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„Whistleblowing: Internal versus External Channels“

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“Our lives begin to end the day we become silent about things that matter”

— Martin Luther King Jr., I Have a Dream: Writings and Speeches That Changed the World, 1963

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1. Introduction

For the last decades scholars from different fields of study observed topics connected to whistleblowing, although the phenomenon draws progressively more attention as whistleblowing cases increase in frequency, throwing light on corruption, financial fraud and terrorist acts.

Whistleblowing plays a remarkable role in revealing wrongdoing that jeopardizes public safety, human rights, organizational survivor etc. To present day the disclosures around the world have helped to stop countless wrongdoings, saving lives as well as public and private funds, preserving the environment and many more. At the same time, the phenomenon itself helps to prevent further malpractices as well as to stop the actual ones from snowballing.

While being a valuable tool for providing public safety and preventing organizational malpractices, whistleblowing is often tied with an ethical dilemma for a whistleblower. All social actors often perceive such a disclosure as an act of disloyalty or disruption. What is more, the whistleblowing act is often followed by a high risk: whistleblowers are regularly dismissed, pressured, or even killed. Thus, blowing the whistle is often not only an ethical issue, but also a difficult problem, involving a subset of possible outcomes.

Therefore, when encountering a wrongdoing, the potential whistleblower faces many difficult decisions, as to whether to blow the whistle or keep silent, or whether to use internal or external channel for disclosure.

The decision-making process of the whistleblower is a main focus of the following research. Particularly, the conditions that influence the choice of internal versus external whistleblowing channel and the consequences related to this choice. Thus, the research question is “what influences the choice of internal and external whistleblowing channel and how do the processes for both whistleblowing channels differ?”

Many researchers have devoted considerable attention to the whistleblowing phenomenon in general (e.g. Miceli and Near, 1984, 1985, 1988, 1992; Callahan and Dworkin, 1992, 1994; Dworkin and Baucus, 1997; Jubb, 1999 etc). They have managed to build a general framework of the whistleblowing, including the establishing of definition, types, factors and patterns of the phenomenon.

Previous research has addressed several aspects of whistleblowing:

1. Ethical issues, corporate ethics (e.g. Clinard, 1983; Callahan and Dworkin, 1992,1994; Metzger, Dalton and Hill, 1993).
2. Whistleblower decision-making process (e.g. Miceli and Near, 1987, 1992; Farrell, 1983; Dworkin and Baucus, 1997; Keenan, 1995).
3. Retaliation and whistleblowing policies (e.g. Near and Dworkin, 1998; Dworkin and Near, 1987; Dworkin, 1992; Tsahuridu and Vandekerckhove, 2008).

The following study focuses on the second aspect of whistleblowing, having the aim of identifying the factors that influence the choice of reporting channel as well as difference in patterns of internal versus external whistleblowing.

The research has found a presence of some gaps and controversies in the literature. More to the point, the results of the empirical study by Dworkin and Baucus (1998) are contradicting to the previous literature. Namely, the analysis found no support for correlation between personal characteristics of the whistleblower and the choice of channel for report. Particularly, such features as gender, tenure, skill and education found to be irrelevant for the internal versus external channel choice. The results of the study contradict the previous empirical findings of Miceli and Near (1992, 1994), Callahan and Dworkin (1994), Perry (1990). Additionally, the findings were contradictory to the results of Sims and Keenan (1998) research, which studied the predictors of external whistleblowing on organizational and intrapersonal levels. The authors found support for hypothesis, stating that gender is a strong predictor for external whistleblowing, contrary to Dworkin and Baucus (1998).

Furthermore, Dworkin and Baucus found no support for the hypothesis, stating that type of harm plays considerable role in whistleblowing channel choice. Specifically, whistleblowers are more likely to use external recipient, when the type of harm observed in a wrongdoing is serious or threatening. The results of the study contradict the findings of Callahan and Dworkin

(1994), Perry (1990) and Miceli and Near (1985). Additionally, Dworkin and Baucus (1998) encourage future researchers to continue addressing the patterns of retaliation for internal and external whistleblowers as well as differences in processes of whistleblowing depending on wrongdoing type (internal versus external).

In addition, Vadera, Aguilera and Caza (2009) in the review article on whistleblowing antecedents claim that the situational and individual factors are fruitful avenue of further whistleblowing research. In addition, the authors suggest extending the study of wrongdoing type and severity as a whistleblower decision-making factor.

An investigation of the abovementioned issues is critical because it helps to understand the decision-making patterns of potential and actual whistleblowers, which choose internal as well as external channel of report. Moreover, previous empirical research was concentrated primarily on precursors of blowing the whistle as opposed to inaction. The numerous studies have shown that the decision-making patterns differ for internal and external whistleblowers, although a small number of studies were focusing on this area of interest.

In this research I pursue the aim of extending the previous empirical findings by addressing the gap of insufficient previous research on differences between internal and external whistleblowing, as well as by focusing on the previous controversial findings (e.g. in Dworkin and Baucus, 1997; Miceli and Near, 1994; Sims and Keenan, 1998 etc).

The following study investigates the influence of situational (contextual) factors, as well as factors related to the wrongdoing on the choice of whistleblowing channels. Moreover, the study investigates the patterns of retaliation for internal versus external whistleblowers. And finally, the research focuses on the effectiveness of internal as opposed to external channels of whistleblowing report.

2. Section I. Theoretical Background

This section is aimed to provide an extensive overview of whistleblowing definition and concept, as well as the most up-to-date overview of international laws and policies, covering the whistleblowing.

2.1. Whistleblowing as a concept

The following chapter is aimed to provide the full information on whistleblowing phenomenon, as well as the actors, process and consequences of whistleblowing.

2.1.1 Whistleblowing defined

“Whistleblowing” is not a commonly accepted term and has no accurate translation in most of the languages. Moreover, the difficulties in translation often lead to problems of the public perception of whistleblowers. The Transparency International report in 2013 provided an approximate translation of the word “whistleblowing” in 27 European countries. Almost every language perceives whistleblowing as a negative and disgraceful act (Transparency International Report, 2013). Jubb (1999) outlines as well that the general perception of a whistleblower is often limits to “squealer, sneak, spy” as well as other negative informer synonyms (Jubb, 1999).

The most commonly used definition of the whistleblowing phenomenon in literature is stated by Near and Miceli (1992, p. 15): „Whistleblowing is the disclosure by organization members (former or current) of illegal, immoral, or illegitimate practices under the control of their employers, to persons or organizations that may be able to effect action”.

Jubb (1999, p. 83) provides a more broad and restrictive definition of whistleblowing:

Whistleblowing is a deliberate non-obligatory act of disclosure, which

> gets onto public record and is made by a person who has privileged access to data or information of an organization, about non-trivial illegality or other wrongdoing whether actual, suspected or anticipated which implicates and is under the control of that organization, to an external entity having potential to rectify the wrongdoing.

Unlike most of the scholars, Jubb (1999) underlines that the report qualifies as a whistleblowing only when transmitted to a party outside of the organization. The author presents a dispute among researchers, concerning the definition of the whistleblowing and it's elements. According to his study, the main issues of scholar disagreement are the following:

1. Motive.

According to the research of Jubb (1999), many scholars argue about the motive of whistleblowing action. Some of them claim that motive issue should be excluded from the definitions, as motives may be mixed, ambiguous and undecipherable. The question of altruism is also a subject of wide speculation. As Miceli and Near (1992) are concerned, it cannot be a part of the definition, as it is not a measurable attribute.

2. Authorized act.

Many scholars claim that whistleblowing must be unauthorized (Jubb, 1999), while others include all disclosures, both authorized and unauthorized in the definition (e.g. Miceli and Near, 1992)

3. Disclosure recipient.

Jubb (1999) claims that it is questionable whether any channel of report constitutes the whistleblowing. Together with Johnson, Jubb restricts internal disclosure for being qualified as a whistleblowing at all. At the same time, Chiasson et al., as well as Near and Miceli, allow both of the channels. Furthermore, Miceli and Near declare that the distinction does not supported by the empirical evidence.

In the following research, we use the most detailed and updated definition of whistleblowing that was offered by a global anti-corruption organization Transparency International:

> Whistleblowing is the disclosure or reporting of wrongdoing, which includes corruption, criminal offences, breaches of legal obligation, miscarriages of justice, specific dangers to public health, safety or the environment, abuse of authority, unauthorized use of public funds or property, gross waste or mismanagement, conflict of interest, and acts to cover up any of the aforementioned (Transparency International Report 2013, p.6).

According to the definitions, whistleblowing always has its final aim – to stop the wrongdoing. As Miceli and Near (1992) are concerned, merely taking a mental picture of an observed wrongdoing, discussing the wrongdoing with colleagues and appealing to the wrongdoer does not represent whistleblowing.

Consequently, the term “whistleblowing” is not equal to “informing”. While informers disclose information without clear purpose of stopping the wrongdoing, whistleblowers’ goal is to prevent or stop the alleged misconduct. For this matter, whistleblower contacts a person (or organization), who is perceived by him or her to be able to affect the wrongdoing. Putting it differently, whistleblowing only appears when whistleblower presumes future success to his or her disclosure, whether or not blowing the whistle is finally succeeded.

According to Boyle (1990) whistleblowing involves four fundamental components. The first element is a good faith exposure of observed wrongdoing to a party either internally or externally. The second component presumes the disclosure to be performed by a present or former company affiliate or an employment candidate as well. The third element is the relation of wrongdoing to the employer, no matter whether it is actual or only suspected by the potential whistleblower. Boyle (1990) indicates that the most common wrongdoing activities are financial fraud, authority misuse and malpractices of different kinds. Finally, the fourth element of whistleblowing is presence of evidence on alleged wrongdoing. The potential whistleblower should be able to testify the accusations against the alleged wrongdoer.

To sum up, the definition of the whistleblowing presupposes a certain aim, which lays in the challenge of stopping the observed wrongdoing, either actual or potential. It is a continuous process, consisting of at minimum three social actors that undertake their actions according to one another.

Another important element of the whistleblowing concept is the separation of internal and external whistleblowing. The report about organizational wrongdoing can be made either to a party inside or outside of the organization, which accordingly constitute internal and external whistleblowing.

Many researches argue that internal whistleblowing is more preferable in terms of ethical behavior, organizational survivor and loyalty (Zhang et al., 2009; Near and Miceli, 1995). The reason is that internal whistleblowing gives a chance for the company to eliminate the wrongdoing without negative publicity. In this way, the confidential information is not leaked to the public and the company's image is not blackened. As observed in literature, organizations favor the internal disclosures "so that the firm's dirty linen is not aired in public" (Near and Miceli, 1995, p. 680). On the contrary, managers consider the external whistleblowing as disloyalty and obligations breach by an employee. It often causes wide publicity and serious damage, including law suites. Consequently, internal whistleblowing not only helps to avoid adverse publicity, but also supports changing organizational practices and encouraging organizational learning.

2.1.2 Retaliation

Despite playing an important role in revealing, preventing and eliminating organizational malpractices, whistleblowing may have grave consequences for the whistleblower. The price paid by whistleblowers may be different in severity, from verbal harassment by the wrongdoer in an attempt to force whistleblower to withdraw the allegations, to the whistleblower dismissal.

These adverse actions, undertaken against the whistleblower are called the whistleblower retaliation. As stated earlier, the whistleblower retaliation is an outcome of either authority abuse by the wrongdoer in an attempt to cover the misdeed or organizational management pressure. In such a way organization threatens any possible whistleblowing by it's members or punishes the actual whistleblower for raising the voice. In spite of the fact that stopping wrongdoing in the organization helps to avoid lawsuits, prevents funds plunder as well as supports organizational surviving, the whistleblowers are often perceived as organizational offenders. In an attempt not to "rock the boat", administration may try to force whistleblower to withdraw the allegations, relocate or discharge him/her from the company.

