



WHISTLEBLOWING REDEFINED

INTERPRETING THE EU WHISTLEBLOWER PROTECTION DIRECTIVE

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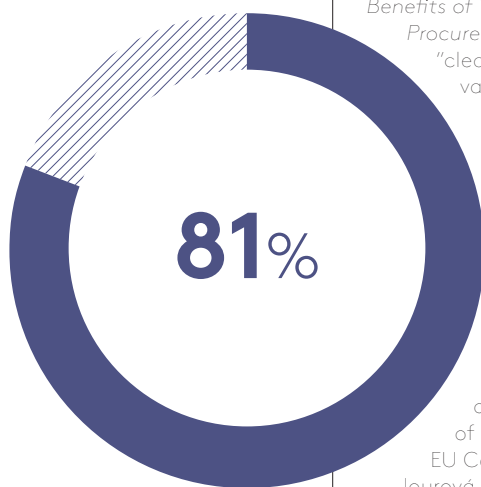
A NEW DIRECTION: UNDERSTANDING THE VALUE OF WHISTLEBLOWING

Action by the European Union to protect individuals who unmask corporate and public wrongdoing signals a new direction for ethical business practices

Giles Newman
Managing Director, EMEA
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29%
of Europeans think there is no protection for those who whistleblow

Special Eurobarometer on Corruption, EU, 2017



of Europeans did not report corruption they had experienced or witnessed

Special Eurobarometer on Corruption, EU, 2017

The European Union's Directive for the protection of persons reporting on breaches of Union law (or 'Whistleblower Protection Directive') was forged in the heat of several recent scandals. Cases as diverse as LuxLeaks, the Panama Papers and Cambridge Analytica each had two things in common: firstly, they would never have seen the light of day had it not been for the determined efforts of individuals who spoke out, and secondly, they all harmed the interests of European voters and taxpayers.

The magnitude of these scandals, coupled with Luxembourg's decision to prosecute the individuals involved in the LuxLeaks case, as well as and a growing body of evidence to support the moral and financial value of protecting and supporting 'whistleblowers', all helped galvanise the European Commission and Council of Europe into action. Indeed the EU's own 2017 report, *Estimating the Economic Benefits of Whistleblower Protection in Public Procurement*, concluded its findings

"clearly demonstrate the economic value of whistleblower protection."

True to its word, the EU's new Directive grants protection to a far wider range of potential whistleblowers than under existing national law across EU member states. In addition to employees, it also shields the self-employed, interns, former employees and shareholders from retaliatory action. Announcing the approval of the Directive by the EU Council of Ministers on 7 October, 2019, EU Commissioner for Justice Věra Jourová said: "Whistleblowers should not be punished for doing the right thing. Our new, EU-wide rules will make sure they can report in a safe way... I urge member states to implement the new rules without delay."

The scope of activities for which speaking up is protected has also been widened – going

Whistleblowers should not be punished for doing the right thing

beyond the core crimes and misdemeanours of corrupt practices and money laundering, to also include those that spark threats to individual freedom through the abuse of personal data, as well as activities causing serious environmental harm and threats to public health.

The Directive will be drafted into national law by EU member states by 2021 at the latest. Its key stipulation requires any private-sector firm or public-sector body with 50 or more staff to establish formal reporting channels for employees and others to express concerns, while also requiring employers to give feedback and respond to a reporter's testimony within three months. While such implementations may sound challenging, 2018 research conducted by George Washington University showed that companies with effective internal reporting processes also experience better business performance: a win-win for both the business and its employees.

Some EU member states did express concerns about the new Directive's scale and scope, and had sought to exclude disclosures relating to tax fraud from the legislation. In the end this did not materialise and its scope has remained deliberately broad.

The Directive is a step in the right direction and firmly establishes the value that whistleblowing can play in society. By enabling and protecting those who speak out against perceived misconduct, the EU is paving the way for both nations and organisations to re-evaluate whistleblowing and at last see it in a new, more positive light. ♦

RESPONDING TO THE DIRECTIVE: SIX KEY ACTIONS YOU NEED TO TAKE NOW

An overview of existing European legislation

Only 10 EU member states – Croatia, France, Hungary, Ireland, Italy, Lithuania, Malta, the Netherlands, Slovakia and Sweden (as well as exiting member, the UK) – currently have comprehensive legal protection for whistleblowers. Eight, including Portugal, Germany, Austria, Poland and Latvia, have none. The remainder offer only partial protection, often excluding private-sector whistleblowers from receiving legal protection.

