" thing to do, however "wrong" it may feel to have contributed to his brother's imprisonment.

When asked whether he feels guilty for turning Ted in, David says "Guilt suggests a very clear conviction of wrongdoing, and certainly I don't feel that I did wrong. On the other hand, there are tremendously complicated feelings not just about the decision itself, but a lifetime of a relationship in which one brother failed to help protect another."

In the same interview Ted was asked what would he have done had roles been reversed? He said: "I would have kept it to myself", as he believes his brother should have done.

Ted hasn't spoken or corresponded with his brother since David blew the whistle. Proof indeed that the effect of whistleblowing can be severe on the whistleblower, the wrongdoer, and often both.

It appears that what makes dilemmas so complex is that while the initial decision may be difficult, it may still not be obvious whether or not the correct course of action was chosen - even long after the event. Maybe that uncertainty, together with the problems posed because of feelings of loyalty to the wrongdoer or the company, differentiates ethical dilemmas from routine business decisions.

## A rock and a hard place

A dilemma is more than just having to make a difficult choice. It is also about the nature of that choice - often a trade-off between conflicting principles such as honesty and loyalty. As a result it can be difficult to advise what should be done when facing a predicament that seemingly defies a satisfactory solution.

While commercial decisions and dilemmas both require all the facts, options, outcomes and consequences to be carefully considered, dilemmas may also involve complex value judgements and conflict of principles.

Perhaps that is why dilemmas still pose great difficulty even for experienced decision-makers.

Nevertheless General 'Sore' in Norman Schwartzkopf suggests this difficulty is not insurmountable: "The truth of the matter is that you always know the right thing to do. The hard part is doing it."

## ICAI conferrings



Pictured at the recent conferrings of over 100 students by the Institute of Chartered Accountants in Ireland at the Royal Hospital Kilmainham, Dublin, were Timothy Quin, president ICAI, and Fiona Hackett of PriceWaterhouseCoopers, Waterford, who won first place in the final admitting examination