Many organizations have special policies that disallow adverse activities versus whistleblowers. However, even if those policies do exist in a company, in practice they frequently fail to provide full protection to the whistleblower. The absence or imperfections of policies prohibiting retaliation makes potential whistleblowers vulnerable against party, suspected in a wrongdoing or employers evading from the adverse publicity (Hassink *et al.*, 2007).

Hassink *et al.* (2007) studied the whistleblowing policies in different companies, collecting 56 useful observations. He arrived at the conclusion that there is no single structure of policy statements. Three thirds of policies studied provide only a general assertion that whistleblowing will not result in retaliation. A rule of forbidding retaliation was found in a one third of observed policies and only 27% of policies contained an explicit statement of punishment for retaliation actions.

Notable is that most of the companies are limiting the nature of reports that fall under policy protection. Almost 60% of policies state that reports are made "in good faith", 27% require "reasonable ground" and the residual policies demand reports to be "legitimate, honest, genuine". Together with assurance of no punishment if the requirements would be fulfilled after a proper investigation, the policies also threaten those whistleblowers, reporting knowingly false or with evil intent. Almost 30% of policies studied contain such statement, but only in 9% of the cases the whistleblower is accountable for possible damages.

Some cases, observed by Hassink *et al.* (2007), included statements about whistleblowers, which personally involved in a wrongdoing. Around eleven percent of policy samples grant no recovery against punishment, two companies (4%) grant a credit for such disclosure and one policy forbids retaliation of the employee elaborated.

The retaliation processes differ for whistleblowers, which blew the whistle to a party inside of the organization and for those, who reported to the external recipient. According to Dworkin and Baucus (1998) as well as Weinstein (1979), internal whistleblowing poses hazard to the structure of powers in an organization. This forces some of the authorities to impose urgent actions in an attempt to make the whistleblower suppress or withdraw the allegations. Although external whistleblowers are often seen as disloyal, they are much harder to impose explicit sanctions on. Firing a whistleblower gives validity of allegations as well as negative publicity to the organization (Dworkin and Callahan, 1993). The official reason for punishment of external whistleblowers is often failure for proper use of existing internal whistleblowing channels within the organization.

Considering the damage to an organization done by an external as opposed to internal whistleblowing, the retaliation likelihood and severity is believed to be higher for external whistleblowers (Dworkin and Near, 1990; Miceli and Near, 1984; Dworkin and Baucus, 1998). Remarkably, external whistleblowers are usually not being fired right away (Dworkin and Baucus, 1998). In this case, organizational authorities try acting step by step, forcing the whistleblower out of the organization and/or attempting to blacken his or her reputation. The employer tries to gather any (even if false) evidence of misbehavior, poor performance and other improper activities before dismissing from the office.

The most common retaliation stages, revealed in the literature, are four stages listed by O'Day (1972) as following:

1. Nullification stage.

During this stage, a whistleblower is exposed to pressure of withdrawing the allegations.

2. Isolation stage.

This retaliation stage presumes controlling (limiting) whistleblower's activities in the company or his/her relocation (either physically or to another project).

The stage may also involve cutting a whistleblower away from the colleagues.

3. Defamation stage.

Throughout the following stage the authorities make an attempt to blacken the whistleblower's reputation and integrity.

4. Expulsion stage.

This final stage is the most perceptible by a whistleblower. It presupposes forcing the whistleblower out either voluntarily or behind his will.

Each retaliation stage may occur either alone or in a combination with any other stage. In some cases, whistleblowers suffer from all stages one after another.

2.1.3 The process of blowing the whistle

Whistleblowing should not be perceived as a single step of an individual. As far as Miceli and Near are concerned, it is: "a process involving a number of subprocesses" (Miceli and Near, 1992, p. 16).

The whistleblowing process starts with its actors. There are at least three social actors needed in order for whistleblowing to occur: wrongdoer who commits the alleged wrongdoing; whistleblower who faces the wrongdoing, defines it as such and reports it; and a recipient of the wrongdoing disclosure. Considering this, whistleblowing is seen as a continuous process, which implicates at minimum three interrelated social participants, each of who acts according to each other's actions.

The whistleblowing literature names four basic stages of whistleblowing process, specifically (Miceli and Near, 1992):

1. The wrongdoing observation event including illegal, immoral, questionable actions ("triggering event").
2. Potential whistleblower's decision-making process on further actions, considering the wrongdoing observation including wrongdoing activity assessment, additional information gathering on the activity as well as on the wrongdoer.

3. Blowing the whistle.
4. Reaction of others to whistleblowing including possible retaliation.

Viewing all of the stages more closely, the potential whistleblowing process starts with the so-called “triggering event”. This may include actions of any type, which are perceived by the potential whistleblower as questionable, illegal, immoral, unethical etc.

The second stage of the process is a decision making of the potential whistleblower on further actions. He or she may gather additional information on alleged wrongdoing as well as the information on the wrongdoer. This is the stage of important decision including development of possible consequences for the whistleblower (e.g. retaliation), the wrongdoer (scandal, dismissal, or even custody), as well as for the organization.

The actual whistleblowing occurs on the third stage. Alternatively, potential whistleblower may decide to stay silent (either out of loyalty or neglecting) as well as to quit the organization (also not raising the voice) (Farrell, 1983). In both of the cases the process is not considered as blowing the whistle.

The stage four constitute the reaction of all social actors, as well as possible reaction of the parties outside of the organization to the whistleblowing event. This may include several possible scenarios, starting from very preferable by the whistleblower (terminating the wrongdoing without any consequences to the whistleblower) to very undesirable (retaliation through laying off).

Obviously, all of the stages may include several compounds. Additionally, some of the stages may be defined as a further separate stage. As an example, Miceli and Near (1992) in their introductory model of whistleblowing offer the decision process preceding the actual blowing the whistle as an independent stage of process. The authors divide this stage into following four subsets:

1. Recognition: whether the potential whistleblower aware of wrongdoing.
2. Assessment: whether the potential whistleblower believes the observed wrongdoing needs actions to be undertaken.
3. Responsibility: whether the potential whistleblower supposes self as

accountable for action.

4. Choice of action.

According to the decision made, the actual whistleblowing action takes place.

According to Janssen, (2006; cited by Hassink *et al.*, 2007), the aspects that effect the choice to raise the voice are the following:

1. Psychological factors. These are the personal features inherent to the personality, like loyalty and obligation. Some studies had shown that more loyal individuals are more probably to exercise whistleblowing of the wrongdoing that is advantageous to the company (Mesmer-Magnus and Viswesvaran, 2005).
2. Cultural and ethical factors. Some researchers show that there is a positive correlation between a purpose of whistleblowing and cultural environment of individual. There is a difference in whistleblowing perceptions among individuals from different countries. In this perspective, the main question is whether an individual belongs to a collectivistic or an individualistic country. Collectivism gives an employee the concept of companies interest before selfish. That is, employees from collectivistic countries are more exposed to blowing the whistle for the sake of the company.
3. Structural factors. The whistleblower protecting policy plays a very important function in the decision making of an individual to raise the voice about a wrongdoing.
4. Retaliation. The nature of retaliation is discussed in subchapter 2.1.2. The retaliation fear discourages the whistleblower from the disclosure (Dworkin and Baucus, 1998; Near and Miceli, 1986).
5. Wrongdoing type. According to many researchers, the decision of whether to blow the whistle to a significant extent depends on how severe the wrongdoing is and what consequences may follow (e.g. Near *et al*., 2004; Dworkin and Baucus, 1998).

This subdivision and the process of decision making on whistleblowing actions, namely whether to blow the whistle and what channel (internal or external) to choose are fundamental for the following research.

2.1.4 Whistleblowing and inaction

Independent of what action the wrongdoing observer decides to choose, there are certain consequences of any of the decisions.

To start with, Near and Miceli (1995) notice that not blowing the whistle is not equal to inaction. An individual, who encountered a wrongdoing, may try to take actions against it by discussing the problem with the wrongdoing or trying to confront him or her, while not blowing the whistle. As another example of trying to affect the wrongdoing without blowing the whistle is sabotage or even strike.

In their work, Near and Miceli (1995, p. 6) declare the potential costs and benefits of whistleblowing and inaction to a society in general and to an organization of the potential whistleblower (table 2.1).

Table 2.1. Outcomes of Whistleblowing and Inaction

	Costs	Benefits
Inaction		
Organization	"Employee's withdrawal", risk to long-term survival, escalation of wrongdoing	Avoidance of frivolous complaints, smooth organizational functioning
Society et large	Citizen's rights, privileges or safety jeopardized	Avoidance of frivolous complaints (e.g. law-suites)
Whistleblowing		
Organization	Challenge to authority structure, threats to organizational viability, limits of control	Increased safety, support for codes of ethics, improved morals, avoidance of damage claims
Society at large	Court logjams	Safety, less regulation, support for codes of ethics

Source: Near and Miceli, 1995, p.6

According to the table, not blowing the whistle has costs for the organization of the wrongdoing observation as well as to a society at large. The price of staying away of the encountered malpractice could be very high. In this regard, the world famous scandals on oil spill-outs or terrorist attack revelations are good illustrations for this.

Related to the organizational level, not blowing the whistle is also harmful. From the perspective of an employee, who encountered a wrongdoing, the so-called employee withdrawal occurs. This means that while staying in the company and ignoring the wrongdoing, the employee stops associating him/herself with a particular organization. This could lead to the productivity reduction as well as to loyalty disruption.

Furthermore, not blowing the whistle may cause mortal damage to the organization, depending on the seriousness of harm. Although, even a small-scale malpractice tend to escalate over time, causing detrimental harm to the organization. Baucus and Near (1991) argue that the wrongdoer, who wasn't stopped, tend to commit the wrongdoing of this or any other type again in the future. What is more, when not stopped, the wrongdoing tend to escalate to

From another point of view, not blowing the whistle may have some benefits as well. First of all, superiors would not be concerned about the way their actions are perceived by their inferiors. Otherwise, knowing that their subordinates could interpret any of their actions as misguided makes the managers to be more conservative and less effective. Moreover, in this situation managers would tend to be less risky and innovative. This leads to internal stress and distrust increase within the organization.

Among the potential benefits of whistleblowing actions are first of all improved safety of the organizational members or citizens. Keeping silent while having information about possible health or live hazard of any individual is not only frowned upon but also legally punishable. This is especially crucial to the organizations in such fields as health care, nuclear power and petroleum industries as well as many others.

What is not less of importance is that whistleblowing behavior (if properly applied) could help retaining the Corporate Code of Ethics, as well as cultivating employees moral and ethical principles.

One shouldn't disregard avoiding of legal penalties as well: legal authorities may impose sanctions to the organizations that were involved in the wrongdoings of any kind.

Nonetheless, blowing the whistle has also definite costs. According to many researchers, whistleblowing cases may cause court logjams: lawsuits including less substantial charges can prevent courts from dealing with more critical issues. This may be a very serious problem for society at large.

2.2. Internal and External Channels for Whistleblowing

As was mentioned in chapter 2.1.1, there are two whistleblowing types, namely internal and external, depending on the channel, used by a whistleblower for reporting the wrongdoing observation. Disclosure of wrongdoing to a party inside of the organization qualifies as internal whistleblowing, while reporting to a third party is called the external whistleblowing (Miceli and Near, 1994).

According to many researches, the internal whistleblowing is more favorable by all of the social actors involved. In this case, the company is given the chance to deal quickly with organizational misbehavior and escape from any possible consequences. Moreover, the common practice of whistleblowing helps preventing potential wrongdoings in the company. Encouraging of the internal whistleblowing in the company may increase security and safety of the employees. What is more, it gives an additional reason for code of ethics consistency by decreasing management misbehavior, morale improvement, and loyalty encouragement as well as preventing legal claims and reputation loss (Miceli and Near, 1994).