Most existing legislation has only been in place since 1998 or later and has largely turned out to be inadequate. The UK seemed ahead of the game with 1998's Public Interest Disclosure Act, but recent experience – including the 30-year Gosport hospital deaths scandal – has exposed serious flaws.

The pioneering House for Whistleblowers legislation, passed by the Netherlands in 2016, set out clear channels and processes for whistleblowers. However, a 2019 paper by the Congress of Local and Regional Authorities stated that the House “has mostly remained inactive and not...guarantee[d] the protections it was intended to offer.”

Elsewhere, France strengthened its own limited whistleblower protection legislation with 2016's “Sapin II”, which required employers to introduce systems and processes for reporting. A year later, Italian lawmakers faced cultural resistance when implementing legislation covering private-sector whistleblowers, while political hostility has meant that recent attempts to introduce standalone national legislation in Bulgaria, Denmark and Germany also failed. The Directive will seek to rectify such failures by mandating EU-wide standardisation of whistleblower protections.

Organisations and public bodies affected by the Directive will need to undertake a range of activities to comply with the new rules

Nick Martindale
Journalist and Editor

The European Union's 2017 *Special Eurobarometer on Corruption* found that just 18 per cent of Europeans would speak up about corruption witnessed in the workplace, while almost a third (29 per cent) believed there is no protection for those who expose wrongdoing.

The EU Whistleblower Protection Directive is intended to change this. Following its formal adoption in October 2019, EU member states were given two years to implement it into national law. Organisations with 250-plus employees must comply with this legislation from 2021 and those with between 50 and 249 have until the end of 2023.

Ahead of the deadlines, affected public and private organisations will be expected to fulfil these six key actions:



Create effective reporting channels and processes

Central to the Directive is the obligation to create effective and efficient reporting channels in private and public sector organisations of more than 50 employees or municipalities of more than 10,000 inhabitants.

It will be up to each member state to decide whether anonymous reports should be accepted and followed up on, but the channels provided should enable people to report either in writing, through an online reporting platform, email or letter; or orally, via telephone hotline, voice messaging system or in person.

Line managers, HR, and legal/compliance departments should be trained how to handle reports in line with the new law and equipped to discuss employees' concerns. This should include understanding how to respond, who to inform and how to ensure confidentiality.

Communicate the hierarchy of reporting channels and train employees

2 The Directive introduces a three tier reporting system. Organisations are expected to provide clear, easily accessible and transparent information about reporting channels in order to promote - and not deter - reporting.

In the first instance, employees should be encouraged to use internal channels to raise concerns, which should be kept confidential and responded to within three months.

The second tier enables employees to report concerns externally to "competent authorities" at EU or member state level. These cases must be dealt with inside three months (or within six months in justified cases).

The third tier enables whistleblowers to publicly air grievances through the media or other means. Such instances may involve an imminent danger to the public interest, a risk of retaliation or a failure to deal with concerns internally in the required timeframe.

Understand who will be protected

3 The Directive protects a broad range of individuals - essentially anyone working in the public or private sector who could acquire information about a breach in a work-related context. Those afforded protection therefore include (among others): employees, civil servants, the self-employed, volunteers, trainees, non-executive members and shareholders.

Protections also apply to those whose work-based relationship has yet to begin, such as through pre-contractual negotiations, or where it has ended.

Third parties or facilitators that assist those who speak up, for example colleagues or relatives who could be affected by a disclosure, are also protected.



Be aware of the wide scope of application

4 The Directive's scope of application includes public procurement, financial services, prevention of money laundering and terrorist financing, product safety, public health, and protection of privacy and personal data - in essence, any violation or potential violation of EU law that qualifies.

Implement the required support and protection measures

5 The Directive mandates organisations to implement and communicate the additional protective safeguards. These ensure protection from retaliation such as dismissal, suspension, demotion, intimidation or other penalties, like being denied training or receiving poor evaluations.

Protective measures also prevent the reporting person's identity being disclosed (without their consent) to anyone beyond authorised staff members who are competent to receive or follow up on reports.

In cases relating to detriment suffered by a reporter, the Directive presumes the detriment was made in retaliation to the report. This means the burden of proof in such cases will lie with organisations, rather than reporters themselves.



