Article

Why External Witnesses Report Organizational Misconduct to Inspectorates: A Comparative Case Study in Three Inspectorates

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Abstract

Inspectorates and enforcement agencies increasingly depend on information from societal actors to detect and enforce business offenses, but little is known about the factors underlying external reporting. This paper aims to contribute to a better understanding of what drives external reporters to report offenses to enforcement agencies, and how reporters experience the reporting process. Potential reasons to report are derived of the literature on whistleblowing and on business relations within organizational fields. The article then presents findings of an extensive comparative, qualitative empirical study on reporting businesses. We find that reporters aim to incapacitate competitors who gain economic advantage by bending the rules, and regard inspectorates as their ally in maintaining a level playing field.

Keywords

reporting, whistleblowing, inspectorates, enforcement, offenses

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Introduction

The vast majority of business offenses, whether systematic and serious or small and relatively harmless, remain undetected by public inspectorates and enforcement authorities. Yet they are often witnessed in some form by employees, local residents, customers, suppliers, competitors, or other stakeholders in their environment. Reporting these signals to public enforcement agencies can provide valuable information for enforcement agencies, and thus contribute to more efficient and effective detection and enforcement of business offenses. This article aims to contribute to a better understanding of what drives external reporters to report suspicions of violations to enforcement agencies.

Such knowledge may help inspectorates to design effective reporting procedures, enabling more fruitful exchanges of information between inspectorates and their environments. Against the background of diminishing budgets for detection activities and growing complexity of business processes and markets, private enforcement, including insider and outsider tips and reports, is an increasingly important alternative or supplement for public enforcement (Etienne, 2014). Public enforcement agencies attempt to extend their scope by developing more collaborative relations with governance networks within business sectors, and third parties from civil society, in decentralized enforcement (Ayres & Braithwaite, 1992; Parker & Nielsen, 2011; Pautz & Rinfret, 2014). They increasingly realize that rather than unilateral inspection and detection, their information position can benefit from "webs of monitors" within business sectors (Andrade, 2015; Culiberg & Mihelič, 2017; Dyck, Morse, & Zingales, 2010). Auditors, consultants, analysts, other regulators, clients, employees, the media, lawyers, competitors, and unions have been identified as potential reporters of business offenses (Culiberg & Mihelič, 2017; Dyck et al., 2010; Etienne, 2015). Scholarship on reporting has mainly focused on whistleblowers: *insiders* who are members (or former members) of the organization in which the offending behavior takes place. Both researchers and practitioners increasingly realize that not only employees and past employees but also suppliers, IT consultants, accountants, competitors, customers or clients, and in fact all parties with access to an organization's information can be relevant reporters (Andrade, 2015; Culiberg & Mihelič, 2017; Jubb, 1999; Miceli, Dreyfus, & Near, 2014). This is recognized, for example, in the SEC's current definition of whistleblowers eligible in the Securities and Exchange Commission's (SEC) current definition of Whistleblower Program, which explicitly states that "you are not required to be an employee of the company to submit information about that company."[1]

External witness reports may be useful for detection by public enforcement agencies, because business offenses are often difficult to detect during

regulatory inspections, whereas business relations may have access to information about offenses in day-to-day professional encounters with offenders (Kölbel, 2015). A study of the source of detection of all major U.S. fraud cases between 1994 and 2006 (Dyck et al., 2010) shows that clients and competitors of fraudulent corporations account for an almost equal share in the detection of fraud as the SEC itself (6.3% vs. 7%)—leading the authors to conclude that "it takes a village" to detect fraud. Enforcement agencies, therefore, increasingly invite witnesses to report suspicions of violations, fraud, or wrongdoing through specialized web portals and complaint centers. Examples of these include the SEC's fraud portal, the U.S. Environmental Protection Agency (EPA) reporting portal, the British Food Standards Agency reporting website, and the EU Anti-Fraud Office's (OLAF) website.[2] Enforcement agencies also develop more client-friendly reporting procedures, including websites, smartphone reporting apps, and complaint hotlines.

These initiatives have in common that, although they make it easier to report, they often seem to take for granted that outsiders are *willing* to report business offenses to inspectorates in the first place (Feldman & Lobel, 2011). The question is, however, what drives them to report when they do not directly benefit from reporting, particularly in European jurisdictions where reporters are usually not rewarded. Although this question has been extensively researched for whistleblowers, theory development on external reporters is lacking. This study is to our knowledge the first to empirically explore why different types of external witnesses report (alleged) business offenses to enforcement authorities and how they experience the reporting process. Whereas previous studies identified auditors, consultants, clients, and unions as parties who may report suspicions of violations to regulatory authorities (Culiberg & Mihelič, 2017; Dyck et al., 2010; Etienne, 2015), this study focuses in particular on voluntary reports by members of business organizations, including suppliers, competitors, subcontractors, and other supply-chain partners.

Exploring experiences of such business reporters is important for at least two reasons. First, insight into how business people perceive the process, costs, and benefits of reporting is currently lacking. On one hand, business persons who report may face lower social and personal costs in comparison with whistleblowers (Dyck et al., 2010), but on the other hand, they also lack the incentive of financial or reputational damage that those insiders may have. Business owners have been found reluctant to report if they do not specifically suffer from the offense (Van De Bunt, 2010). Also, a shared culture of mutual support and a general distrust in regulatory inspectorates may withhold business persons from reporting (Van De Bunt, 2010). What are the

main benefits of reporting as perceived by business reporters, and what role do competition and social relations play in their reports? To what extent do business reporters fear exclusion and retaliation from business networks (Franklin, 2005), and do they experience moral considerations about being a "snitch?" A better understanding of these questions may contribute to the design of effective reporting procedures and the communication around it.