For the wrongdoer as one of the social actors, the internal whistleblowing gives an opportunity to avoid legal responsibility. The wrongdoer might repent of the wrongdoing, disburse a possible penalty but still keep the job. Internal whistleblowing gives a second chance for him or her to stop the wrongdoing and prevent a wide defamation.

Blowing the whistle internally is also more favorable for the whistleblower. According to the literature, internal whistleblowers have less chances to suffer from retaliation (Near and Miceli 1986). Furthermore, reporting to a party inside of the organization helps the whistleblower to avoid trial proceedings, wide publicity and save the reputation unblemished.

However, being a mild measure for stopping the wrongdoing, internal whistleblowing is perceived as less effective compared to external whistleblowing (Dworkin and Baucus, 1998).

External whistleblowing, on the other hand, involves more dramatic consequences for all the parties. It exposes not only the wrongdoing and the wrongdoer, but also more importantly the organization, which failed to stop the malpractice by it's own means (Hassink *et al*., 2007). According to the literature, whistleblowers choose to report to external recipient in such cases, when very serious violations take place (e.g. public safety jeopardy). It is commonly encountered that the whistleblower reports externally only after failure to stop the wrongdoing via internal channel or when suffering retaliation. Though, most of the whistleblowers basically have both the internal and external whistleblowing channels, the numerous studies suggest that they use internal channel before reporting to a third party (Miceli and Near, 1992; Miceli *et al.,* 2008). The primary reason for avoiding internal channel and reporting directly externally is the fear of the whistleblower that the management cannot affect and stop the wrongdoing, especially when the issue is serious and hazardous (Miceli *et al.,* 1991a). Notably, that many researches indicate seriousness and type of the wrongdoing as one of the major factors related to the internal versus external recipient choice (Callahan and Dworkin, 1994; Miceli and Near, 1985; Perry, 1990; Dworkin and Baucus, 1998).

Despite the fact that internal whistleblowing is a more advantageous mean of changing the organizational practices for the company, it is commonly perceived as an act of disloyalty, especially when the management feels a threat to the organizational authority structure (Miceli *et al*., 1991a; Miceli and Near, 2002). In this case, the internal report is often ignored or rejected. Moreover, the whistleblower may suffer different kinds of retaliation up to replacement or discharge from the job (Miceli *et al.,* 1991b).

According to Near and Miceli (1987), it is important that organizations encourage internal whistleblowing by declaring the explicit channels for reporting malicious practices in the company. It is essential that the whistleblowing clauses are added into Codes of Conduct. The organization must guarantee fair treatment and retaliation absence as well as undertake the proper action in case of the internal disclosure (Near and Miceli, 1987).

The factors that influence the choice of internal and external whistleblowing channel choice, together with the process of the decision-making by the whistleblower and difference in patterns for both types of whistleblowing are the main focus of the following research.

2.3 Whistleblowing regulations in the European Union

The aim of the following chapter is to provide the most up-to-date research on the whistleblowing regulations in the European Union.

The European Union intents to be the world's leader in legislating and protecting rights of individuals as well as freedom, fairness and equity. Although being a valuable tool in fighting corruption and severe organizational misdeed, whistleblowing is still perceived as rather ambiguous phenomenon. Whistleblower protection regulations development causes political debates in Europe for quite some period of time. The recent scandals involving whistleblowing reports and growing publicity gave stimulus for legal protections development. After a long period, whistleblowing regulations slowly appear in the European Union Law. Nonetheless, according to the Transparency International Report, most EU countries fail to have consistent and effective whistleblowing protection legislation.

The Transparency International is a non-governmental organization aimed to monitor and expose corporate and political corruption on an international basis. It was found in 1993 in Berlin, Germany as a non-profit organization, which now became an NGO. One of its main activities is the comparative catalogue of international corruption, which results in an annual Corruption

Perceptions Index[1].

According to the report only a few European Union countries have progressive whistleblower-protection bases. Most of the EU-countries have only partial legal protection frameworks. Moreover, as few as 7 out of 27 (by the time of the research publishing, Croatia was not a member of EU) countries have a few or absolutely no whistleblower protection regulations. The following overview gives a more precise vision of whistleblowing policies of each EU country.

The Transparency International Report conducted a research according to which the whistleblower policies and regulations of every EU country were measured and equated to current international standards.

The evaluations are built according to the degree to which each country's rules and policies deliver legitimate protection to whistleblowers of retaliation of any kind. Another important point of the rating is whether the regulations provide whistleblowers with channels through which whistleblowing act is possible.

The research is based upon the 15 basic sections of whistleblower legislation that were compared to each country's national-level frameworks (Transparency International Report, 2013, p.9):

- Broad definition of whistleblowing;
- Broad definition of whistleblower;
- Broad definition of retribution protection;
- Internal reporting mechanism;
- External reporting mechanism;
- Whistleblower participation;
- Rewards system;
- Protection of confidentiality;
- Anonymous reports accepted;
- No sanctions for misguided reporting;
- Whistleblower complaints authority;

[1] http://www.transparency.org/whoweare/organisation

- Genuine day in court;
- Full range of remedies;
- Penalties for retaliation;
- Involvement of multiple actors.

In this way, the ranking score “advanced” is assigned to a country in case of complete (or sufficient) framework for protecting whistleblowers of public as well as private sectors. Consequently, “Partial” rating is assigned for presence of some laws and regulations on this cause and “None or very limited” for absence (or nearly-absence) of whistleblower-protecting regulations.

Notably, the research does not consider the effectiveness of the regulations in practice. That is, the research task was not to explore how well the whistleblower protection regulation is implemented and executed in each country. Thus the rating achieved by any country is only a grade for either presence and consistency or absence (insufficiency) of the legislative frameworks on whistleblower protection.

Table 2.2. Coverage of Whistleblower Protection Laws: Ratings for EU Countries

Advanced	Partial	None (or limited)
Luxembourg	**Austria**	**Bulgaria**
Romania	**Belgium**	**Finland**
Slovenia	**Cyprus**	**Greece**
U.K.	**Czech Republic**	**Lithuania**
	Denmark	**Portugal**
	Estonia	**Slovakia**
	France	**Spain**
	Germany	
	Hungary	
	Ireland	
	Italy	

	Latvia **Malta** **Netherlands** **Poland** **Sweden**	

Source: Transparency International Report, 2013.

As shown in the table, the Transparency International Report Research 2013 graded only 4 countries as being "advanced": Luxemburg, Romania, Slovenia and the United Kingdom.

The United Kingdom plays a very important role in introducing whistleblower regulations, as it was the first country to present the most comprehensive whistleblower law in the European Union, namely the UK Public Interest Disclosure Act (PIDA)[2]. PIDA is widely used as a model of whistleblowing regulation and protection not only among countries of the European Union, but also all over the world (e.g. Ireland, Japan and South Africa). After just a couple of years after the PIDA introduction, some of the European countries ratified their own regulations, favoring whistleblower protection. In this way, PIDA stipulated a so-called "first wave of whistleblowing regulation" in Europe (Transparency International Report, 2013). As the United Kingdom whistleblowing regulations has a direct interest in terms of the research sample, it will be considered more detailed in the next subchapter.

Since 2004 Romania launched a broad Whistleblower Protecting Act, which is aimed to shield government employees from retaliation. Notably, the Act gives equivalent protection for internal and external disclosures, including whistleblowing to the press. This means giving a protected right to an employee of blowing the whistle externally, leaving aside internal channels for whistleblowing.

In 2010 Slovenia accepted a comprehensive anti-corruption legislation. Although it was not intended directly and exclusively as whistleblowing

[2] Public Concern at Work, 'A Guide to PIDA: Public Interest Disclosure Act 1998', www.pcaw.org.uk/guide-to-pida (accessed 23 March 2014).

regulation, it is considered as having one of the best disclosure protecting practices worldwide. It covers such topics as confidentiality, internal and external recipients of report as well as support from the Commission for the Prevention of Corruption. It also has regulations concerning retaliation prevention and penalties.

Luxemburg, which was rated as having the advanced whistleblowers regulations as well, passed an anti-corruption act in 2011. It contains statements, protecting private and public employees disclosure protection against corruption.

Except for the abovementioned countries, which were rated as having advanced whistleblowing regulations, other countries made less or no progress in this field. More than a half of the researched countries have some whistleblowing regulations, which are considered to have a certain level of disclosure protection, although not comprehensive. Some of them have regulations protecting only a certain types of employees (Netherlands, Malta, France). Other countries cover most of the employee types but fail to establish a governmental body for external disclosure channel (Hungary). In Denmark there is no distinct regulations entitled to protect the reporters of wrongdoing. Employees and unions resolve any disputes in this regard. The whistleblower protection law is only scheduled now to be launched in the near future, though, it will cover only one sector.

The remaining countries, namely Bulgaria, Finland, Greece, Lithuania, Portugal Slovakia and Spain have no or minor regulations concerning whistleblowing. What is more, in Portugal, whistleblowers may be legally persecuted and charged for disclosing organizational information.

2.3.1 The United Kingdom

The United Kingdom breached its way towards the most powerful whistleblower legislation through shocking and tragic events. In the late 1980-ies a series of catastrophes and scandals, such as Clapham Junction train collision (35 dead), the Piper Alpha oil rig blast (167 dead) or the overturning of the Zeebrugge car ferry (193 dead) struck the United Kingdom, as well as the whole world (Myers, 2004; Bowers *et al.*, 1999). The UK government was forced to include the whistleblower protection regulation in the agenda as an attempt to avoid such tragedies ever after. It was fully supported by majority of the parties such as political parties, business groups together with labor unions. As a result, the United Kingdom is one of the most valuable legislatorial countries in the world and has the most powerful whistleblower protection in the European Union (Transparency International Report, 2013).

As was mentioned earlier, the most comprehensive whistleblowing regulatory act in the UK, namely the Public Interest Disclosure Act, was introduced in 1998. It was elaborated to protect the employees in all sectors, such as public, private and non-profit (Myers, 2004). Furthermore, the act applies to the extensive series of employment classifications, such as employees, contractors, trainees and UK workers being abroad. However, the PIDA does not protect the armed forces and intelligence services employees (Transparency International Report, 2013). The wrongdoings, reported by whistleblowing are broadly defined and covered in the PIDA, including public safe and health hazard, corruption, environmental danger and many more. This means, that when firing an employee, who made an act of disclosure, an employer must prove that there is no connection between whistleblowing and dismissal. Moreover, the whistleblower is subject to compensation for any retaliation suffered.

The PIDA whistleblower protection is stronger for internal whistleblowing. This point in the Act encourages potential whistleblowers to turn to the authorities inside of the company first. The conditions for being protected by the act, when reporting externally are much more strict. For this matter, a unique “tiered” system is used. Potential whistleblowers have the possibility to report to the employer, governmental organizations, and members of Parliament and so on. Though, the whistleblowers must have substantial grounds for turning to each of the “tiers” to be legitimately protected.

Concerning retaliation, the PIDA encloses fully protection only for those whistleblowers, which reveal information indubitably in the interest of the society. It shields whistleblowers not only from discharging or replacement, but since April 2013 also from abuse and harassment as well.

Although the PIDA protects both internal and external whistleblowers, it doesn't urge organizations for the whistleblowing institutionalization. For this purpose, in July 2003 the Financial Services Authority (FSA) has passed the Combined Code on Corporate Governance. The Combined Code contains primarily the directives and whistleblowing provision, as well as other recommendations (FSA, 2003, p. 52; cited in Hassink *et al.*, 2007):

> The audit committee should review arrangements by which staff of the company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The audit committee's objective should be to ensure that arrangements are in place for the proportionate and independent investigation of such matters and for appropriate follow-up action.

