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Master in Accounting
Sustainability, Accountability and Ethics

Ethical dilemma: A case of illegal dumping and whistleblowing

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Abstract: This case study explores a real-life corporate environmental scandal involving an upscale international hotel polluting the Hackensack River in NJ, a whistleblower, and an environmental activist and advocacy group, with the backdrop of cutthroat political and business interests influencing the outcomes. In 2009, an employee of the Crown Plaza Hotel, located along the Hackensack River in Secaucus, NJ, secretly approached the head of the Hackensack Riverkeepers, an environmental advocacy group, to alert him of raw sewage being dumped in the river. The employee was very fearful and demanded anonymity for fear of losing his job and other repercussions. The Hackensack Riverkeepers led the Attorney General's Division of Criminal Justice to launch an investigation under the New Jersey Water Pollution Control Act. In addition to the ethical dilemma and legal situation, the case will explore the impact these types of environmental crimes have had on tourists' and residents' perception of New Jersey being a "dirty" place.

Keywords: business ethics, whistleblowing, environmental, sustainability, case study

Case Rationale:

The brief case that follows is taken from a real-life scandal that happened recently in New Jersey and that illustrates a potential ethical conflict that an average employee might be faced with in the complex work environment. The case is followed by questions that can be given as a class assignment for discussion, and is followed by teaching notes that provide the actual narrative of events that occurred at the Crown Plaza, involving the whistleblower and the environmental advocacy group, the Hackensack Riverkeepers.

Case Narrative:

John is very content with his job at the hotel, which is one location of a well-known upscale international hotel chain. He has been working at the hotel, in an urban area situated on a river, for almost a year, and he is earning enough money to cover much of his college tuition. He also has a good relationship with his colleagues and supervisors. John got the initial job interview through a friend who was working there, and he feels very grateful to everyone who helped him get the job. After six months on the job, he got a small promotion and pay raise, and he was responsible for reservations, customer service and training new employees in these areas, including two interns who go to the same college as John. One day after a stressful encounter with a hotel guest, John goes for a walk outside to get some air. He notices a falcon flying towards a nest under the highway overpass and the swaying tall green reeds that line the river in the marsh in the background. As he is thinking how tranquil it is

out here along the river, he senses a very bad smell and walks around closer to the water. There is black ooze running into the river, and he follows it back around to find the source of the foul-smelling liquid, a hose leading up to a deep pit with a grate on top of it. By now, the smell is so bad that he can't take it much longer, but he wondered what was causing the odor and why there was a hose running out of the nearby hole in the ground. His immediate plan was to go tell his supervisor what he has found, but then he has second thoughts. He wonders if some employees at the hotel were in fact responsible for the situation and thinks twice about being the one to inform everyone. But John realized what he had found was raw sewage from the hotel bathrooms draining into the river, which is a serious environmental violation. John is torn between his social and legal obligation on one hand and his loyalty to his company and co-workers and his fear of losing a job, which he desperately needs to pay the bills. What should John do?

Questions:

1. Consider the different stakeholders who are going to be affected by John's decision and discuss the competing interests of each of the different stakeholder groups.
2. Should John go directly to his supervisor and speak to him in person? Should he write an anonymous letter to the CEO and President of the hotel? Should he ignore the problem and let someone else figure it out and deal with it? What are the pros and cons of different alternatives he can take?
3. Apply the Kohlberg's stages of moral development to John's ethical dilemma and describe how an individual at the different stages of development would be motivated in this situation.
4. Describe the risks associated with being a Whistleblower and the ethical obligation employees and individuals must consider when confronted with an obvious ethical violation on the job.