Second, inspectorates are concerned that by inviting market parties to report, they will be overloaded with reports that they are unable to follow-up. Etienne (2015) postulates that inspectorates resist maximizing information collection for enforcement, in particular through "unsolicited" reports, as they fear this will negatively affect their relations with business sectors. Against this background, it is important to know what reporters expect from inspectorates in terms of enforcement action and feedback on their reports.

Building on the existing literature about whistleblowing, this article asks what drives business persons to report suspected business violations to enforcement authorities, and how they experience the reporting process. We answer the research question through an empirical analysis of more than 350 reports of offenses to three inspectorates in the Netherlands, and 60 interviews with reporting business owners, representatives of business sector organizations, and inspectorates.

The section "Reporting Organizational Offenses: An Organizational Field Perspective" discusses extant theory on reporting, which is used as a framework for the research. A summary thereof is shown in the appendix. The section "Design and Method" describes our research methods, and the section "Results" the main findings. The section "Conclusions and Discussion" presents our conclusions and, as this study has several implications for enforcement practice, recommendations.

Reporting Organizational Offenses: An Organizational Field Perspective

Defining External Reporters

Following Miceli et al. (2014, pp. 72-73), we use the concept of *bellringers* to distinguish reporting outsiders from whistleblowers (who are insiders). Bellringing is said to include four elements[3]:

> (1) the disclosure by individuals who are not journalists or publishers (generally voluntarily and at their own initiative) of information about (2) perceived wrongdoing (including omissions) under the control of organizations (3) of which they are *not* members (including former members or job applicants), to

(4) parties or entities that disclosers reasonably believe can stop the wrongdoing or can disseminate the information widely (Miceli et al. 2014, pp. 72-73).

They distinguish themselves from whistleblowers in the sense that although they may sustain a close relation with a (suspected) offending organization, they are not directly part of the organization, let alone do they take part in the offense. Also, bellringers do not report to the organization in which wrongdoing occurs but to an external party that they expect to be able to end the offense. Well-known examples that could be qualified as bellringers are Harry Markopolos—the competitor of Berny Madoffs Investment Company who filed an extensive report on his suspicions to the SEC (Van De Bunt, 2010)—and the University of Virginia's research team that detected the Volkswagen diesel fraud and reported it to the EPA (G. Thompson, Carder, Besch, Thiruvengadam, & Kappanna, 2014).

Systematic research into what motivates and withholds bellringers to report on offending businesses is still very limited (Culiberg & Mihelič, 2017). Some studies have addressed whistleblowing by external auditors, but their motives are likely to differ from other external witnesses, because legal and professional norms stimulate auditors to report wrongdoing (Alleyne, Haniffa, & Hudaib, 2016; Alleyne, Hudaib, & Pike, 2013). Within the broad category of bellringers, this study focuses on business owners, business managers, and other business staff that report about wrongdoing in other businesses including suppliers, competitors, subcontractors, and supply chain partners.

Theories on Whistleblowing

Although bellringers may differ from whistleblowers in several respects, we use the extensive theorizing on whistleblowing as a point of reference in our exploration of why bellringers report and how they experience the reporting process. This section first zooms in on the prosocial model of whistleblowing (Dozier & Miceli, 1985) and then argues that a wider scope is needed to analyze bellringing by taking into account characteristics of the organizational field in which businesses operate.

In theories explaining why people blow the whistle, the act of whistleblowing has been considered prosocial behavior, which involves "both selfish (egoistic) and unselfish (altruistic) motives" (Dozier & Miceli, 1985, p. 823). In other words, prosocial behavior is simultaneously aimed at the benefit of other persons and one's own (Roberts, 2014). However, in a specific situation, either of these benefits may be considered more important by the

actor. Whether altruistic or egoistic reasons to report are considered more important depends both on personal and situational factors. Altruism, on one hand, is shown when whistleblowers are willing to sacrifice themselves for a good cause, because they experience a moral duty to report (Evans, 2008; Hood & Jackson, 1991). Such unselfish reasons are more dominant if the violation is considered serious (Chen & Lai, 2014; Rothwell & Baldwin, 2006), harmful for one's group (Treviño & Victor, 1992; Victor, Treviño, & Shapiro, 1993), or repeated (Lee, Heilmann, & Near, 2004). Egoism, on the other hand, is the result of a cost–benefit analysis; if perceived advantages of reporting (e.g., promotion or avoiding penalty) are considered higher than the risks (e.g., [in]formal retaliation), reporting is more likely (Engdahl & Larsson, 2015; King & Hermodson, 2000). Egoistic reasons to report are, thus, encouraged by positive (monetary or other) incentives. The limited previous research on reporting by outsiders leaves it unclear whether the prosocial perspective on reporting is also relevant to explain bellringing. It confirms that altruism plays a role: A study on patients who filed a complaint to the Dutch Health Care Inspectorate identified moral duty as the main reason to report, because reporters wanted first and for all to contribute to the quality improvement of health care (Bouwman, Bonhoff, Robben, & Friele, 2016). De Graaf (2010) concludes that outsiders who report are driven by a will to stop unjust, unacceptable, or damaging practices. Selfish reasons why outsiders report have not yet been thoroughly analyzed, but Miceli et al. (2014) hypothesize that bellringing is at least partly aimed at ending unfair competition, receiving financial gain in exchange of information, or even causing harm to competitors. Our study aims to explore whether the prosocial perspective can help understand bellringing by members of business organizations by taking the costs and benefits of reporting for oneself and other involved parties into account.