While the Code doesn't officially have a legal status, the companies are supposed to follow the direction stated in it. The companies of the London Stock Exchange should render an account of implementing the suggested recommendations to the Financial Reporting Council (FRC, 2005; cited in Hassink *et al.,* 2007).

In connection with the PIDA elaboration, a non-governmental organization Public Concern at Work (PCAW) is worthy of notice. It was founded in the United Kingdom as a whistleblowing charity organization, intended to prevent, identify and impede any wrongdoings and protect people, who make the disclosures. This NGO provides free consultation for potential and actual whistleblowers, develop whistleblowing guidelines and monitor the PIDA implementation.

According to Public Concern at Work, the PIDA has some shortages. It lacks the provision of the UK government. PIDA has no prescriptions of how to act on whistleblowers concerns. Moreover, the PCAW claim that there is a lack of specialist tribunal, occupied with whistleblower claims hearing.

2.4 Recommendations for whistleblowing protection regulations

Identifying whistleblowing as a major tool of prevention and termination of malpractices, many countries now attempt to legislate whistleblower protection laws on an international level.

The whistleblower protection will facilitate the prevention and revealing of corruption, financial fraud, and organizational malpractices. It will improve the liability in governmental and private sector workplaces.

The right of employee to report a wrongdoing should be eventually perceived as a normal way of exercising the right of expression freedom. Moreover, the need to protect the public and individual welfare is embedded in human nature and outlined in human rights. The restriction of these rights consequently creates confusion and ethical dilemmas for individuals.

Clearly, the legal regulations of disclosure protection are very different among the countries but the main similarity is its imperfection. The research found no comprehensive whistleblowing policy regulations worldwide that would cover each possible whistleblowing clause.

Hassink *et al.* (2007) analyzed contents of whistleblowing regulations, corporate codes of conduct, as well as ethic codes of 56 foremost European companies. According to his research, the basic structure of whistleblowing policy should contain the following issues (table 2.3).

Table 2.3. Basic structure of whistleblowing policy

I. General contents, scope and tone
II. Nature of violations to be reported
III. Officials or bodies to whom wrongdoing should be reported
IV. Reporting guidelines and formalities
V. Confidentiality and anonymity
VI. Protection from retaliation
VII. Investigation details

Source: H.Hassink et al., 2007, p.16.

According to Hassink *et al*. (2007), the first category should outline “the general contents, scope and tone” of the policy. This means setting up guiding principles, such as:

- Clear and broad definitions of whistleblowing;
- Outlining the definition and role of a whistleblower;
- Defining the sectors and type of employment, covered by the policy.

The second part of the policy should state the nature of violations that are to be reported. This means stating the possible wrongdoings that are subject to whistleblowing, including the clause of “reasonable belief of wrongdoing” (the suspicion of a wrongdoing by the whistleblower). The policy should also contain a statement, concerning the knowingly false disclosures.

The third category of policies is related to the whistleblowing channels. The employees should have a clear understanding of the officials or special associates to whom wrongdoing should be conveyed. In order to enforce the internal whistleblowing, a body or a hotline inside of the organization should be stated.

The next part deals with formalities and procedures of the disclosure. The potential whistleblowers should be given a wide rage of advice and disclosure instruments. In order for secure and safe whistleblowing act to succeed, the clear mechanisms and tools such as agencies, hotlines, compliance offices and ombudspersons should be available. This part of policy also is in charge for dealing with possible national/official secrets and the procedures of dealing with this kind of disclosures.

The statements of confidentiality should obligatory be present in part five of the policy. Any potential and actual whistleblower should be given a right to blow the whistle, leaving his name unspecified to the wrongdoer or a wide publicity. A complete security should be conceded to whistleblowers that have blown the whistle incognito. The identity of the whistleblower is not to be revealed unless he explicitly allowed doing it.

One of the most important statements is to be declared in part six. Whistleblower protection policies should contain a wide range of clauses, which would shield the possible and actual whistleblower from any type of retaliation, hindrance or discrimination at the workplace stemming from whistleblowing. The policy should outline all types of harm, including firing, trial, vindictive relocations, harassment and many others. The protection should be also granted to individuals, assisting the whistleblowers, as well to those providing supporting information on the wrongdoing. A special clause should contain personal protection terms, for the individuals (and their family-members), who may by in danger, due to the whistleblowing act.

The last section of policy should contain the information on investigation details. Such matters as the remedies range, court hearings procedures and whistleblower participation in the wrongdoing are to be stated in this category.

These principles may serve as guidance for improving existing regulation as well as preparing the new one. The structure should be modified according to national legislation, as well as to different levels of national context.

3. Section II. Empirical Study

3.1 Hypotheses

The purpose of the following section is to state the hypotheses that will be tested in the further empirical study. The hypotheses are formulated according to the existent theoretical framework.

The pattern-matching mode of research presumes formulating the hypotheses followed by the previous theoretical findings. These hypotheses will be later used in the research in order to find out whether predicted patterns match the observed ones.

Vadera, Aguilera and Caza (2009) in the study "Making Sense of Whistleblower's Antecedents Learning from Research on Identity and Ethic s Programs" conducted an overview of empirical findings on choice whether to blow the whistle and to which recipients to do so. According to their research, there are two groups of antecedents of whistleblowing: individual and situational.

Among individual factors the authors denoted those, who were found to be inconsistent. These are such features of whistleblowers as:

- Gender;
- Tenure;
- Age;
- Personal Morality;
- Other factors.

On the contrary, some individual factors as education and job performance found support (or mixed results) among empirical studies on the issue.

The whistleblowing occurs not in vacuum, but in a certain environment. Hence, not only individual features of potential whistleblower affect the choices related to whistleblowing but also contextual factors.

Vadera *et al.* (2009) divided the situational antecedents of whistleblowing into two categories: the characteristics of work or company and the characteristics of the wrongdoing. The wrongdoing features that are associated with the decision-making of potential whistleblower are the type and the severity of wrongdoing. The job or organizational characteristics associated with a choice of blowing the whistle consists of the following (Vadera *et al.*, 2009):

- Perceived Support
- Organizational Justice
- Organizational Climate/Culture
- Organizational Performance
- Organizational Resources
- Private versus Public Organizations.

The aim of the following thesis is to find patterns not only regarding the general choice whether to blow the whistle, but more precisely, the triggers of internal versus external channel choice.

The literature overview has shown that many scholars are concerned about aspects triggering the choice of internal or external recipient in order to stop the wrongdoing. Dworkin and Baucus (1998) divide the factors into categories namely whistleblower characteristics, context (or situation), and the wrongdoing.

The factors related to the individual characteristics of a whistleblower in the current master thesis are not the subject of research due to the censored data. The cases available do not include real names and profiles of the participants. In fact, Vadera *et al.* (2009) note that the literature research on empirical findings of whistleblowing antecedents has shown the overflow of inconsistent findings regarding individual-level antecedents of whistleblowing. Most of the studies have shown no support for individual characteristics causality on intentions to realize the whistleblowing and on the choice of whistleblowing channel.

Situational factors

Many scholars suggest that contextual factors are far more influential for the choice of the whistleblowing channel. Among such factors could be manager and colleague backing, organizational environment, threat of retaliation, and size of organization (Mesmer-Magnus and Viswesvaran, 2005). Furthermore, Miceli and Near (1992) suggest that reporting to the external recipient occurs when situational aspects do not make it possible to report internally. This might be the case if there is no explicit internal body or person, delegated to deal with organizational wrongdoing.

Additionally, in order for external whistleblowing to be successful, a potential whistleblower has to acquire a substantial case-based reasoning that would later help to prove the allegations. Dworkin and Baucus (1998) note that in order to blow the whistle directly externally, the potential whistleblower has to possess a serious piece of evidence to succeed in whistleblowing case. If the whistleblower does not have a substantial "corpus delikti", he or she might fail proving the existence of wrongdoing or in fact be a defendant under the False Claims Act (Callahan and Dworkin, 1992).

These observations help us to determine the first hypotheses, presuming that the external whistleblowing is more plausible to happen, if either there are no possible internal channels or a whistleblower has a substantial amount of evidence to report directly to the channel outside of organization.

H1a: "Whistleblowers, reporting external-only, have no opportunity of raising the concern internally".

H1b: "Whistleblowers, reporting external-only, have substantial piece of evidence supporting wrongdoing presence".

Wrongdoing factors

The subsequent potential aspects that may influence the choice of recipient are related to the wrongdoing itself. Numerous studies have shown that whistleblowers raise the concern depending on the seriousness of harm observed (Callahan and Dworkin, 1994; Miceli and Near, 1985; Collins, 1989).

Collins (1989), combined the seriousness and type of harm, setting up the three categories:

1. Physical harm

It involves direct or potential danger to life or health of individuals. According to Collins, this type of harm has the most serious consequences and therefore gives a stronger moral obligation to whistleblower to report the wrongdoing.

2. Economic harm

Economic harm is characterized as possible private or public assets damage (e.g. financial fraud, money launder etc.). Collins (1989) ascribes moderate seriousness to this type of harm.

3. Psychological harm

The least serious type of harm according to the author is psychological harm. It involves verbal forms of harassment and emotional stress.

Miceli and Near (1985) found that the type of harm is a predictor not only for the choice whether to blow the whistle but also for choice of whistleblowing channel. Together with Callahan & Dworkin (1994) and Perry (1990) they conclude that employee tend to rely on external recipient when they consider the observed wrongdoing to be serious or threatening.

Callahan and Dworkin (1994), determined that whistleblowing is more likely to take place, when the physical type of harm is involved in a wrongdoing detected (e.g. safety disruptions). Employees feel moral obligation to undertake the urgent actions against the observed wrongdoing, if there is a possibility of safety and/or health damage to individuals.

What is more, there is a correlation between the seriousness of harm and the choice of whistleblowing channel. Physical type of harm involved in the wrongdoing forces whistleblowers to use external recipient channel of whistleblowing. This is the case either because of the inability of management to deal with the wrongdoing or because of time shortage, considering the seriousness and urgency of hazard. Consequently, the likelihood of blowing the whistle and external recipient choice increases with the seriousness of harm, involved in a wrongdoing (Callahan and Dworkin, 1994).

Corresponding to Callahan and Dworkin (1994), Dworkin and Callahan (1991) state that less serious types of harm involved in a wrongdoing are more likely to cause internal whistleblowing. Employees perceive such types of harm as psychological or economic as presuming no ethical obligation to blow the whistle and/or choose external channel.

Dworkin and Baucus (1998) tried to find support for abovementioned theoretical conclusions. They conducted a study using 63 legal cases of wrongfully fired whistleblowers. Using Collins' (1989) typology of harm, Dworkin and Baucus conducted a research, trying to investigate whether the type of harm really affects the choice of the recipient. The authors found no support for the hypothesis, assuming that type and seriousness of harm affects the choice of whistleblowing channel. The findings of Dworkin and Baucus (1998) obviously contradict the previous empirical findings. It gives an additional reason to continue addressing the following question.

Since the physical type of harm involved in a wrongdoing is considered in a literature as a strong influence of the decision for whistleblowing as well as the whistleblowing channel choice, we focus on it in our second hypothesis. Furthermore, it may give an understanding of the gap, indicated in the empirical study of Dworkin and Baucus (1998).

H2: "Whistleblowers, who witnessed wrongdoings involving physical harm, are more likely to report to external recipients".

Whistleblower retaliation

Another valuable aspect concerning whistleblower decision-making is an influence of retaliation risk on potential whistleblower. According to different studies, retaliation is almost inevitable for whistleblowers, although the patterns and stages of retaliation differ for whistleblowers reporting internally as for to party outside of the organization (e.g. Miceli and Near, 1992, 1994; Near, Dworkin and Miceli, 1993; Dworkin and Baucus, 1998).