Put processes in place to meet feedback obligations

6 With a window of three months, or six in exceptional cases, in which to respond and follow up on reports, organisations need to put effective management and response processes in place.

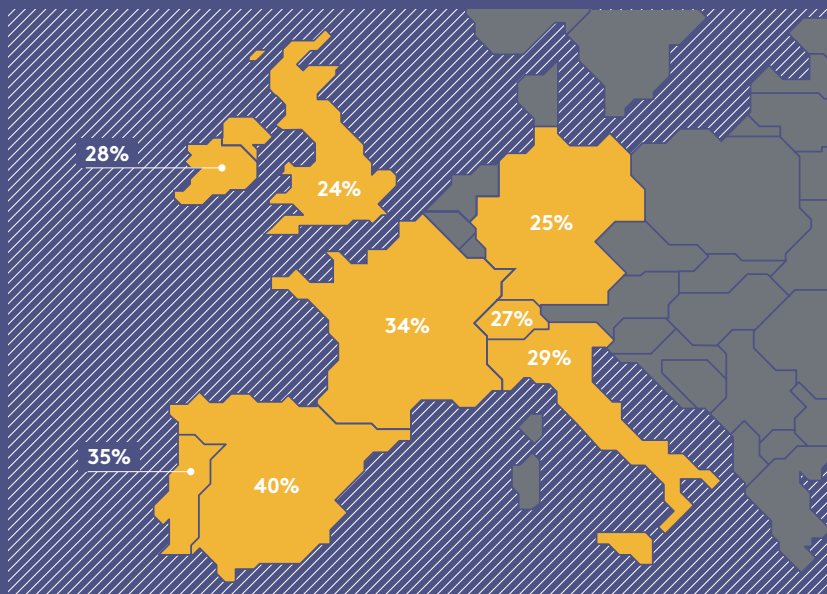
Organisations should clearly outline these policies and processes so that potential reporters know how their report will be handled, including what an investigation looks like, who will be conducting it and who will decide if wrongdoing has occurred.

Equally, organisations should provide information on what might happen to any individual found to have acted in breach of the rules and how they will be kept updated on developments. ◆

EU STATES OF PLAY

Currently, just 10 EU member states have comprehensive whistleblower legislation in place. As the new EU Whistleblower Protection Directive is ratified and rolled out, we look at the perceptions and opinions of European employees about workplace whistleblowing.

On average, 30% of Europeans were aware of workplace conduct that violated the law or their organisation's ethical standards in the previous 12 months

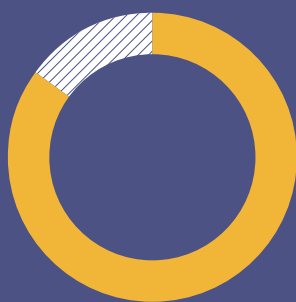


Ethics at Work Survey (Europe), IBE, 2018

The types of misconduct Europeans have been aware of in the workplace



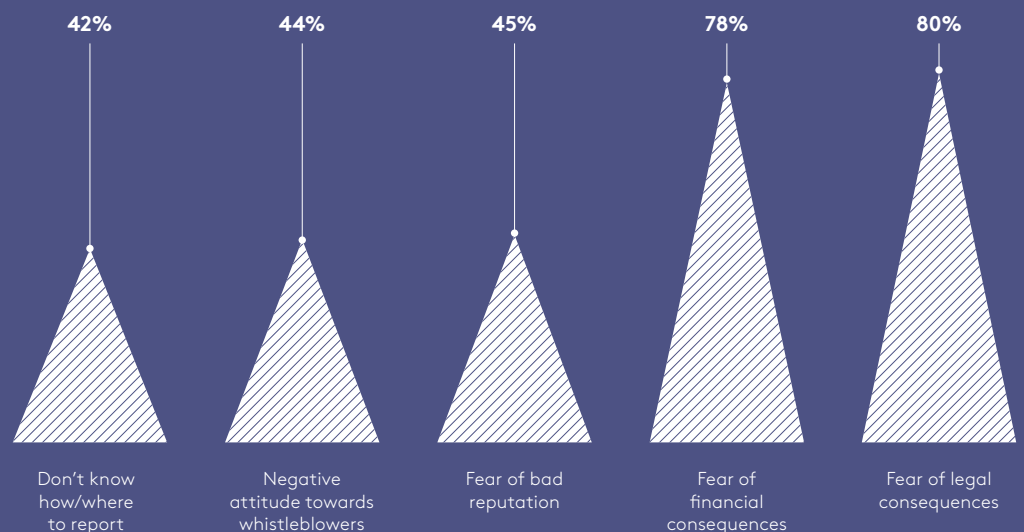
Ethics at Work Survey (Europe), IBE, 2018