In whistleblowing research, it has been suggested that whistleblowing should not be understood from a psychological perspective on individual decisions to report alone but that the perspective should be extended to the disclosure of corporate misconduct to a broader "web of monitors" that does more justice to the networked character of modern business practice (Andrade, 2015; Culiberg & Mihelič, 2017; Dyck et al., 2010). Reporting not only depends on the perceived costs and benefits for the reporter but also on the potential reporter's perception of and relation with the wrongdoer and other actors in the business community (Gundlach, Douglas, & Martinko, 2003). We argue that the organizational field approach in sociology and organizational sciences is a promising avenue to further explore the phenomenon of bellringing.

Reporting in Organizational Fields

Although reporters are individuals, they do not operate in isolation from their environment. In line with organizational institutional theory, we see individuals as embedded in their institutional environment, which not only shapes their behavior but also restricts the action patterns that are appropriate in a particular situation, but without determining it entirely as individuals have agency (Rice, 2013; Thornton, Ocasio, & Lounsbury, 2012). More specifically, we focus on organizational fields as the aspects of institutional environments most relevant to reporting behavior of business persons. In institutional theory, an organizational field has been loosely defined as a "recognized area of institutional life" (DiMaggio & Powell, 1983, p. 148) that includes "key suppliers, resource and product consumers, regulatory agencies, and other organizations that produce similar services or products" (p. 148). Inspired by Bourdieu's theory on field, capital, and habitus, Emirbayer and Johnson (2008) further explain that an organizational field

> includes not just one type of organization (e.g., all car manufacturers), but all the organizations that play one role or another in the activity in question (e.g., car manufacturers and steel suppliers, dealers, consumers, insurers, and local and federal government agencies regulating the manufacture and operation of cars). (p. 2)

The organizational field perspective draws attention to the importance of power relations and cultural, professional, and social norms within business sectors to be able to understand interactions within the field.

The organizational field perspective has—albeit implicitly—already been adopted in whistleblowing research in the sense that studies have found that the relation between the reporter and the reporting authority matters. Researchers have particularly found a positive impact of the extent of trust reporters have in authorities to whom they report on the decision to blow the whistle (Miceli & Near, 1992; Treviño & Weaver, 2001). Also, perceived procedural justice (Near & Miceli, 1996; Seifert, 2006; Victor et al., 1993)—for example, transparent procedures with guarantees for independent investigation of the complaint (Feldman & Lobel, 2011; Wortley, Cassematis, & Donkin, 2008; Vynckier & De Bie, 2015)—and expressed gratitude by receiving organizations have a positive impact on future reporting (Vynckier & De Bie, 2015). Moreover, the limited research on outsider reporters shows that clients who complain about an organization and do not receive feedback experience frustration (Bouwman et al., 2016). On the other hand, feedback is said to make outsider reporters feel appreciated and taken seriously, even if

the report has not led to investigative or enforcement measures (De Graaf, 2010; Heard & Miller, 2006; Vynckier & De Bie, 2015). Vandekerckhove (2015) states in this respect that answering is more important than reporting, which implies that authorities that receive complaints should actively foster the relationship with the reporter to encourage future reporting.

Arguably, an extended application of the organizational field perspective to bellringing could help to more fully grasp this phenomenon. Particularly, exploring the relationships between various actors in the organizational field—such as competitors, chain partners, and business sector organizations—and the existence of (shared) norms within fields, can shed light on drives and experiences of bellringers in different sectors. Currently, research has primarily focused on social norms that *prevent* business people to report about other businesses, because of a shared culture of mutual support, secrecy, and a general distrust in regulatory inspectorates (Cohen, 2001; Gorta & Forell, 1995; Van De Bunt, 2010). The existence of social (or cultural) norms that *encourage* reporting have not yet been explored. Do business people report because they value the idea of a level playing field or because they wish to remove bad apples in their sector? And what role do business sector organizations play in fostering such norms? Previous research on whistleblowing has shown that in egalitarian contexts, where informal group boundaries are created between insiders and distrustful outsiders (Breed, 2007), scapegoating those who do not play by the rules is common (Loyens, 2013). However, in market-like individualistic contexts, whistleblowing aims at eliminating competitors out of self-interest (M. Thompson, Ellis, & Wildavsky, 1990; Verweij et al., 2006). While these studies focused on social norms influencing reporting within organizations, our study aims to provide insight into the existence of such norms across organizations in the organizational field and their role in explaining the act of bellringing about other businesses.

Design and Method

Method

This exploratory study applied a comparative, qualitative research design using multiple methods to examine the reasons why bellringers report to inspectorates and how they experience the reporting process. It aimed at theory-building, as no empirical research is available to date. Our study focused on bellringing by businesses to three Dutch inspectorates: the Environment and Transport Inspectorate (*Inspectie Leefmilieu en Transport*, ILT), the Netherlands Food and Consumer Product Safety Authority (*Nederlandse*

Table 1. Overview of Sample Characteristics.

		Semistructured interviews		
	Report files	Reporters	Inspectors	Business sector organizations
ISZW	94 reports	9	3	2
ILT	138 reports	12	5	3
NVWA	131 reports	19	3	4
TOTAL	363	40	11	9

Note. ISZW = Inspectie Sociale Zaken en Werkgelegenheid; ILT = Inspectie Leefmilieu en Transport; NVWA = Nederlandse Voedsel- en Warenautoriteit.

Voedsel- en Warenautoriteit, NVWA), and the Health and Safety Inspectorate, which also covers labor relations in the Netherlands (*Inspectie Sociale Zaken en Werkgelegenheid*, ISZW). Within these inspectorates, emphasis was on topics where reporting by business bellringers was considered most likely (based on initial interviews with inspectorate representatives): violations on (a) production/use/sale of biocides (ILT), (b) professional goods/passenger transport (ILT), (c) safety in the agricultural sector (NVWA), (d) animal welfare health (NVWA), and (e) health and safety in the construction sector (ISZW).