Remarkably, in companies that suffer from the extension (continuance) of the wrongdoing, the employees are more likely to select an external channel then to trying to raise concern internally (Miceli and Near, 1985). According to Mesmer-Magnus and Viswesvaran (2005) and Miceli and Near (1985), whistleblowers are especially likely to choose external channel of report when they have a high retaliation risk. However, using external channel for whistleblowing leads to retaliation more often and also tends to be more severe (Near and Miceli 1986).

Dworkin and Baucus (1998) in their research tried to find a dependence of whistleblowing channel choice and retaliation of employees. The authors were concerned about how exactly do the patterns of internal and external retaliation differ. They used a four-stage retaliation scheme described by O'Day (1972), namely the nullification, the isolation, the defamation and the expulsion stages described above. Dworkin and Baucus (1998) found support for hypothesis, stating that external whistleblowers are more likely to suffer from retaliation. What is more, the authors described how the retaliation processes differ for internal versus external whistleblowers. They indicate that internal whistleblowers are more expected to experience either the expulsion stage alone, or the nullification and then the expulsion stage. External whistleblowers on the other hand, experience the nullification and the isolation in order for whistleblower to stop or withdraw the allegations. Addressing the abovementioned findings to this research results in the following hypotheses:

H3a: "Internal whistleblowers are more likely to experience expulsion or nullification followed by expulsion retaliation stages."

H3b: "External whistleblowers are more likely to experience nullification and/or isolation stages of retaliation".

Effectiveness of internal vs. external whistleblowing

Generally, the effectiveness of whistleblowing is outlined as to whether the following measures were undertaken (Miceli and Near, 1992):

- Investigation of the alleged wrongdoing.
- Hindrance of the wrongdoing.
- Application of the recommendations suggested by whistleblower.

Dworkin and Baucus (1998) report that the literature on whistleblowing suggests higher effectiveness of external whistleblowing channels as compared with internal recipient whistleblowing. This is due to external recipient pressure on the organization to handle claims legitimately and react to them in a proper way.

The hypothesis four “a” therefore investigates whether external whistleblowing was a result of ineffectiveness of an internal one. The hypothesis four “b” raises a question whether whistleblowing to external recipient was successful in terms of investigating/stopping the wrongdoing or whether the whistleblower’s recommendations were properly applied.

H4a: “External whistleblowing is more likely to occur after failure of internal whistleblowing”.

H4b: “External whistleblowing is more likely to be effective as compared to internal whistleblowing”.

3.2 Method. Case Study Analysis

The case study research is an approved research strategy in varied investigations, particularly in sociological sciences. Tellis (1997) claims that case study is a perfect methodology, when an exhaustive analysis is needed. Dul and Hak (2008) define the case study as either single (one case) or multiple (comparative study of a number of cases) researches in life context. According to the authors, the patterns received from the cases are then analyzed in a qualitative manner.

It is considered to be especially effective when the following is true (Dul and Hak, 2008):

1. Broad and highly complex topic.
2. Lack of theory available.
3. The significant importance of contextual information.

The most explanatory definition was stated by Yin (2003, p.13-14):

> A case study is an empirical inquiry that investigates a contemporary phenomenon within its real-life context, especially when the boundaries between object of study and context are not clearly evident. It copes with the technically distinctive situation in which there will be many

more variables of interest than data points, and as one result relies on multiple sources of evidence, with data needing to converge in a triangulating fashion, and as another result benefits from the prior development of theoretical propositions to guide data collection and analysis.

From the definition follows that the main essence of the case study research is a real life context of the situation, that is, the objects of study are not manipulated. It is also a multi-perspective research that is the data is analyzed from different angles and from the different participants point of view.

As stated in the definition by Dul and Hak (2008), the case-study research may be single and multiple. Yin (1994; cited in Tellis, 1997) claims that single-study research is used to exemplify some exceptional or extreme phenomenon, as well as for theory challenging purpose. It gives an opportunity for a researcher to make an in-depth analysis of all of the attended context details. Multiple case studies follow more of ”replication logic”.

According to Yin (1994; cited in Tellis, 1997), there are at least four applications of the case study:

1. Explaining the causative relations among the patterns.
2. Describing the context, in which the intrusion was made.
3. Describing the intervention itself.
4. Exploring the context, where the consequences of the object of studies are unknown.

In the definition by Yin (2003) the “triangulation” notion is mentioned. Stake, 1995 (cited by Dul and Hak, 2008) argues that the triangulation means the procedures that are used for ensuring precision as well as complementary explanations in a research. The necessity to use triangulation can be explained by the to requirement to verify the validity of the analysis. It is a strategy applied to data, investigators, theories and many more. Applied to case studies, this means the need to use multiple sources of data in a research (Yin, 1984; cited in Dul and Hak, 2008).

Denzin (1984, cited in Dul and Hak, 2008) classified the following triangulation types:

1. Data triangulation. The investigator expects the data to be consistent, analyzed from diverse angles.
2. Investigator triangulation. The analysis validity is expected to be higher, when several researchers are involved.
3. Theory triangulation. In this case, the researchers with different opinions infer the results of the analysis.
4. Methodological triangulation. The research combines several methodologies in order to expand the finding validity.

In the following analysis, a multiple case-study methodology is used. The investigation of the cases addresses the research question of the master thesis, namely "What influences the choice of internal and external whistleblowing channel and how do the processes for both whistleblowing channels differ?"

According to Tellis (1997) the analysis of case studies should have a specified form of strategy as to what, how and why will be analyzed. As suggested by Yin (1994; cited in Tellis, 1997), a general case-study analysis should rest on theoretical background. In this regard Yin (1994), Trochim (1989) and many other researchers suggest operating a pattern-matching technique. As to Trochim (1989), he suggested that pattern-matching is the most suitable approach to case-study analysis.

Pattern-matching "compares an empirically based pattern with a predicted one" (Yin, 1989, p.109; cited in Tellis, 1997). That is, the cases are to be analyzed according to the previous empirical evidence, collected by researchers in order to find support for preceding findings and in this way to enrich the consistency of the research. Generally, the technique implicates a challenge to connect two patterns; one of them is a theoretical pattern and the other one is a practical (operational) one (Trochim, 2000; cited by Tellis, 1997).

The hypotheses that were formulated in Chapter 3.1 according to the literature suggestions are to be analyzed using the pattern-matching technique. If the predicted patterns match the patterns of the following research, the hypotheses are to be considered as being supported.

3.3 Sample and Data Collection

The following master thesis is focused on United Kingdom companies, since the launch of the Public Interest Disclosure Act in 1998 that became a powerful tool for protection the actual whistleblowers and promotion of public interest disclosures among potential whistleblowers.

The data collection succeeded through the Public Concern at Work (PCAW) documentations and personal contact to the organization.

Public Concern at Work is a UK based whistleblowing charity organization, which pursue the aim of preventing, detecting and stopping the wrongdoings and serious risks threatening public safety. PCAW was also intently involved in elaboration of the Public Interest Disclosure Act (1998), which offers a framework for the advancement and public interest whistleblowing protection. For this matter, the organization works as a free whistleblowing consultation company, whose advice line is free of charge to any employee eager to raise a concern and receive detailed information of his rights and prospects. PCAW documented every call of potential and actual whistleblower, gathering the whole set of satellite information. During the period of organization's existence, PCAW conducted whistleblowing case studies, used in this research as a sampling data.

With the help of PCAW 40 cases of appealing to PCAW for whistleblowing consultation both internal and external were collected. The cases of whistleblowing took place in the United Kingdom during the period of 1997-2013.

Important is to note that though PCAW is a "party outside of the organization", turning to the PCAW by a (potential) whistleblower does not constitute external whistleblowing. Based on definition of whistleblowing, it is a disclosure to individuals or organizations that may be competent to govern action. Considering that PCAW itself is authorized neither to restrict or amerce the wrongdoing, nor to affect the wrongdoer by any means, turning to PCAW for consultation is not regarded as a whistleblowing at all.

3.4 Analysis

The analysis of the data was accomplished according to the Miles and Huberman (1994) suggestions. The authors determine three stages of qualitative data analysis:

1. Data reduction.

This stage requires sifting of the irrelevant information and preliminary coding. It is important to sort out worthless details but keep it within striking distance, as there might be some unexpected findings, requiring the previously insignificant data.

2. Data display.

Next, the data is organized and visualized with help of tables, charts and other graphic aids.

3. Conclusion.

The properly collected, codified and visualized data gives cause for preliminary conclusions.

According to Miles and Huberman (1994), coding of data plays a very important role in a qualitative study. It is a process of verbal language conversion into conceptual categories. Therefore, in this context coding is allocating units of meaning to the qualitative information.

Miles and Huberman (1994) suggest that the coding procedure occurs in four steps. First of all, the data should be fully analyzed in relation to the research question. Each of the statements then should be assigned to a proper code. This technique is called "open coding". Second stage entails a recurrent data exploration for the qualitative data according to the codes established.

Additional codes may be still formulated in this stage. The stage three requires an analytical deepening into the issue, in a quest for general patterns, sequences and relationships. Finally, step four represents the selective coding. During this stage the patterns explanation is conducted. It is important not to sort out the data that doesn't fit into the research findings.

There are also certain requirements for codes as the following:

1. Valid.

Codes should expose exactly what was observed in a case study.

2. Mutually exclusive.

There should be no intersection among the codes.

3. Thorough.

The scope of information should slot into the code.

The coded data was analyzed according to the pattern-matching approach to multiple-case study analysis. The patterns predicted in the previous empirical evidence were compared to the patterns found in the existing data.

4. Findings

The following section provides the findings of the research. After the data was thoroughly analyzed and coded, the hypotheses were tested according to the pattern-matching technique. The results were then grouped by the factors that may influence the decision of the whistleblowing channel choice.

Contextual factors

As outlined in Chapter 3.1, the whistleblowing literature indicates that situational factors have a substantial influence on whistleblower's decision making. This part of the analysis is aimed to figure out whether there are some situational aspects that affect the choice of internal vs. external whistleblowing channel.

The previous empirical findings suggested that the external whistleblowing is more likely to occur, when either there are no possible internal channels or a whistleblower has a substantial amount of evidence to report directly to the channel outside of organization.

For the purpose of the following research a table summarizing the results of external-only whistleblowing cases was conducted (table 4.1). External-only whistleblowing occurs when whistleblowers bypass the internal channels for report, using the external one directly.

The following table covers the PCAW cases-studies, involving external-only whistleblowing. The number of cases, including only external channel of whistleblowing is only 5 out of 40. The following table summarizes the findings, concerning a possibility for the external-only whistleblowers to raise concerns using internal channels, and the reason for external recipient choice.

Table 4.1. The reasons for using the external channel among the external-only whistleblowing cases

Case №	Type of WB	Internal channel possible	Reason for no internal channel
1[3]	External	No	Management involved, retaliation fear
2	External	No	Management involved
3	External	Yes	-
21	External	No	Management involved
38	External	No	Management involved, pressure to cover the wrongdoing

As appears from the table above, the disclosure of a wrongdoing directly to external recipient, without raising the concern internally first, is rather rare. Among 40 whistleblowing cases, only 5 qualify as “external-only”.

The findings support the hypothesis 1a, stating that the whistleblowers, reporting external-only, had no opportunity of raising the concern internally. Indeed, the observation of the cases showed that only one external-only case indicated that the whistleblower had an opportunity to turn to internal recipient (case number 3).

Case number 3 states that the whistleblower was working as a safety inspector at an amusement park. He was forced by the Operations Manager to sign a document, stating that the rides he was concerned about were functioning absolutely properly and ready for customers. Though the whistleblower had a chance to raise his concern with higher-ups, he decided to make a disclosure immediately to external recipient. The reasons he mentioned were twofold. First of all, the whistleblower was anxious that the defective ride is a serious physical danger, especially taking into account that the weekend was about to begin (causing an incursion of customers). This

[3] Please find the titles and sources of the case-studies in the Attachments

means that the whistleblower had to make really fast and efficient actions. Second reason was a retaliation risk, taking into account that the Operations Manager already bullied him. The significance of the wrongdoing type on channel decision-making gives an additional support for hypothesis 2 in a further analysis.