85%
of Europeans believe employees rarely or very rarely report concerns about threat or harm to the public interest

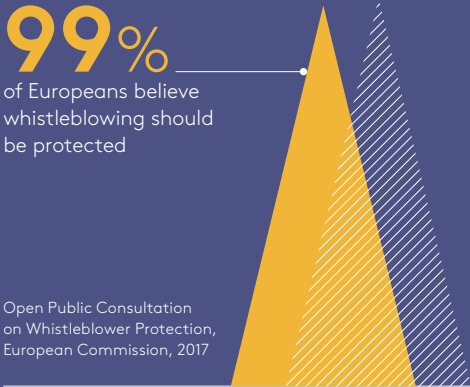
Open Public Consultation on Whistleblower Protection, European Commission, 2017

Why Europeans do not report wrongdoing

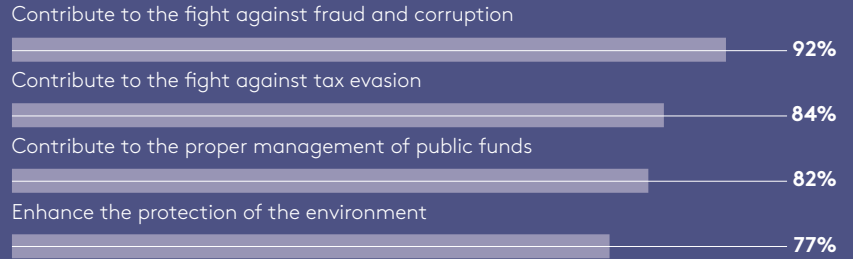


Open Public Consultation on Whistleblower Protection, European Commission, 2017

While almost one-in-three employees in the EU has witnessed misconduct in the workplace, few choose to report it as they fear the potential consequences. Consequently, the majority of Europeans are strongly in favour of protecting those that speak up.



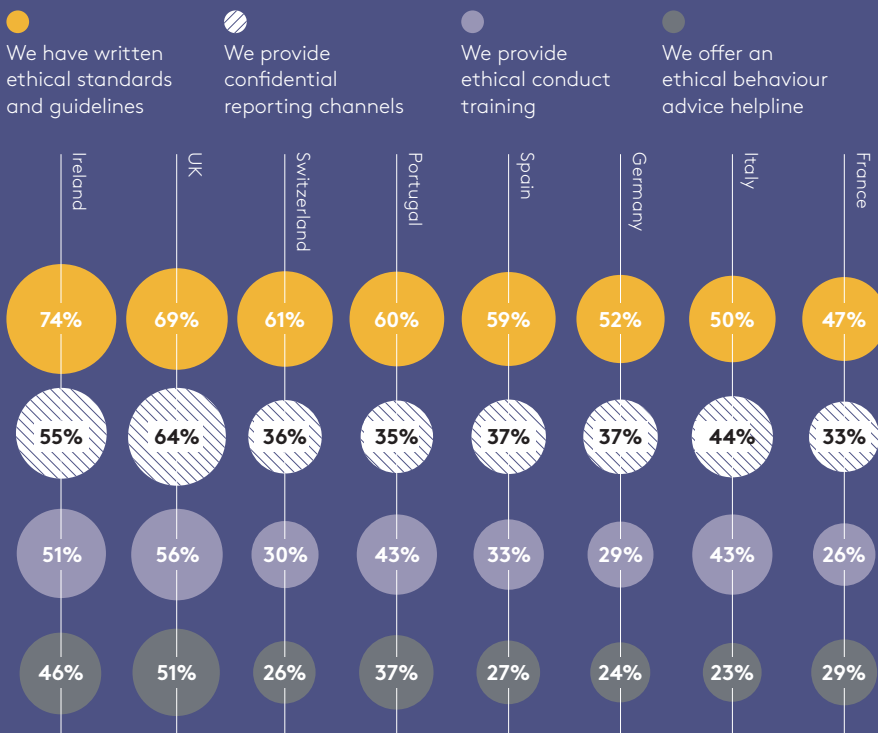
Perceived benefits of strengthening whistleblower protections