Data collection consisted of a qualitative content analysis (Schreier, 2014), comparing 363 written report files[4] registered by the selected inspectorates, and semistructured interviews with 40 reporters[5] (telephone), 11 inspectors (face-to-face), and nine representatives of business sector organizations (telephone or face-to-face; see Table 1).

The internal validity of the study was, thus, increased by applying two types of triangulation—within-methods and data source triangulation (Denzin, 2009). Only closed, but recent, report files (not earlier than 2012) were selected, respectively, to avoid interference of the inspection activities and memory failure among respondents. Given the different information and registration systems of the selected inspectorates, the selection procedure for report files differed. In the ISZW, relevant reports in the construction sector were selected by using the key word "competitor." In the NVWA, we received an overview of reports in the division agriculture and environment that were searched through using key words like "competitor," "customer," "supplier," and "veterinarian." These additional keywords were necessary to cover the diversity in reporter types, which was less relevant in the ISZW reporters (see the following). In the ILT, all reports concerning goods/passengers transport and biocides were screened by two student assistants to select those in which

the report was made by a business person (including members of competitors, suppliers, and other chain partners). Data analysis of the written files[6] was conducted by means of qualitative coding procedures, using a coding frame (see the appendix), combining existing scholarly insights on whistleblowing and bellringing (based on an extensive literature review) with inductive data-driven codes, as is typical for qualitative content analysis (Schreier, 2014). Coding aimed at identifying various types of report(er)s, their drives and experiences, and social or cultural norms in various sectors. During the analysis, the perspective of "sophisticated inductivism" was adopted, implying that even inductive "research always starts from preconceived ideas or certain theoretical findings" (Loyens, 2012, p. 106); in other words, theory is in this approach considered the "precursor, medium and outcome" (O'Reilly, 2005, p. 27) of the study. Therefore, no formal hypotheses were drawn from the literature, but insights on previous research on whistleblowing and outsider reporting were used as "theoretical hunches" (Yom, 2015). The analysis particularly focused on finding variation and general trends (e.g., most/least common drives or experiences, differences/parallels in norms between sectors). Quantitative analysis of the data in the report files was not considered possible in this study, (a) because the number of reports in each inspectorate was relatively low, (b) because some of the reports did not contain information about reporters' drives or experiences, and more fundamentally, (c) because the aim of this study was theory development on bellringing in various contexts, rather than generalizing the results to the population of reporters, which is not possible with the nonrepresentative, purposive maximum variation sample of bellringers in this study.[7]

The semistructured interviews focused on reporters' drives and experiences, their attitudes toward offending organizations in their sector and the inspectorate, and social norms concerning (the acceptance of) reporting within their sector. The interviews were transcribed verbatim and qualitatively coded by two senior researchers by means of the same—theory- and data-based—coding frame used for the written reports, to enhance internal validity of the study.

This study suffered from three limitations. First, no interviews were conducted with silent observers. Although reasons for not reporting were beyond the scope of this study, interviews with business people who witnessed violations of other businesses but decided to keep quiet would have given relevant insights on the phenomenon of bellringing. This limitation was at least partly addressed by asking inspectors and representatives of business sector organizations whether they sometimes encounter silent observers who decide not to file a report to the inspectorate and by asking reporters about doubts before taking the decision to report and about other witnessed but unreported violations. Second, due to differences in the information and

registration systems of the three inspectorates, different selection methods were used for the written reports, implying the risk of a flawed image of the motives to report. Using the key word "competitor" for ISZW reports might have led to an overrepresentation of self-interested reporters compared with the NVWA where also more neutral key words (e.g., "veterinarian" and "supplier") were used. This risk is minimal because agricultural and animal care/production sector are more diversified than the construction sector, implying that the number of competitors is, on average, higher in the construction business. Third, external validity of this study is limited because the findings cannot be generalized to other types of reporters or reporting to inspectorates not included in the study. However, analytical generalization can be achieved as a result of the broad variation between (domains) and within (topics) agencies (Smaling, 2003). In other words, this study allows for identifying patterns of bellringing within the context of various agencies and topics, and can, thus, also offer useful insights for other inspectorates and further theorizing on this topic.

Reporting Procedures and Feedback

In the three inspectorates, reports can be made online or by telephone. Anonymous reporting is possible in all three agencies but considered less valuable, because the information is often too limited to take action, and reporters cannot be contacted for further details. Front desk employees receive the reports and send them to the department responsible for investigating the type of offense mentioned in the report. In the case of telephone reports, front desk employees in all three inspectorates are trained to ask topic-specific questions to make sure the reporting files contain all relevant information inspectors needed for their investigation. Reporters to all three inspectorates receive an automated acknowledgment of receipt of their report. Additional feedback about the investigation is incidentally given to employees, labor unions, and employees' councils who reported to the ISZW and to citizens who reported about animal welfare to the NVWA. On the contrary, reporting competitors generally do not receive any feedback, which inspectors ascribe to their pledge of secrecy. Food safety and animal welfare inspectors, however, sometimes contact such bellringers personally to explain why a certain decision was made.

Results

This part shows the main findings of this study, summarized in Table 2. First, the nature of the reports and reporting parties will be described, focusing on similarities and differences between business bellringers to the three different

Table 2. Bellringers' Reasons and Experiences During the Reporting Process.

