The conundrum of whistleblowers and retaliation: the case of Monopoly Aircraft

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ABSTRACT

Ethical decision-making within an organizational context can present complex and sometimes conflicting challenges to employees. This case study illustrates a situation in which employees notice ethics and safety lapses in their organization but receive contradictory signals from the organization about whether reporting these lapses will be rewarded or punished. The concepts of whistleblowing, ethics of reporting, organizational retaliation, and organizational culture are defined and explained within the context of the case. Included discussion questions and a small group activity enable students to critically consider ethical decision-making in the context of a less-than-ethical organization, inviting students to consider the impact of an organization's culture on employees.

Keywords: whistleblower, ethics, retaliation, motivation, safety, organizational culture

This is a fictitious case. All information contained herein was fabricated by the authors. Any similarity contained herein to actual persons, businesses, events, etc., is purely coincidental and is the responsibility of the author. Please contact the case author directly with any concerns.

INTRODUCTION

Michael scratched his head and jiggled the bottle of antacids on his desk. Lately, this kind of fidgeting has become a habit while he thinks. Mr. Michael Boltoff, an assistant regional manager at Monopoly Air, was responsible for overseeing 12 line managers and about 500 employees. These days, Michael has a lot to think about. He thought about his kids and how much bigger they were now than in the pictures on his desk. He thought about his cat, and whether it would eat the new curtains he just bought. He thought about the upcoming beach vacation that he and his wife had already postponed three times. And, like an unwelcome but familiar intruder, he started thinking, again, about something less pleasant. Michael frowned- he couldn't seem to push out of his mind several break room rumors he had overheard about continuing quality issues at Monopoly Aircraft. Just last month, 143 passengers had died during a crash of one of the company's newly redesigned aircraft, the 999MEGA. The tragedy had been devastating on many levels, and an investigation into the cause was ongoing. Continuing concerns were surely just employee whispers and gossip… but what if they were something more?

Little did he know, but Michael Boltoff would receive a sobering answer three months from now, when another 159 people would die in a second plane crash on his company's aircraft.

COMPANY HISTORY

At the time of the accidents, Monopoly Air was the largest manufacturer of aircraft in the western hemisphere. It enjoyed little competition for many high profile government/military aircraft contracts, as well as a highly lucrative commercial aircraft business. In short, Monopoly had enjoyed a long history of being the "gold standard" in aircraft. The company's dominance was largely seen as the result of a merger in the early 1990s between DreamAir and Warbucks Aircraft. The move was strategic and lucrative, but had, undeniably, merged two very different organizational cultures. DreamAir's culture had always been safety-focused and the organization had a stellar safety record, promoted fair and competent managers, gave good benefits to employees, and was not concerned with shareholder value as a primary driver of strategic decision making. Warbucks was quite the opposite- riddled with poor aircraft reputations, cashflow issues, layoffs, and an industry-worst toxic culture with abusive managers. Warbucks' reputation for firing employees just a year or two before retirement to avoid paying their pensions had become well-known to those in the industry, and many secretly hoped the merger would allow DreamAir's better attributes to rise to the top at Monopoly.

Two decades later, Michael and his colleagues looked back on these hopes as foolishly optimistic in light of the company's current reality. In short, the loudest voices in every meeting room had seemed to be the former managers of Warbucks, and the ideals of DreamAir's former managers had all been repressed in the wake of "progress". Michael Boltoff often recalled what now seemed to be an ominous meeting between two senior managers shortly after the merger. He had been a young line manager and was overwhelmed by the vitriolic exchanges over profit vs safety, winning the government contract versus offering a quality product, rewarding shareholders with dividends to drive up stocks vs spending that money on much-needed R&D and safety equipment. He had wondered how an organization could survive such deep ideological divides- surely something would have to give.

Over the next few years, Michael observed that many of DreamAir's traditional ideals and values appeared, indeed, to erode. To his dismay (and that of many in the industry), Monopoly Air had begun to resemble Warbucks more and more. Many of DreamAir's most popular managers were gradually pushed out of the company. As former Warbucks managers championed changes to the incentive and reward system, Michael and his colleagues quietly worried with the new direction. The reward system at DreamAir prior to the merger focused on a balance of rewards for efficiency and quality. Quality was always considered paramount—everyone was aware that just one manufacturing mistake could result in a catastrophic aircraft malfunction or crash, potentially costing hundreds of lives and irreparable damage in the eyes of the public. However, with the new changes to the incentive system, employees could no longer prioritize quality. Cost savings were paramount, and failure to meet deadlines put a black mark on a floor manager's evaluations. Privately, many employees and managers felt their hands were tied when it came to quality or safety problems. Rewards came to managers and their teams only for speed and cost; no longer were quality, precision, and safety important. Some succinctly described the situation as "an aircraft company being run as if it were a bargain closeout kitchen appliance store", an assessment that would haunt Michael and many others after the accidents.