The results of my study show that the most powerful reason to blow the whistle externally is management involvement in a wrongdoing. The data has shown that in 4 out of 5 cases, internal whistleblowing was basically not possible, because the internal channel led to the wrongdoer. In this case, the whistleblower is in an extensive retaliation danger and the wrongdoing is most likely will not be stopped. Hence, despite the technically declared internal whistleblowing channel, not always can whistleblowers use it.

Therefore, even if the company has explicit internal channels and whistleblowing policy, the whistleblowers still might be in danger in case of management involvement in the wrongdoing. According to the following study, this is particularly relevant for small companies, were owners are managers at the same time. In such companies, any internal information reported via an internal channel would reach the owners in any case. In those cases, where owners are the wrongdoers, the internal channel of report practically loses its sense to stop the wrongdoing as well as drives the whistleblower into a dangerous position (up to physical removal). This is especially true, when the wrongdoing involves serious types of harm and presumes urgent actions.

As in case 2, the whistleblower worked in a small, family-run company, where the wrongdoer was an owner and manager, together with his wife. As the wrongdoing involved severest sexual harassment, the whistleblower could not raise the concerns with either one of the managers. Turning to an owner with concerns about the wrongdoing he is involved in, might result in firing from work (or any other retaliation stage), together with a failure to stop the sexual abuse. This case gives support for an assumption that management involvement in a wrongdoing is a significant reason for using external recipient.

The case number one states as well that when the authorities tend to be suspected in taking part or covering the wrongdoing, the only rational decision is to raise the concerns via external channels. The whistleblower in the first case had a feeling that “if he spoke out, not only would he lose his job, but his life would be made intolerable”. According to his words, the managers in the company were to be characterized as “bullying and abusive”. These facts forced the whistleblower to turn directly to the victim company, showing them how exactly the managers of his company organized the financial scam. Incidentally, by doing so the whistleblower helped the victim company to recover £1 million and doing so he averted plans to close down with the loss of over a hundred jobs.

The next case involving external-only whistleblowing is similar to previous ones in terms of reasons to blow the whistle to external recipient. The whistleblower did not have any reasonable internal channel for report. The alleged wrongdoer was a Chairman of small international group of companies, where the whistleblower worked as a senior manager. The whistleblower could not speak up internally, as the suspect tended to discharge anyone, who ventured to raise the voice or was questioning his conduct. In order to stop the financial malpractice and avoid retaliation, the whistleblower had to turn to the Serious Fraud Office.

Finally, the last case containing external-only report supports the first hypothesis as well. The managers forced the whistleblower to sign an indubitably deficient internal audit report. Therefore, pressure of the company’s authorities to take part in the financial fraud left no other option to the whistleblower for using internal channels. As the whistleblower wanted to stop the malpractice, the only way to raise his concerns was to turn to external auditors. The case indicates that the management involvement and pressure to take part in a wrongdoing have a significant influence on choice of external recipient of report.

The presented findings support the relationship predicted by literature. The whistleblowers, reporting external-only, had no opportunity of reporting internally first. The research found that the issue in all of the “external-only” cases was in higher management involvement in the wrongdoing and/or the pressure on whistleblower to “overlook” the wrongdoing.

Addressing the hypothesis 1b, the next table presents findings on how much evidence did the following external whistleblowers have (table 4.2).

To analyze the extent to which evidence, supporting the observed wrongdoing, was available to the whistleblower, the following scale was developed:

- “0”: the whistleblower had no direct (documented) evidence;
- “1”: the whistleblower had a certain evidence to support the allegations;
- “2”: the whistleblower had a full amount of direct (documented) evidence.

The external-only cases were sorted out and the scope of evidence was coded respectively to the abovementioned numbers.

Table 4.2. The scope of evidence on the wrongdoing among external-only whistleblowing cases

Case №	Type of WB	Evidence on wrongdoing
1[4]	External	0
2	External	2
3	External	1
21	External	0
38	External	2

The analysis shows that the hypothesis 1b, stating that the scope of evidence provides an additional motivation to blow the whistle to the external recipient, finds no support. The research had found no significant connection between the amount of evidence and the choice of external recipient. Out of 5 cases, only 2 whistleblowers had a full amount of evidence on the wrongdoing, two of

[4] Please find the titles and sources of the case-studies in the Attachments

the cases had no direct evidence at all and one case records some non-comprehensive evidence. Important is to note that neither of the cases stated that the availability of evidence was a factor of whistleblowing channel choice.

More precisely, the cases, declaring full amount of evidence were 2 and 38. In case 2, the whistleblower was a deputy matron in a small nursing home. The whistleblower suspected an owner in sexual abuse of one of the disabled elderly woman. The situation allowed the whistleblower to take a swab and a specimen of the elderly women clothes, which contained semen of the wrongdoer. In this way, the whistleblower provided direct evidence on the wrongdoing. In case 38, the whistleblower had a fake internal audit report as evidence, and the external auditors easily revealed it after the disclosure. Notably, in both of the cases whistleblowers claim that they were not guided by the amount of evidence available but by a general motive to stop the wrongdoing anyhow.

Cases number 1 and 21 reported to have no documented evidence at all. In case one the whistleblower had no direct evidence except for observation of the financial fraud scheme. His disclosure was investigated for a substantial amount of time, before receiving the confirmation. In case twenty-one the whistleblower was merely observing the misconduct and questionable financial operations of the alleged wrongdoer.

The whistleblower of the case 3 that showed presence of certain evidence, was an amusement park inspector and as evidence had his own report of the defective ride. The ride itself was obvious evidence; the external Health and Safety Executive urgently inspected it and confirmed the allegations.

It is necessary to underline the fact that none of the five whistleblowers declared the evidence available as a reason to blow the whistle externally.

Therefore, the hypothesis 1b was not supported by the data available. The observed cases did not confirm a relationship between the amount of evidence and the choice of whistleblowing recipient. This contradicts the findings of Dworkin and Baucus (1998), as the results of their study showed that external whistleblowers often have more significant level of evidence, supporting the wrongdoing.

The first reason for the contradicting results might be the low representation of external-only whistleblowing in my research (only 5 cases).

The second and more valuable reason is the fact that in my analysis was found that higher management was involved in a wrongdoing in all of the 5 cases. Thus, initially, there was no choice between internal and external recipient of report for the whistleblower. This finding gives a motive to assume that although the scope of the wrongdoing evidence is generally more significant for external whistleblowers, there is no correlation between the scope of evidence and the external whistleblowers, which don't have a possibility to blow the whistle internally (e.g. management involvement in the wrongdoing). Therefore, it gives a ground for future research and further discussion on whether the relation between the scope of evidence and external whistleblowing differs among external-only and external whistleblowers.

The third reason is presumably the PCAW involvement and consultation. Even when having no evidence on the wrongdoing at all, the whistleblowers turn to the PCAW hotline, which gives a full amount of consultation, supporting and legal advice. It is possible to assume therefore that the external whistleblowers, which don't have enough evidence, have a strong fear of reporting externally, compared to those, who had a chance to receive a consultation and support from the Public Concern at Work representatives.

Factors related to the wrongdoing

As for the factors associated with a wrongdoing that may affect the choice of whistleblowing channel, the type of harm is to be analyzed in the following part of the research. Namely, whether there is any connection between physical harm wrongdoing observation and a tendency to disclose the wrongdoing to external recipient.

The findings on cases, including physical harm and type of whistleblowing are summarized in the following table.

Table 4.3. Type of whistleblowing channel among cases, involving physical harm

Case №	Type of harm	Type of whistleblowing	Note
3[5]	Physical	External	Management involved, small company
5	Physical	Internal, external	Internal retaliation
12	Physical	Internal	Internal effective
13	Physical	Internal	Internal effective
17	Physical	Internal	Internal effective
22	Physical	Internal, external	Internal ineffective
39	Physical	Internal, external	Internal ineffective
37	Physical	Internal, external	Internal retaliation
34	Physical	Internal, external	Internal retaliation
30	Physical	Internal, external	Internal retaliation
32	Physical	Internal, external	Internal retaliation
33	Physical	Internal, external	Internal retaliation
29	Physical	Internal, external	Internal retaliation
26	Physical	Internal, external	Internal retaliation

As seen from the table, 14 out of 40 cases contain physical harm wrongdoing. Among the physical harm wrongdoing cases, only three of them qualify as "internal-only". Most of the cases contain both types of whistleblowing: first – internal and then external. All of the 10 cases, containing first internal and then external types of whistleblowing, failed to stop the wrongdoing via internal channel. The reasons for this are:

[5] Please find the titles and sources of the case-studies in the Attachments

1. Whistleblower retaliation. In 8 out of 10 cases the whistleblowers were retaliated (to different extent) after raising concerns internally.
2. Inefficiency of internal whistleblowing. In 2 of 10 cases the management didn't take any actions to affect or stop the wrongdoing.

In all of the cases the whistleblowers state that considering the seriousness of wrongdoing that may harm health or even life of people, they couldn't stop trying to affect the wrongdoing after ineffectiveness of internal channel whistleblowing. Hence, in all of the cases that were not effective in impeding the wrongdoing internally, the whistleblowers raised the voice to external recipients. The arguments, produced by the whistleblowers, indicate that the type of harm was a considerable factor in choosing the whistleblowing channel. Thus, the second hypothesis founds support in the following research.

Whistleblower retaliation

In the following part of the research, the findings on the stages of retaliation patterns for internal versus external whistleblowers would be presented. The hypotheses 3a and 3b suggested that internal and external whistleblowers suffer from different stages of retaliation. Whistleblowing literature implies that internal whistleblowers are more likely to experience either expulsion alone or nullification followed by expulsion retaliation stages. However, external whistleblowers are more likely to suffer from nullification or isolation retaliation stages.

For the aim of addressing the hypotheses 3a and 3b, two tables, of the internal and external whistleblowing cases and retaliation stages were conducted. The stages of retaliation are ascribed to numbers according to O'Day's (1972) retaliation stages, described in Section I:

1. Nullification.
2. Isolation.

3. Defamation.
4. Expulsion.

The hypothesis 3a raised a question of patterns of internal whistleblowing retaliation stages stating that internal whistleblowers are more likely to experience expulsion or nullification followed by expulsion retaliation stages.

Table 4.5. The stages of retaliation among the internal whistleblowing cases

Internal whistleblowing cases	
Case №	**Retaliation Stages**
5[6]	4
7	2, 3, 4
11	4
16	1
24	4
25	3
27	1, 3
28	1, 4
29	3, 4
30	3, 4
32	3, 4
33	1, 4
34	1, 4
35	2
37	1, 4

[6] Please find the titles and sources of the case-studies in the Attachments

From the 32 cases of internal whistleblowing included in our sample, 15 contain retaliation that was suffered by whistleblowers. According to the table, in almost half of the internal whistleblowing cases, the whistleblowers were under pressure to different extent. The cases include all stages of retaliation, either alone or combined with other stages. For instance, case number seven contains the isolation, the defamation and the expulsion stages at the same time.

Although the cases include all types of retaliation, the most prevalent stage is expulsion (№4) as it was present in 11 out of 15 the cases. This matches the pattern, predicted by the literature research in the hypothesis 4a, stating that the internal whistleblowers are more likely to suffer from expulsion retaliation stage. The following research had supported the hypothesis four, stating that in majority of the internal whistleblowing cases, an attempt to force a whistleblower to leave the organization either willingly or enforced took place.