	Empirical findings about bellringing to three Dutch inspectorates
Nature of the reports and reporting parties	• Bellringing in the construction industry, transportation, and biocide-related sectors is mostly done by small business competitors who report day-to-day business offenses • In the agricultural sector, bellringers are most often veterinarians, suppliers, or clients who report violations of animal welfare legislation
Prosocial bellringing	• Economic self-interest, aimed at incapacitating competitors who gain economic advantage by bending the rules, is the most important reason to report • Strong sense of unfairness is an underlying reason for bellringing ("moral markets") • Bellringers only report if the offense is serious enough • With regard to animal welfare, altruistic reasons to report prevail
An organizational field perspective on bellringing by businesses	• Bellringers who observe that the inspectorate acts upon and ends the reported offense are satisfied and encouraged to report again • Bellringers understand inspectorates have to make priorities but are discouraged to report again if the offense they reported is deprioritized by the inspectorate; nevertheless, the failure of inspectorates to act sometimes triggers repeated reports • The lack of feedback after reporting frustrates bellringers, and discourages future reporting, except for veterinarians who reported violations to animal welfare • Relational distance between themselves and offending businesses, for example, unprofessional (confirming outgroup status of the offender), justifies reporting to the authorities • In some sectors, intermediary organizations play an active role in stimulating and collecting tips and signals of business offenses (e.g., construction business)

inspectorates. Second, altruistic and egoistic reasons for bellringing are explored, illustrating the relevance of the prosocial model for this type of reporting. Third, social norms within the various sectors concerning reporting are analyzed, showing the merit of an organizational field perspective on bellringing.

Nature of the Reports and Reporting Parties

This study investigated reports filed by business outsiders to three inspectorates, with regard to health and safety violations in the construction sector, environmental safety in the biocide and agricultural sector, animal welfare, and transport. Most reports had been filed by competitors of the (supposed) offender, and most reporters were small business owners. For example, taxi drivers reported on violations of safety regulations by competitors (e.g., passengers being transported without wearing a seatbelt), bus company owners reported violations of working-hour regulations, and goods transportation company owners reported competitors who carried overweight loads. In the construction sector, contractors reported violations of safety regulations for personnel at building sites or unlicensed and unprotected removal of asbestos. The reported offenses were day-to-day business offenses. They did not concern major societal harms or systemic frauds but were visible violations of the many regulations that small businesses have to adhere to. Only in the agricultural sector, few reports of competitors were found. Most tips in this sector came from veterinarians and suppliers, for example, of breeded dogs, and concerned animal neglect or incorrect registration or medication. Animal welfare organizations also reported animal neglect. The background of reports in the agricultural sector differs from the other sectors, where we found very few reports from suppliers, principals, subcontractors, or other supply chain partners. Although for the ISZW, this finding could be related to our search strategy, this was not the case in ILT reports where a broader search strategy was used. Moreover, interviews with inspectors and representatives of business sector organizations in the construction industry (ISZW files), transportation (ILT files), and biocide-related sectors (ILT files) confirmed that reports of offenses to inspectorates usually come from owners of competing businesses. The vast majority of reporters in our study were male, but more women were found to report about animal welfare compared with men. A possible explanation is that transport and construction businesses owners are mostly male.

Prosocial Bellringing

Prosocial reporting refers to behavior simultaneously aimed at the benefit of other persons and one's own (Dozier & Miceli, 1985, p. 823). Among the business bellringers in this study, we found such a combination of altruistic and egoistic reasons to report. However, which of those were dominant depended on the type of reporter or sector. First, reporter type played an important role. Given the competitor relation of most reporters with the

offender, it is not surprising that an important reason for reporting was economic self-interest. Ending the competitive advantage of an offending competitor was by far the most mentioned reason for reporting an offense to the authorities. Most reports were filed in cases where a business owner discovered that a certain contract was granted to a competitor who offered a lower price, and the business owner suspected the competitor of saving on safety investments or obtaining expensive licenses. Reporters aimed to incapacitate competitors who gained economic advantage by bending the rules. This does not mean that bellringers report all offenses they observe. Most bellringers in this study—like whistleblowers—reported only more serious offenses, and sometimes also verified if the offense had been going on for a certain time, to avoid reporting random incidents. This could at least partly explain the strong emotions we observed in the written reports and interviews with bellringers. A transport company and a roof slater explain,

> They pay foreign chauffeurs almost nothing and take away my customers, this is unfair competition. And he drives a new Porsche himself! (E-mail of transport company owner to ILT)

> We had offered the same service, but when they got the job, I saw they did not apply electric earth wiring. The standard procedure for the correct safety measure is 600 euros, so they are 600 euros cheaper. They are freelancers with unqualified equipment and they apparently get away with anything and we are not allowed anything. (Interview with a roof slater who reported to ISZW)

Some reporters invested time and effort in their complaint: They drove by the site to watch whether the offense continues, they took pictures, or carried out other "investigations," for example, checking license plates. This also underlined that they filed a report with the aim of incapacitating offending competitors. The owner of an asbestos removal company who had bid on a project that would take at least two weeks work reported to the Health and Safety Inspectorate:

> I did not get the job, but when I went there to look last Wednesday, everything was still intact. Today, the job was done. This can never have been performed according to the rules as prescribed. (Report of phone call to ISZW)

Although the aim to stop offending competitors may seem purely egoistic, the reports and interviews with these competitors also reveal a strong sense of unfairness as an underlying reason for reporting, which is more closely related to altruism (in the sense that fair treatment benefits all). A horse

keeper complains about a violation with the storage of horse manure by a neighboring farm:

> I know that the manure storage is not equipped with a liquid proof floor and is not covered. I am a horse keeper myself, and I have been convinced by the local government that my manure storage was subject to those demands. Did I spend money for nothing on a covered manure container and a sustainable floor? Do I miss something here? (E-mail to NVWA)

A bus company owner reports,

> This lady still drives a bus for more than 8 passengers, for which I had to obtain a D license. I hate this so much because it generates unfair competition, and the good companies become too expensive in comparison to these cheaters. (E-mail to ILT)