THE CONUNDRUM

Two weeks after first catching wind of the water cooler gossip, Michael was happy for the chance to catch up with a fellow manager, Bob, during a management conference out of town. Michael always considered his friend to be an exemplary "by the book" manager who cared a great deal about both his employees and the safety of customers. After a few minutes of small talk across the coffee shop table, Michael decided that he had to get Bob's perspective on the troubling rumors circulating at Monopoly. Michael was hesitant at first, as he was a bit embarrassed- he was sure he was blowing the situation out of proportion. How could he be the only one aware of such a potentially serious situation? However, Bob quickly revealed that Michael was not alone in his grave concerns.

Bob looked Michael in the eye and told him in a steady voice that several trusted employees had been reporting major problems with the continuing production of Monopoly's new 999MEGA. One assembly line had been so rushed that a 10-foot piece of scaffolding was sealed inside a test plane's wing. Michael put his head in his hands. This could not be happening. The new plane was meant to be an update of Monopoly's 50-year-old 999A, and it was well-known that the project had been a race against time to compete with the new S9000 being manufactured by Europe's SkyTram, Monopoly's only major competitor. In this rush to production, employees had complained that they did not have sufficient time for safety checks or to address unexpected problems. Since Monopoly air recently shut down operations in the old factories to bust up the unions, the new, non-union employees felt they had no protection from retaliation if they blew the whistle on unsafe or unethical operations. With a sigh, Bob noted that many of these concerns, therefore, would remain "unofficial" rumors.

Michael felt his head spinning. How could this be happening? What could he do? What should he do? He wondered how many other employees and managers also were "unofficially" aware of these cut corners. He was about to ask Bob, when his friend confided something further that made Michael's blood run cold. The project engineers had concerns, too. Complaints ran across the board, from critical but simple issues like missing bolts, to major concerns over complex, electronic systems. The engineering team had even privately confided apprehensions and skepticism over the FAA approval of the two-year timeline—the usual timeframe was about nine years. As Michael sat in his chair, shocked, Bob leaned in to deliver the worst news, yet. Almost whispering, Bob said he had even heard concerns from the pilots themselves. They were not going to receive training on the new model since it used the same body as the old planes, even though the much bigger engines, along with the new electronics, would be very different from a pilot's perspective. As one had put it, the 999MEGA was "a completely different animal- and a beast in the air". Multiple test pilots had even experienced a "catastrophic event" during normal conditions in the flight simulators. Typically, test pilots are among the world's best and most experienced, so the thought of novice pilots being rushed into these planes without simulator training made Michael reach, again, for his bottle of antacids.

Michael could not help himself any longer. He grabbed the sides of the table. Why had none of the employees formally reported any of their concerns? Beads of sweat stood out on Bob's head as he lowered his voice even more. Three of his best employees who had been the most vocal about the concerns over safety issues with the 999MEGA were, "coincidentally", let go by corporate just last week for "insubordination". Bob also said it was highly irregular that he, as their direct supervisor, was not notified about this until after it had already happened. He lowered his eyes. He had asked corporate for an explanation but had gotten no answers.

The two sat in silence for a few moments. Finally, Bob sat up and looked at Michael with a new sense of resolve. He explained that, just before he left for the conference, a group of concerned engineers had come to him in private asking for help. They were afraid the first crash was only the beginning, and that there were serious flaws with the new planes. His top three engineers had bluntly told him, "There *will* be another crash if nothing changes". Bob and Michael nodded in agreement. They knew he had to do something, even if they were not sure exactly what "something" was.

ORGANIZATIONAL CULTURE AND WHISTLEBLOWER RETALIATION

What advice could Michael give Bob? Bob was trying to decide what to tell his employees to do, and what he should do, himself. It was true that Monopoly Air had an internal whistleblower hotline that was supposedly in place for situations exactly like this. But, given Bob's recent suspicions over fired employees, could anyone trust the company's system, or would they risk retaliation? Should Bob seek help outside of the company and alert the FAA directly? Then again, would the FAA only alert the Monopoly leadership, who might go after the whistleblowers? Maybe someone should just bypass all of these formal processes and go straight to the media. That would be a risky move and surely hurt the company; if the whistleblowers were found out, the wrath of Monopoly's legal team upon whoever was involved would be career-destroying.