Open Public Consultation on Whistleblower Protection, European Commission, 2017

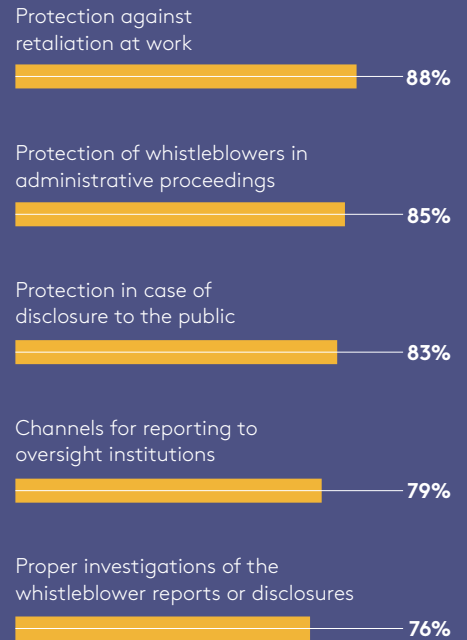
Europeans seem to have a clear idea of what makes an effective whistleblower programme, but evidence suggests geographical variance in the awareness - or existence - of reporting channels and whistleblower support.

Employee awareness of their organisation's ethics programme



Ethics at Work Survey (Europe), IBE, 2018

Top 5 most important aspects of effective whistleblower programmes



Open Public Consultation on Whistleblower Protection, European Commission, 2017

As the number of high profile whistleblowing cases increases, there has never been a better time for the EU to protect and empower whistleblowers - an initiative that will clearly be welcomed by employees and citizens throughout member states.

LEVELLING THE PLAYING FIELD

What will be the impact of the European Union's Whistleblower Protection Directive and does it signal further global legislation and protection?

Joe McGrath
Journalist and Editor

73days
is the median case closure time per whistleblowing report for European-headquartered organisations

Regional Whistleblowing Hotline Benchmark Report, NAVEX Global, 2019

As recently as 2014 there was little to no political will for an EU-wide Directive on whistleblowing. Yet following a string of high-profile scandals in the years that followed, the limitations of existing legislation to assist those who report ethical or legal violations have been exposed.

Badly handled investigations, cover-ups, poor processes and cases of retaliation have been all too visible.

As media scrutiny has grown, and the public made more aware of both corporate failures and negative recurring trends among whistleblowing cases, the need for better protection has become increasingly evident.

Wim Vandekerckhove, reader in business ethics at the University of Greenwich, says "it's the cases where external whistleblowing has gone wrong" that have been the incentive for action.

But how should organisations interpret the EU Whistleblower Protection Directive within their broader compliance framework and what might it tell us about the direction of further global legislation in this area?

Protecting the individual

During a session at the 2019 Ethics and Compliance Virtual Conference, hosted by NAVEX Global, panellists were asked to consider the way regulators are responding to whistleblowers and how they are framing their laws as a result.

The common theme running through the various regulatory and legislative changes is that organisations have not been "able to effectively address concerns of retaliation or to put in place effective monitoring", according to Carrie Penman, chief risk and compliance officer at NAVEX Global.

"Much of what is happening is really to codify issues around managing retaliation," she says. "I also think there's a lot of good in codifying what has been, to date, best practice for many organisations that believe strongly in building good reporting systems."

With a key goal of standardising whistleblower protections across member states, the new Directive aims to bring "a set of common understandings of what should be the appropriate channels of reporting and who it applies to", explains Marc-Olivier Lamaro, vice president of global compliance at McKesson, who took part in the same panel discussion as Ms Penman.

Mr Lamaro continues: "The EU is going quite far because it will apply to every company over 50 employees, which means a lot of organisations will be affected."