Reporting business people have invested in compliance and see their offending competitors as not playing by the rules. Normative feelings of duty and fair play, therefore, seem to play an important role in the decision to report (cf. Kagan, Gunningham, & Thornton, 2011; Nielsen & Parker, 2011). As suggested by the prosocial model of reporting, even selfish reasons for reporting are never purely economic but also contain a moral dimension, because fair competition, a level playing field, and fairness of supervision are important values to business owners. This dimension of fair play is, however, often not recognized by inspectors, as shown in the general distrust they revealed during our interviews for reporting competitors, who they characterize as "purely economic." Reports perceived as purely altruistic seem to be taken more seriously. An exception were inspectors of asbestos removal, who use every inspection visit for a dialogue about level competition and a "rules are for everyone" message, and explicitly invite tips, to which they promptly respond. In their experience, this raised the number of reports and also resulted in trust and more acceptance of their inspections and, sometimes, fines.

Other altruistic reasons to report, such as moral responsibility for safety, were found to matter much less. To the extent that we found them, reporters mentioned these as additional reasons, perhaps to justify their report. As per a report with the Health and Safety Inspectorate,

> I am a freelancer in the building sector. So I know that a lot is asked in terms of safety. Now I have noticed that [COMPANY] is carrying out a renovation at [ADDRESS]. But they are sidestepping safety. They only use scaffolds on one side, where it should be on both sides, and on their scaffolds, they don't use railings, while it is about 5 meters high. I would appreciate if you could take a

look, because I also have to have my affairs in order. This will certainly lead to accidents. (Report of phone call with ISZW)

Second, we found variation in reasons to report between different sectors. Bellringing to incapacitate competitors who break the rules for their own advantage was mainly found in business sectors with tough competition, such as the building and transport sectors, or in sectors with high compliance costs, such as biocide production or asbestos removal. Only in the animal breeding sector, animal welfare was clearly the primary drive to report. An interview respondent said,

Well I don't report for the inspection, I report for the animals that are being abused. I disclose malpractice, and I find it unacceptable when they are not stopped. (Interview with bellringer who reported to the NVWA)

In the passenger transport and biocide sector, we also observed a mix of economic (one's own benefit) and safety-related (others' benefit) reasons to report, in cases where reporters observed an acute risk for health and safety of others, such as the risk of an outbreak of contagious animal diseases or a bus company that transports school children without a safety certificate.

An Organizational Field Perspective on Bellringing

The organizational field perspective offers a fruitful additional explanation of bellringing, as our study shows that the relations between various actors within the organizational field, and social or cultural norms concerning reporting offenses, matter. First, the relationship between bellringers and authorities to whom they report is discussed. We know, from whistleblowing literature, that fair and transparent procedures and trust that authorities will take action stimulate the willingness to report. Regardless of the outcome, feedback on the report prevents whistleblowers from becoming frustrated, because it gives them the feeling they are appreciated and treated seriously (De Graaf, 2010; Heard & Miller, 2006; Vynckier & De Bie, 2015). Although most bellringers in our study considered the reporting websites or hotlines accessible and user-friendly, they were generally quite negative about the feedback and follow-up to their reports. Obviously, most reporters were satisfied when they observed that the inspectorate acted on the reported offense, as is often visible in the building sector when a construction site is temporarily closed down, or in the biocide industry when a product is taken from the market.

> I called the Health and Safety Inspectorate in the morning, and they inspected the site in the afternoon. The work was closed and the company had to take the safety preventions. (Interview with bellringer who reported to the ISZW)

Reporters indicate that visible enforcement encourages them to report again in the future. However, many reporters explain that they often found out—through written or telephone feedback from inspectorates, or simply through witnessing the violation to continue—that inspectorates did not react to their reports, either because of lack of capacity or because the reported offenses had insufficient priority. To a certain extent, reporters understand that inspectorates cannot react to every complaint, but they become frustrated when they notice that serious threats to safety or their market position are not prioritized by inspectorates. As the following quotation about asbestos removal in a local community illustrates, this limits their willingness to report again.

> And if you report something so dangerous, I feel they need to act upon it, but it had no consequences at all, which made me decide: If they do not act upon things like this, I will never report again. (Interview with bellringer who reported to the ILT)

Clearly, how inspectorates respond to reports affects bellringers' willingness to report again, especially when the expectation to act is expressed in the report, as the following example illustrates:

> You don't want to know how frustrated I am right now. I hope therefore that I hear very soon about you intervening with this person . . . I hope this message wakes you all up. (E-mail to NVWA)

Hence, bellringers—like whistleblowers—are encouraged to report in the future if they observe positive consequences of the report (e.g., by stopping the violation), while nonaction leads to frustration and not wanting to report again. Frustration was also found among reporters who did not receive feedback from the inspectorate on their report. Only a small minority of the interviewed bellringers—mainly veterinarians who reported violations to animal welfare—were indifferent to feedback on follow-up of the report.