Both Bob and Michael thought back to their MBA programs. They remembered the concept of organizational culture, similar to the "personality" of an organization. They both agreed that a huge, underlying problem was the current culture at Monopoly, which deemphasized safety and encouraged employee silence. At DreamAir, culture had been built on reward systems that praised employees who discovered and reported safety concerns, and on participative decision-making where anyone who noticed a potential issue was encouraged (and expected) to speak up. However, the culture at Monopoly had become dominated by that of former Warbucks, with a reward system that punished employees who brought up safety issues for "wasting time", and an authoritarian decision-making process where "regular" employees were punished for speaking out of turn. Both men knew organizational culture was generally slow to change, whether for the better or for the worse, but agreed that the turnover of key leaders, in combination with this changing reward system, had accelerated this process at Monopoly.

Michael remembered the case studies of Enron from his MBA program courses. The company had fired employees who reported ethical concerns prior to the financial disaster and legal nightmare that followed (Baynes, 2002; Goodof, 2010). Bob recalled an article in his favorite leadership journal that highlighted the events leading up to the Gulf explosion and oil spill, in which BP whistleblowers were consistently punished and fired (Lusgarten, 2012; Credo *et al*., 2016). Whistleblowing occurs when members of organizations report (or "blow the whistle" on) unethical or unsafe behaviors, actions, or conditions occurring "under the control of their employers" (Near & Miceli, 1985). Sometimes, individuals may be prompted to blow the whistle due to their own convictions, while other times they may be required to report certain violations due to mandatory reporting legal requirements or industry standards (Hoffman & Schwarz, 2015). However, in some organizations, whistleblowers face the very real risk of retaliation, which can include many kinds of discrimination such as docked pay, job loss, reassignment, denied promotions, reprimands, isolation, character defamation, and even verbal or physical abuse, harassment, or intimidation (Garrick & Buck, 2020). Research indicates that such whistleblower retaliation is typically the result of an organizational culture stemming from authoritarian and unethical management practices (Rothschild & Miethe, 1999). Michael remembered the importance of utilizing data-driven decision-making for organizational success. Without day-to-day operations data in the form of employee feedback, organizations become vulnerable to runaway decision-making that relies solely on management dictates. With no checks in place, such ineffective decision-making can continue, unchecked. In this context, whistleblowing, at its core, can be viewed as a feedback mechanism. Ultimately, it can benefit organizations by allowing organizational leaders to adjust decisions to correct the problems that whistleblowers find (such as a piece of scaffolding in the wing of an aircraft).

It was not hard for either Michael or Bob to see how the organizational culture at Monopoly would be a huge barrier to keeping employees from coming forward with their concerns. Ultimately, even employees who would normally be inclined to speak up would surely fear retaliation after already seeing others fired. They also knew the problem of whistleblower retaliation was not unique. Was Monopoly headed in that direction? Was the company already there? What should Michael tell Bob to do? Michael knew he had some thinking to do when he got home.

CASE DISCUSSION QUESTIONS

Case Question 1: What is a whistleblower? As an employee, what are the pros and cons of being a whistleblower? As an organization, what are the benefits as well as costs of having a whistleblower step forward?
Case Question 2: Look up and list three other examples of cases in which organizations punished, fired, or otherwise retaliated against whistleblowers. Ultimately, what were the consequences for employees? The organization/ stakeholders?
Case question 3: List and describe at least three examples of problematic managerial or leadership behaviors at Monopoly Air. For each example, briefly explain how employees are impacted by these decisions or behaviors.

Reflection question 1: As a potential employee, imagine that you could choose to work at Monopoly, Warbucks, or DreamAir. Based on the organizational culture of each organization, explain which one you would choose, and why you would not choose the other two.
Reflection question 2: Imagine yourself in Michael's shoes. What would you tell your employees if they came to you with dangerous production problems and concerns, similar to Bob's employees? Would you advise them to report their concerns anonymously or openly? Do you believe Monopoly Air would retaliate against employees? Why or why not?
Reflection question 3: Imagine you control everything that happens at Monopoly Air. You can hire and fire anyone you want, redirect funds in any way you want, and make any public statement you want. In this hypothetical scenario, one plane has just crashed, and you know another will crash if nothing changes. If your goal was to save the lives of future passengers, what would you do? If your goal is to maximize profits, what would you do? Why or why not are your answers to these two questions the same?

TEACHING ACTIVITY: SMALL GROUP DISCUSSION

After students read the case, they should break into small discussion groups of 3-4 members. Each group should imagine they are members of an external organizational analyst team. They have been tasked by the government with recommending action to keep more Monopoly planes from crashing. Groups can recommend anything their group believes is needed to save lives of future passengers. At a minimum, each group should outline what they would recommend in the short term, and then in the long term. After 15 minutes of small group discussion, each group will take turns sharing one short-term recommendation until all non-duplicate ideas are listed. Next, in reverse order, groups will then share one long-term recommendation. After all ideas have been listed, the class should vote on what they believe is the most important short-term change and the most important long-term change.

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