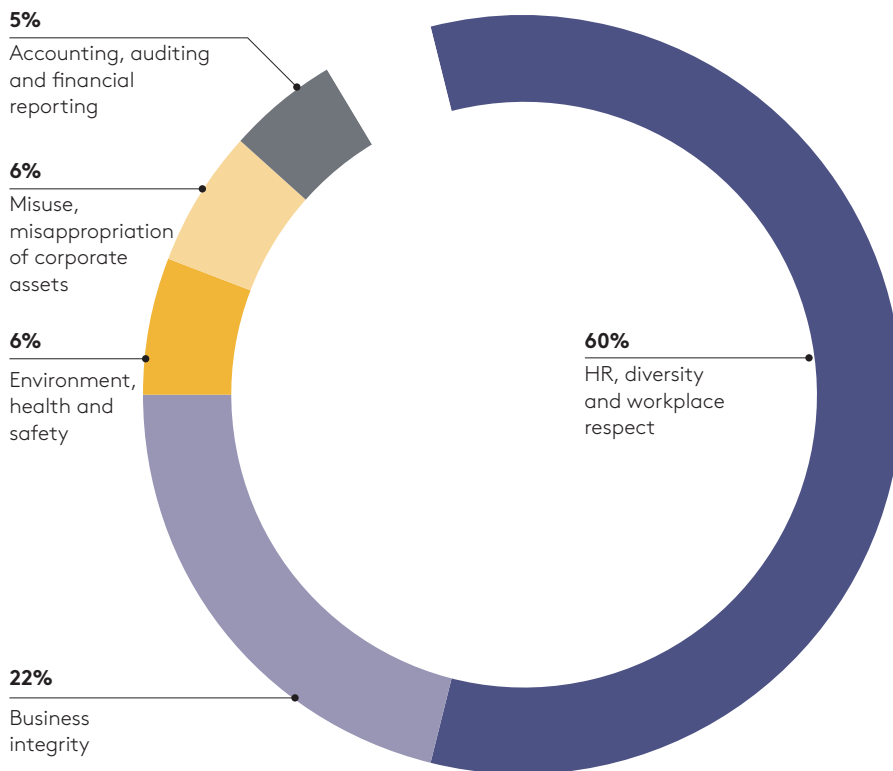
Yet, despite this attempted levelling of the playing field, Ed Mills, head of employment law at Travers Smith, believes the Directive's requirements are "pretty onerous" for employers, adding it could even make things difficult for organisations in countries with more developed legislation.

Creating an ideal landscape

In a sense, the Directive is an attempt to create an "ideal landscape", according to Dr Vandekerckhove, guided by "what went wrong in the past". This new landscape will help level the playing field, says Ms Penman: "When it comes to ethics and compliance, we shouldn't be competing in that arena, we should be co-operating."

A new landscape, even if ideal, will create challenges for some organisations. Given that

The most common types of whistleblowing report in European-headquartered organisations



Regional Whistleblowing Hotline Benchmark Report, NAVEX Global, 2019
(Note: numbers based on median findings, so may not total 100%)

Percentage of cases detected by an employee tip



Report to the Nations, ACFE 2018

Much of what is happening is really to codify issues around managing retaliation

the new rules will apply to so many businesses, there will be implications, particularly for those organisations that do not yet have a comprehensive company-wide whistleblowing framework in place.

Ms Penman says that one of the biggest challenges still facing organisations is "how to communicate to such a broad audience of employees, the processes and the reporting channels that are available to them."

In many instances though, as Mr Lamaro points out, global organisations are ahead of EU regulation in terms of best practice but are not necessarily uniform. The new Directive goes some way towards establishing this uniformity and creating a level playing field; indeed, this is one of its core objectives.

Minimum standard

Looking to the future and the Directive's potential impact on reporters, it's important to remember that the EU isn't trying to reinvent the wheel; whistleblowing is not a new concept. As such, it's understandable that many are cautiously optimistic that the new rules are a step in the right direction.

Dr Vandekerckhove says the Directive sets the minimum, pointing out that cultural differences are a reality in Europe when it comes to

whistleblowing and that this will be reflected in how regulation is implemented across member states.

"I think where countries might differ is with regard to the government agencies or the regulatory agencies that are going to be mandated to receive concerns and handle reports," he says. "Are countries going to opt for the Irish model? Or are they going to opt for a more centralised model, like you have in the Netherlands and France?"

However, while the implementation model may differ by country, Mr Lamaro observes that, ultimately, all new legislation in this area, whether the EU's Directive or amendments to Australia's Corporations Act, is heading in the same direction.

"They are all very prescriptive and firm on the protection of whistleblowers," he says. "Certainly, the EU Directive explicitly indicates any systems must be built in a way that processes any information, from a technical point of view at least, to flow in a secure manner that ensures full confidentiality of the reporter."