Moreover, hypothesis 3a presumed that internal whistleblowers are likely to experience nullification (№1) followed by expulsion. Out of 11 cases, containing an expulsion stage, 4 of them were preceded by nullification. That is, the whistleblowers were first forced to withdraw the claim and then dismissed after refusal.

Despite the fact that the pattern predicted by the literature matched the pattern, observed in the following research, there was found that the defamation stage (№3) is just as common as nullification stage. The nullification and defamation stages are both present in 6 cases each out of 15 internal retaliation cases.

Worth mentioning that the study by Dworkin and Baucus (1998) on patterns of retaliation processes of internal versus external whistleblowers found no track of defamation stage either alone or together with other stages for internal whistleblowers. Contrary to Dworkin and Baucus (1998) my results clearly indicate that the defamation retaliation stage of internal whistleblowers is found to be just as common as nullification stage.

Hypothesis 3a therefore is supported by the analysis. Consequently, the internal whistleblowers are more likely to suffer from expulsion or nullification followed by expulsion retaliation stages. What is more, I found that the defamation is not less of importance in patterns, predicting possible retaliation stages for internal whistleblowers.

Another interesting finding is that the isolation stage was found to be rare for internal disclosure cases (only 2 of 15).

As for external whistleblower retaliation (hypothesis 3b), the literature suggested that it is more likely for external whistleblowers to experience nullification and/or isolation stages of retaliation. The cases, containing external whistleblowing were analyzed within and across for presence of retaliation (table 4.6). Among 40 cases available, 27 disclosures were made to external recipient. Only 7 out of 27 external cases contained retaliation of the whistleblowers.

Table 4.6. The stages of retaliation among the external whistleblowing cases

External whistleblowing cases	
Case №	**Retaliation Stages**
3[7]	2
9	4
22	2
36	4
38	2, 3, 4
39	4
40	4

As opposed to Near and Miceli (1986), who were concerned that external whistleblowers are more likely to suffer from retaliation, than internal ones, my research has shown that only a quarter of external whistleblowers suffered from the retaliation, whereas internal retaliation is more likely to occur (half of the reports).

7 Please find the titles and sources of the case-studies in the Attachments

First, the patterns predicted by the literature were examined as for compliance with the observed ones. The hypothesis 3b suggested that nullification and isolation are the most common respond to external whistleblowers. As seen from the table (4.6), the results contradict with the predicted ones. Nullification stage is not present in any of the external disclosure cases. All of the cases reported immediate actions by the management to reallocate or recast the whistleblower, to close the approach to information and documentation or other employees or simply force him to leave. Only one of the cases contained defamation together with isolation, concluded by the expulsion stages.

In fact, what was not predicted by previous research for external whistleblowers is that the most common stage of retaliation is found to be the expulsion (5 out of 7 cases).

Consequently, the hypothesis 3b, stating that the external whistleblowers are more likely to experience nullification and/or isolation stages of retaliation, found no support in the research. Although isolation was found present in some of the cases (3 out of 7), expulsion was found to be the most common stage practiced by the organization as a reaction to external whistleblowing.

Despite the fact that the hypothesis 3b found no support in the research, the evidence of differences in patterns of retaliation to internal versus external whistleblowers was established. Clearly, the internal and external whistleblowers experience different stages and intensity of retaliation.

As found in my research, internal whistleblowers were more likely to suffer from retaliation (almost half of the cases). Furthermore, they experienced all four stages of retaliation, either alone or combined with other stages. He most common pattern for internal whistleblowers is experiencing nullification or defamation together with expulsion retaliation stage.

As opposed to internal disclosures, external whistleblowers were found to be less likely to suffer from retaliation (quarter of the cases). The representation of retaliation stages remarkably differs from internal ones. There was found no track of the nullification stage, as opposed to internal whistleblower retaliation, where nullification is present in almost half of the cases. The defamation stage was found present in only one case, whereas for internal whistleblowers this stage is present in 6 out of 15 cases. Finally, almost half of the external disclosure retaliation contains isolation case, whereas this stage is rather rare for internal retaliation (2 of 15).

Effectiveness of internal vs. external whistleblowing

The researchers tend to regard internal whistleblowing as more weak in terms of stopping the wrongdoing. A failure to stop the wrongdoing via internal channels might be therefore an additional predictor for external recipient choice.

The hypothesis 4a and 4b puts in question whether external whistleblowing is more likely to occur after failure of internal whistleblowing as well as whether external whistleblowing is more likely to be effective as compared to internal whistleblowing. In order to analyze the hypotheses, the following table that allows finding out the sequence and effectiveness of the whistleblowing among all cases including both internal and external whistleblowing, was combined (table 4.7).

Table 4.7. Internal and external whistleblowing effectiveness

Case №	Internal	Effectiveness	External	Effectiveness
1[8]			+	+
2			+	+
3			+	+
4	+	+		
5	+	-	+	-
6	+	+		
7	+	-	+	+
8	+	+	+	+
9	+	-	+	+
10	+	-	+	+
11	+	+		
12	+	+		

[8] Please find the titles and sources of the case-studies in the Attachments

13	+	+		
14	n/a			
15	n/a			
16	+	-	+	n/a
17	+	+		
18	+	+		
19	+	-	+	+
20	+	+		
21			+	+
22	+	-	+	+
23	+	+		
24	+	-	+	+
25	+	-	+	+
26	+	-	+	+
27	+	-	+	+
28	+	-	+	+
29	+	-	+	+
30	+	-	+	+
31	+	-	+	+
32	+	-	+	+
33	+	-	+	+
34	+	-	+	+
35	+	-	+	+
36	+	-	+	+
37	+	-	+	+
38			+	+
39	+	-	+	+
40	+	-	+	+
Σ	33	10	29	27

The table presents a summary of 40 cases with a purpose of determining types of channel chosen by the whistleblowers, as well as effectiveness of each disclosure, with the last column presenting a quantitative summary of findings.

In total, whistleblowing to internal channels was found in 33 out of 40 cases. This means that the disclosure was made to recipient inside of the organization either alone or further followed by external whistleblowing. The findings on cases analyzed show that only 10 out of 33 internal cases were effective. It is critical to note that in every case analyzed, the whistleblowers, which suffered a defeat using internal channels, raised their voice externally. This gives us an important outline of whistleblower decision-making process.

The external whistleblowing was found in 29 cases, only five of which as we already know, were external-only. This signifies the support for hypothesis 4a, stating that external whistleblowing is more likely to occur after failure of internal disclosure.

The whistleblowers, reporting to external channels in most cases (23 out of 29) tried to raise the concern internally. The analysis indicates that every failed internal whistleblowing case ended up in whistleblowing to external recipient.

The effectiveness of external whistleblowing in the following cases is very significant: 27 out of 29 cases reported that the whistleblowing was effective. Case number five states that although the investigation of wrongdoing started, the company closed down before the whistleblower's claim got underway. Case number 16 gives simply no information on effectiveness of disclosure.

Most of the cases fell under the Public Interest Disclosure Act (PIDA) and not only it helped to change the organizational practices but the whistleblowers were awarded a substantial amount of compensation for physical, psychological or any other damage they may suffer prior to company abuse.

Comparing the effectiveness of internal and external whistleblowing, it becomes obvious that external whistleblowing is much more effective in terms of stopping the observed wrongdoing, changing organizational practices and supporting the whistleblower. Thus, the hypothesis 4b finds support in the analysis, giving reasons to believe that the external whistleblowing is more likely to be effective as compared to internal whistleblowing.

5. Conclusion

Whistleblowing is a powerful tool for preventing and terminating the wrongdoings that threaten human rights, word of law and public safety. Specifically, on a company level whistleblowing helps ensuring the organizational survivor and omitting fair trials, penalties as well as adverse publicity.

Many researchers in recent years started to show interest in whistleblowing; however, the literature fails to deliver a sufficient explanatory basis on the phenomenon. Particularly, certain gaps and controversial results were found in previous research, concerning the patterns and differences between internal and external whistleblowing (e.g. Miceli and Near 1992, 1994; Callahan and Dworkin, 1994). Thus, the aim of my master thesis is to provide additional evidence on the factors that influence the choice of whistleblowing channel, as well as the effectiveness of such decision.

This research question was addressed by putting forward the hypotheses, implying that the following factors influence the whistleblowing channel choice:

1. Situational (contextual) factors. Hypothesis 1a implied that whistleblowers, reporting external only, had no opportunity of raising the concern internally. Hypothesis 1b suggested that external whistleblowers usually have more substantial scope of evidence on the wrongdoing.
2. Factors, related to the wrongdoing. Hypothesis 2 was concerned that the wrongdoings, involving physical harm are more likely to be reported via external channels.

Hypotheses 3a and 3b were concerned in the retaliation patterns for both types of whistleblowing disclosures. Specifically, the hypothesis 3a implied that internal whistleblowers are more likely to suffer from expulsion or nullification or nullification followed by expulsion retaliation stages. Hypothesis 3b assumed that external whistleblowers are more likely to experience nullification and/or isolation stages of retaliation.

Additionally, the research was concerned about the effectiveness of each whistleblowing type. Therefore, the hypothesis 4a implied that internal whistleblowing might not be effective in terms of stopping the wrongdoing, thus it is often followed by the external whistleblowing. Hypothesis 4b assumed that external whistleblowing is more likely to be effective as compared to internal whistleblowing.

The multiple case study analysis covers 40 whistleblowing cases, both internal and external. The cases were collected on basis of a whistleblowing charity organization, namely Public Concern at Work.

The findings of my study show support for the hypothesis 1a. Therefore, according to the data analyzed, the whistleblowers reporting external-only did not have an opportunity to raise the concern internally. The analysis indicates that only one out of five external-only whistleblowers had a possibility to use internal channel for blowing the whistle, yet he never used it. The whistleblower named management involvement in the wrongdoing as a reason for omitting the internal channel.

In fact, the case findings indicate management involvement in a wrongdoing as the most powerful reason for external whistleblowing among all the cases. According to the study, due to this reason, whistleblowers had no opportunity to raise concern internally, as the channel leads to the wrongdoing. In this case, whistleblower is in an extensive retaliation danger and the wrongdoing is most likely will not be stopped. The latter is especially important if the wrongdoing perceived by the whistleblower as involving serious types of harm and presuming urgent actions.

The hypothesis 1b, stating that the scope of evidence provides an additional motivation to blow the whistle to the external recipient, found no support in the research. Additionally, neither of the cases stated that the availability of evidence was a factor of whistleblowing channel choice. This contradicts the findings of Dworkin and Baucus (1998), as the results of their study showed that external whistleblowers often have more significant level of evidence, supporting the wrongdoing.

The reasons for contradicting results are threefold. The first might be the low representation of external-only whistleblowing in my research (only 5 cases).

The second and more valuable reason is the fact that in my analysis was found that higher management was involved in a wrongdoing in all of the 5 cases. Thus, initially, there was no choice between internal and external recipient of report for the whistleblower. This finding gives a motive to assume that although the scope of the wrongdoing evidence is generally more significant for external whistleblowers, there is no correlation between the scope of evidence and the external whistleblowers, which don't have a possibility to blow the whistle internally (e.g. management involvement in the wrongdoing). Therefore, it gives a ground for future research and further discussion on whether the relation between the scope of evidence and external whistleblowing differs among external-only and external whistleblowers.

The third reason is presumably the mediate involvement and consultation of the Public Concern at Work. Even when having no evidence on the wrongdoing at all, the whistleblowers turn to the PCAW hotline, which gives a full amount of consultation, supporting and legal advice. It is possible to assume therefore that generally, the external whistleblowers, which don't have enough evidence, have a strong fear of reporting externally, compared to those, who had a chance to receive a consultation and support from the Public Concern at Work representatives.