Second, the relation *between* businesses appears to influence bellringing. Some of the interview respondents distanced themselves explicitly from offending competitors: They regard themselves as professional business people who play by the rules, and they qualify offenders as unfair. The reporting of these business persons is in line with social identity theory (Tajfel & Turner, 1986), which states that group members are inclined to conform to

norms that provide them with an in-group identity, and that enable them to distinguish themselves from the outgroup. Social identity theory enables us to understand why reporters, when observing unethical behavior of a competitor they consider a member of the outgroup, interpret this as a confirmation of their own ethical behavior, and take offense at the behavior of members of the outgroup (Gino, Gu, & Zhong, 2009; M. Thompson et al., 1990). In several cases, reports seemed to be triggered by bragging remarks of offenders' disrespect for the law, contributing to their "outgroup" status:

> I work as a driver at . . . and we have been losing customers lately to a neighbor who bought a truck to gain some extra money. We talked to this neighbor lately and he brags about not having a tachograph and that he doesn't have to comply with anything, and that he has a lot of customers because he is so cheap. (E-mail to ILT)

> We as farmers have to comply with all kinds of demands in terms of regulation and with spraying your crops you have to keep everything in mind. While those people, they don't care, and if they then say it out loudly to people. I know that no one can do anything to them, that's just not how it works. They think they can do anything, but I just don't accept that. (Interview with bellringer who reported to the NVWA)

Other reporting business owners referred to globalization of the economy, which causes Dutch owners of transport or construction businesses to face competition from Eastern and Southern European competitors, and taxi drivers from Uberpop. In sum, this relational distance between themselves and offending businesses, sometimes increased by explicit transgressions of the law by offenders or differences in nationality or perceived professionality, justified reporting to the authorities. Inspectors and representatives of business sector organizations explain that when the relation between businesses is closer, such as among chain partners, reporting is less likely. Collaborators in a business network then fear that reporting might result in losing the support of their business partner, as illustrated in the following quotation:

> If you act like a traitor, you position yourself outside of the social domain. And that is very intense. You will also know that you will not have any more work as a company and you depend on that. That is a big fear. (Interview with inspector of NVWA)

Both inspectors and representatives of business sector organizations in the agricultural sector explain that competitors in this sector most often do not report about each other, and respondents use terms such as *traitor* and *Judas*,

when speaking about reporting. In the taxi business, reporters are also considered "snitches" who—if identified—sometimes suffer retaliation, such as physical threats and slashed tires. A less open culture combined with low trust in the authorities and regulation in general appear to be explanations here but seem to play out somewhat differently in both sectors. In the agricultural sector, wrongdoing is profitable, and financial margins are low. Moreover, offenses are difficult to detect for outsiders, which makes the likelihood of a reporter being identified higher, as not many people have access to agricultural sites, which is in contrast to the construction industry or the biocide market where wrongdoing can more easily be detected and where reporters would be more difficult to identify. In this context, reporters consider the chances of retaliation as high. In the taxi business, financial margins are equally low, but wrongdoing is less difficult to detect. Still, the lack of strict enforcement against Uber has probably led to tensions in the sector, which may offer an explanation for aggressive responses to bellringers. It is striking that while the idea of being a "snitch" or a "traitor" is in general considered a sensitive topic in Dutch culture (cf. Feldman & Lobel, 2011), the extent to which it plays a role in bellringing differs between sectors. These findings, moreover, show that (fear of) retaliation is not reserved for internal whistleblowers only (Henik, 2008; Lianarachchi & Newdick, 2009; Park, Rehg, & Lee, 2005), but can also discourage reporting by bellringers.

Third, also the role of business sector organizations in stimulating reporting differs between sectors. In some sectors, business sector organizations play an active role in stimulating and collecting tips and signals of business offenses. For example, the organization for roof slaters (Vebidak) has opened a hotline that collects and forwards tips to the inspectorate for Health and Safety. Representatives from business sector organizations explain in interviews that by collecting tips, they aim to ensure fair competition for their members, to safeguard the sector against unprofessional or fraudulent parties, and to improve the reputation of quality and safety for the business sector. Intermediary organizations, however, almost exclusively forward tips or complaints about nonmembers. If they receive tips about their members, they most often contact the business owner in question, which is usually sufficient to end the violation. Not all business sector organizations, however, see it as their role to collect and forward tips; some want to remain neutral and not get involved in conflicts between members.

Conclusion and Discussion

Against the background of increased dependence of inspectorates and enforcement agencies on information from external reporters for detection and

enforcement of business offenses, this research investigated the motives and experiences of business persons who report offenses to public authorities.

The concept of bellringers, introduced by Miceli and colleagues (2014), intends to distinguish outside reporters of organizational misconduct from inside whistleblowers. Whereas extensive research exists on the reasons and incentives for whistleblowers, Miceli and colleagues (2014) demonstrate that much less is known about bellringers. Yet they argue it is important to distinguish whistleblowers from bellringers, as this behavior may seem similar but is actually different. This study has provided further empirical "flesh" to the literature on bellringers that was, thus, far limited to a mere conceptual analysis. Whereas previous studies on outside reporters mainly identify auditors, consultants, clients, and unions (Culiberg & Mihelič, 2017; Dyck et al., 2010; Etienne, 2015), this study identifies competitors as an important category of outside reporters. Our findings suggest that business owners often observe regulatory offenses of their competitors, particularly in professions that are carried out in public space such as transportation and construction, or transparent markets, such as biocide-related sectors. Only in the agricultural sector, most reports came from veterinarians, suppliers of animals, and animal welfare organizations, and only a few from competitors. Business sector organizations who aim to purify a business sector from mala fide or unprofessional parties are identified as important actors in encouraging bellringing and collecting reports from businesses in their sector, although not all business sector organizations consider this to be their role.

The theoretical implication of this article is that whistleblowing and reporting should be understood not only from a psychological perspective on individual decisions to report but also from the perspective that business misconduct is disclosed to a broader "web of monitors," thereby acknowledging the networked character of modern business practice (Andrade, 2015; Culiberg & Mihelič, 2017; Dyck et al., 2010).