The hypothesis 2 was supported by the research, stating the relationship between type of harm and external disclosure. The findings support the results of previous studies. In all of the cases that were not effective in hindering the wrongdoing via internal channels, the whistleblowers raised the voice to external recipients. The arguments, produced by the whistleblowers, indicate that the type of harm was a considerable factor in choosing the whistleblowing channel.

Hypothesis 3a was supported by the research, showing that internal whistleblowers are more likely to suffer from expulsion or nullification followed by expulsion retaliation stages. Although, the previous findings of Dworkin and

Baucus (1998) stated no presence of defamation retaliation stage either alone or together with any other stage. Meanwhile, my research found defamation stage of the same frequency as the nullification stage. Another interesting finding is that the isolation stage was found to be rare for internal disclosure cases.

Furthermore, the hypothesis 3b, stating that the external whistleblowers are more likely to experience nullification and/or isolation stages of retaliation, found no support in the research. The results contradict the findings of Dworkin and Baucus (1998). According to the data, the nullification stage is not present in any of the external disclosure cases. In fact, what was not predicted by previous research for external whistleblowers is that the most common stage of retaliation is found to be the expulsion.

The reason for contradicting results with Dworkin and Baucus (1998) might be in the sample. Dworkin and Baucus (1998) in the research of differences in patterns for internal versus external whistleblowers studied the cases of wrongfully fired whistleblowers. This means that their sample contained actual United States whistleblowers, suffered from at least one retaliation stage (expulsion). However, my research used a sample of whistleblowers both actual and potential. Additionally, the contradicting findings give motivation to further exploration of whistleblower patterns differences among different countries and considered the local legislation.

The hypothesis 4a and 4b were concerned in whether external whistleblowing is more likely to occur after failure of internal whistleblowing, as well as whether external whistleblowing is more likely to be effective as compared to internal whistleblowing. Both hypotheses found a significant support in the research.

The most significant limitations of my study are in a restricted number of cases and selected data. Public Concern at Work publishes only limited amount of cases, which are randomly selected. Considering the delicate issue of the researched topic, the next limitation is concealed data. Much information necessary to the research stays censored due to the privacy of the whistleblowers.

The results of my study give additional evidence to the researchers that the processes and patterns among internal and external whistleblowers differ. The findings could be used while establishing corporate code of conduct or motivating the employees for using the explicitly determined internal channels for whistleblowing report.

The gaps and contradictions in previous and the following research give an additional motivation for future researchers to keep addressing the issue of whistleblowing, as well as differences in patterns for internal and external reporters. Especially, considering the findings of my research, I would suggest addressing the patterns of retaliation for both whistleblowing channel reporters as well as the effect of wrongdoing evidence presence. Moreover, future researchers may find fruitful results focusing on pattern differences among whistleblowers in different countries and considering the local legislation, together with its effect on behavior of whistleblowing actors.

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Appendix

Case titles, sources and years

	Case title	Source	Year
1	“Alerting a third Party”	http://www.pcaw.org.uk/case-studies	N/a
2	"Sexual Abuse"	http://www.pcaw.org.uk/case-studies	N/a
3	"Involving a Regulator"	http://www.pcaw.org.uk/case-studies	N/a
4	"Fraud in a Charity"	http://www.pcaw.org.uk/case-studies	N/a
5	"Food Safety"	http://www.pcaw.org.uk/case-studies	N/a
6	"Fraud in the NHS"	http://www.pcaw.org.uk/case-studies	N/a
7	"Company Behaving Badly"	http://www.pcaw.org.uk/case-studies	N/a
8	"Theft in a Care Home"	http://www.pcaw.org.uk/case-studies	N/a
9	"Witness Dismissed"	http://www.pcaw.org.uk/case-studies	N/a
10	"Inappropriate Relations"	http://www.pcaw.org.uk/case-studies	N/a
11	"Charity Begins in Holiday"	http://www.pcaw.org.uk/case-studies	N/a
12	"Health and Safety Malpractice"	http://www.pcaw.org.uk/case-studies	N/a
13	"Public Safety"	http://www.pcaw.org.uk/case-studies	N/a
14	"Work Safety"	http://www.pcaw.org.uk/case-studies	N/a
15	"Fraud in a Family Company"	http://www.pcaw.org.uk/case-studies	N/a
16	"Financial Irregularities"	http://www.pcaw.org.uk/case-studies	N/a

17	"Physical Abuse in Care"	http://www.pcaw.org.uk/case-studies	N/a
18	"Employee's Dilemma"	http://www.pcaw.org.uk/files/1997_case_studies.pdf	1997
19	"Trouble at the Top"	http://www.pcaw.org.uk/files/1997_case_studies.pdf	1997
20	"Maintaining Confidence"	http://www.pcaw.org.uk/files/1997_case_studies.pdf	1997
21	"Whose Money?"	http://www.pcaw.org.uk/files/1997_case_studies.pdf	1997
22	"Defusing the Situation"	http://www.pcaw.org.uk/files/1997_case_studies.pdf	1997
23	"Raising it Internally"	http://www.pcaw.org.uk/files/PCAW_5_year_review.pdf	1998
24	"A Wider, Public Disclosure"	http://www.pcaw.org.uk/files/PCAW_5_year_review.pdf	1998
25	"Bhadresa vs. SRA (British Transport Police)	http://www.pcaw.org.uk/files/PIDA_10year_Final_PDF.pdf	2002
26	"Kay vs. Northumberland Healthcare NHS Trust"	http://www.pcaw.org.uk/files/PIDA_10year_Final_PDF.pdf	2001
27	"Bhatia vs. Sterlite Industries"	http://www.pcaw.org.uk/files/PIDA_10year_Final_PDF.pdf	2001
28	"Fernandes vs. Netcom"	http://www.pcaw.org.uk/files/PIDA_10year_Final_PDF.pdf	2000
29	"Watkinson vs. Royal Cornwall Hospitals NHS Trust"	http://www.pcaw.org.uk/files/PIDA_10year_Final_PDF.pdf	2010
30	"Niekrash vs. South East London Healthcare NHS Trust"	http://www.pcaw.org.uk/files/PIDA_10year_Final_PDF.pdf	2010
31	"Kapoor vs. ICICI Bank"	http://www.pcaw.org.uk/files/PIDA_10year_Final_PDF.pdf	2009

32	"Lingard vs. HM Prison Service"	http://www.pcaw.org.uk/files/PIDA_10year_Final_PDF.pdf	2004
33	Miss A Balmer vs. Church View Ltd"	http://www.pcaw.org.uk/files/PIDA_10year_Final_PDF.pdf	2002
34	"Milani vs. Medirest"	http://www.pcaw.org.uk/files/PIDA_10year_Final_PDF.pdf	2006
35	"Connoly vs. Q Healthcare Ltd"	http://www.pcaw.org.uk/files/PIDA_10year_Final_PDF.pdf	2007
36	"Bandy vs. West Norfolk Community Transport Ltd	http://www.pcaw.org.uk/files/PIDA_10year_Final_PDF.pdf	2007
37	"Laing vs. London City Airports"	http://www.pcaw.org.uk/files/PIDA_10year_Final_PDF.pdf	2008
38	"Harper vs. Torbay Council"	http://www.pcaw.org.uk/files/PIDA_10year_Final_PDF.pdf	2006
39	"Grimes vs. Big Pictures Ltd"	http://www.pcaw.org.uk/files/PIDA_10year_Final_PDF.pdf	2009
40	"Azzaoui vs. APCOA Parking"	http://www.pcaw.org.uk/files/PIDA_10year_Final_PDF.pdf	2001

Abstract (English)

The aim of the thesis is to investigate the factors that influence the choice of internal versus external whistleblowing recipient and the consequences related to this choice. Furthermore, the thesis studies the differences in processes and patterns of the both whistleblowing channels. Considering the gaps and inconsistencies found in previous empirical studies, the thesis attempts to deliver additional evidence on patterns of internal versus external whistleblowing channel choice. The empirical analysis is based on the 40 cases of whistleblowing, both internal and external, collected by the U.K. whistleblowing charity organization Public Concern at Work. The research focuses on the influence of situational (contextual) factors, as well as factors related to the wrongdoing (type of harm involved) on the choice of whistleblowing channels. Moreover, the research investigates the patterns of retaliation for internal and external whistleblowers. Finally, the study focuses on the effectiveness of internal as opposed to external channels of whistleblowing report.

Abstract (German)

Ziel dieser “Masterarbeit” ist die Untersuchung der Faktoren, welche die Entscheidung zwischen der Wahl eines internen oder externen Kanals für „Whistleblowing“ beeinflussen. Des Weiteren werden die Konsequenzen, die aus dieser Entscheidung resultieren, sowie Unterschiede im Prozess und den Mustern der beiden Kanäle analysiert. Hierbei werden insbesondere situative und kontextabhängige Faktoren untersucht, wie z.B. ob die Art des angezeigten Missstandes eine Rolle bei der Wahl des Kanals eine Rolle spielt. Ein weiteres Ziel dieser Arbeit ist es, die Effektivität von internen Kanälen im Vergleich zu externen zu untersuchen und inwieweit mögliche Vergeltungsmaßnahmen eine Rolle spielen. Die empirische Studie basiert auf einer quantitativ-qualitativen Analyse von 40 Whistleblowing-Fällen, die von der in U.K. ansässigen NPO „Public Concern at Work“ gesammelt wurden.

CV (English)

Curriculum Vitae
Ievgeniia Siriachenko

WORK EXPERIENCE

March - April 2010	Kühne + Nagel Ukraine, Kyiv. Internship, Human Resource department
June - August 2007	Citia BTC Ukraine, Kyiv. Assistant Manager.

UNIVERSITY EDUCATION

2011 - 2014

University of Vienna, Master of International Business Administration. Specialization: Organization and Personnel

Additionally accomplished Bachelor program courses (in German):

- Produktion und Logistik I (Einführungskurs)
- Produktion und Logistik II (Vertiefungskurs)
- Kostenrechnung
- Steuerrecht
- Kapitalgesellschaftsrecht
- Personengesellschaftsrecht

2005 – 2010

Kyiv National Economic University. Master degree in Human Resource Management and Labor Economics. Master thesis topic "Personnel Performance Evaluation" Magna cum laude.

LANGUAGES

Russian, Ukrainian	Native language
English	Fluent
German	Advanced

SKILLS

Microsoft Excel (accomplished "Excel for economical calculations" course), Microsoft Word, Microsoft Power Point, STATA
Driving license, class "B"

CV (German)

Lebenslauf
Ievgeniia Siriachenko

BERUFLICHE ERFAHRUNG

März - April 2010	Kühne + Nagel Ukraine, Kyiv Internship, Personalabteilung
Juni - August 2007	Citia BTC Ukraine, Kyiv. Assistant Manager.

AUSBILDUNG

März 2011 - Juni 2014	Universität Wien: Master, Internationale Betriebswirtschaft Vertiefung: Organization und Personal

Zusätzlich abgeschlossene Lehrveranstaltungen:

- Produktion und Logistik I (Einführungskurs)
- Produktion und Logistik II (Vertiefungskurs)
- Kostenrechnung
- Steuerrecht
- Kapitalgesellschaftsrecht
- Personengesellschaftsrecht

2005 – 2010	Nationale Wirtschaftsuniversität Kiev. Masterabschluss in HRM und Arbeitsökonomik. Masterarbeit zum Thema Arbeitsleistungsermittlung. Mit ausgezeichnetem Erfolg abgeschlossen.

SPRACHKENNTNISSE

Russisch, Ukrainisch	Erstsprache
Englisch	Fließend
Deutsch	Gut in Sprache und Schrift

WEITERE KENNTNISSE UND FÄHIGKEITEN

Microsoft Excel ("Excell für Wirtschaftskalkulationen" abgeschlossen), Microsoft Word, Microsoft Power Point, STATA
Führerschein Klasse "B"