In accordance with the prosocial model on reporting, bellringing is driven by a combination of self-interest and moral obligation. With the exception of animal welfare, where altruistic reasons prevailed, competitive disadvantage caused by offenders ignoring the rules was the main reason to report. It would be wrong, however, to characterize reporters in our study as an amoral homo economicus. These bellringers stress that they value justice and fairness in markets, which goes beyond pure economic reasoning. The majority of reports were filed by businesses that had themselves invested in safety measures, which they observed their competitors to disregard. Therefore, our study demonstrates that explanations of bellringing should take into account relations within organizational fields. Contrary to earlier studies that found strong social ties and cultures of silence within business sectors to impede reporting (e.g.,

Gorta & Forell, 1995; Van De Bunt, 2010), our findings demonstrate that bell-ringers who have reported offenses of other businesses to the authorities hardly displayed feelings of loyalty or guilt toward offenders, nor did they show concern for adverse consequences. Strong perceptions of offenders as unfair cheaters, who refuse to play by the rules, contribute to relational distance between reporting and offending companies. This study finds that business owners who have invested in compliance themselves resort to inspectorates as their ally in maintaining a level playing field. Nevertheless, in sectors with low trust in enforcement agencies and a closed culture (like the agricultural sector), fear of retaliation may be an explanation for competitors refraining from reporting.

Our explorative study calls for more systematic and large-scale empirical comparisons between various types of bellringers: Why do businesses differ in their tendency to report observed offenses, and how is that related to sector characteristics, such as the extent of cooperation and strength of social ties within the sector? Further conceptual and empirical distinctions could include cartelists who apply for leniency, being offenders themselves but applying for immunity when reporting about their co-conspirators, criminal informants (Dabney & Tewksbury, 2016), and crown witnesses.

This study has several implications for inspectorates' detection policies. First, we recommend that inspectorates are more responsive to bellringers' concerns about reported business offenses. Reichman (2010) observed that regulatory agencies show a fundamental distrust of information provided by third parties, in particular when these parties act out of their own interests, which make them unreliable per definition in the eyes of inspectors (see also Etienne, 2015). It seems useful, however, for inspectorates to more consciously distinguish between the content of reports and the characteristics of reporters. Moreover, offenders' awareness of potential reporting by bellringers in addition to the detection activities of inspectorates may contribute to general deterrence and perceptions of a high detection rate, in particular when inspection capacity is decreasing in times of austerity.

Second, nowadays bellringers are actively invited to report to various hotlines, reporting websites, and even apps by several inspectorates and regulatory agencies. Our study suggests that reporters value accessible and user-friendly reporting procedures but care more about the follow-up. Inspectorates wishing to encourage bellringing should, therefore, reserve time and capacity to follow-up and feedback on reports and to implement an active communication policy about cases that were successfully detected based on bellringer tips. This is likely to contribute not only to their willingness to report but also to increased trust in and legitimacy of enforcement. Moreover, because unfair competition is—in our study—the most important incentive for reporting by business people, we advise that inspectorates prioritize

interventions to ending the offense, because it will probably encourage future reporting. Visibly removing bad apples from the market reassures complying businesses that compliance is worthwhile (Kagan et al., 2011), and legitimate enforcement contributes to businesses' willingness to comply (Tyler, 2011).

Appendix

Topic List for Interviews and Content Analysis.

	Topics to explore bellringing (derived from reporting and organizational field literature)

Reasons to report (prosocial reporting)	• Altruistic reporting:
	  ○ Moral duty to report
	  ○ Benefits for others
	• Self-interested reporting:
	  ○ Costs: retaliation, labeling as "snitch"
	  ○ Benefits

Situational factors stimulating reporting	• Seriousness of the offense • Strength of the evidence • Recidivism
Incentives for reporting linked to the authority to whom the (alleged) offense is reported	• Trust that authority will take action • General acceptance of rules and trust in enforcement • Earlier experiences of the reporter with reporting to this (or other authorities) • Perceived procedural justice • Showing gratitude to reporter • Taking reporter seriously • Feedback from the agency investigating the report
Contextual factors influencing reporting (organizational field)	• Relation between organizations in sector and attitude toward these organizations • Norms within business sector

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Notes

1. https://www.sec.gov/about/offices/owb/owb-faq.shtml#P5_1383
2. https://denebleo.sec.gov/TCRExternal/index.xhtml; https://www.epa.gov/enforcement/report-environmental-violations; http://www.food.gov.uk/enforcement/enforcework/report; http://ec.europa.eu/anti-fraud/olaf-and-you/report-fraud_en
3. Miceli, Dreyfus, and Near (2014) specify that the concept is reserved for wrongdoing within the context of organizations, rather than purely individual wrongdoing, which is better covered by the concept of bystanders (Latané & Darley, 1969). They also reserve the concept of bellringers for voluntary tips, despite the increasing legal reporting duties for professionals (e.g., anti-money laundering legislation).
4. The anonymized reports are available on request.
5. In each inspectorate, 10 to 15 reporters were selected on the basis of the analysis of the written files, aiming for maximum variation in type of business, type of violation, and experiences. This sample is, thus, not representative but covers the diversity of reporter types in the various agencies. These reporters were sent a letter by the inspectorate with the question whether they had objections that the information about their report and their identity would be made available to the research team. Five reporters refused cooperation (four in *Nederlandse Voedselen Warenautoriteit* [NVWA], one in *Inspectie Sociale Zaken en Werkgelegenheid* [ISZW]). Those who did not object were contacted by two student assistants for a telephone interview.
6. This analysis was conducted by two student assistants. A sample of their analysis was re-analyzed by one of the senior researchers, showing a high level of interrater reliability. Also, coding was discussed in two sessions with the senior researchers, to promote correct coding and to avoid inconsistencies in interpretation.
7. Whereas quantitative content analysis is aimed at testing hypotheses and drawing generalizable conclusions using statistical data analysis methods, qualitative content analysis aims at understanding "context-dependent meaning," and most often uses a combination of inductive and deductive coding procedures as methods of data analysis that are part of an iterative process (Schreier, 2014, p. 173).

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