With a deadline of 2021 for member states to comply with the rules, and many organisations yet to deploy a compliant solution, affected organisations that are yet to launch a programme will need to begin implementation in short order. ◆

OVERCOMING CHALLENGES WHEN IMPLEMENTING EU WHISTLEBLOWING LAW

Potential difficulties may impede organisations from complying with new whistleblowing laws, but such hurdles can be overcome

Jamie Lombard
Marketing Manager, EMEA
NAVEX Global

By 2023 at the latest, every organisation of 50 or more employees will need to have implemented appropriate reporting channels, protection and levels of engagement for potential whistleblowers. In the interim, organisations without strong programmes already in place need to begin the implementation process, while those with established programmes will need to reassess them to ensure they meet the standards mandated by the EU Whistleblower Protection Directive.

These implementation and review processes include identifying the right reporting channels, communicating and raising awareness of best practice to employees, encouraging a speak-up culture and highlighting the wider business value of these changes - beyond regulatory compliance - to stakeholders.

Choosing the right channels

A key focus of the Directive is the implementation of effective reporting channels. But with a range of options, where should you start?

"We were able to identify the most effective channels through employee surveys and feedback from compliance training," says Parma Pillay, director of enterprise risk at Kingfisher, adding that taking inspiration from industry peers can also help, particularly at a sector-by-sector level.

The first channel many organisations

implement is a telephone hotline, which Joyce Jones, business conduct programmes manager at BAE Systems, describes as a "good foundation" to build on.

Recently, however, the speed, convenience and relative discretion offered by online reporting channels has seen their popularity increase. NAVEX Global's 2019 *Regional Whistleblowing Hotline Benchmark Report* reflects this trend with 38 per cent of reports from European-headquartered companies now originating online.

Digital channels are also effective in enabling people to report anonymously, providing additional protection from possible retaliation - a core tenet of the new Directive.

"Over the years, we've set up alternative 'speak-up' reporting channels, including anonymous online reporting," says Ms Jones.

"To provide a truly anonymous service, we had to ensure we didn't even have the possibility of tracing the IP address of where the online report came from."

Culture of communication

While establishing channels is essential, encouraging employee uptake and buy-in is a different challenge entirely.

"Building a culture so people are not afraid to speak up is the most significant implementation challenge," says Justin

0.46

whistleblowing reports per 100 employees are received annually, on average, by European-headquartered organisations

Regional Whistleblowing Hotline Benchmark Report, NAVEX Global, 2019

Thornton, director of internal audit and risk at Aston Martin Lagonda. "We have a positive culture and it is still hard to get people to come forward."

Effective communication sits at the heart of a healthy speak-up culture. "You have to make employees aware of the service," says Ms Jones, adding: "It might be a webpage, poster campaigns or other one-off type of costs."

Aston Martin has taken it a step further, says Mr Thornton, by rolling out "mandatory training so everyone can review our corporate policy on whistleblowing, anti-bribery and corruption".

At Kingfisher, Mr Pillay says internal training has the added benefit of "instilling a sense of confidence that cases are being investigated".

Investigating and responding to reports

Organisations need to account for potential costs associated with staffing, administration and governance involved in dealing with reporting.

Building a culture so people are not afraid to speak up is the most significant implementation challenge

Equally, response times and investigation practices will be scrutinised heavily under the new rules. Even organisations with well-established programmes can find this difficult, leading them to employ their own approach.

Mr Thornton says his organisation's investigations are managed independently to ensure anonymity and help Aston Martin meet the Directive's feedback obligations. Those who speak up receive an "acknowledgement receipt" within seven days, well inside the three months required by the Directive, he says.

However, ensuring response times are met requires processes and procedures to be reviewed regularly. "Differences in legislation and regulation across geographical territories, competence of investigators and restrictive business processes can complicate matters," says Mr Pillay.

Organisational and cultural buy-in

Arguably, though, developing the right skillsets and an ethical culture is more important to success than simply deploying robust processes and procedures.

Ms Jones believes BAE Systems achieves this, in part, through its network of in-house 'champions'. These are employees who have an ethics officer role in addition to their normal responsibilities and act as a sounding board for colleagues' ethical concerns.

1 in 10 whistleblowing reports related to Harassment & Discrimination in European-headquartered organisations during 2018

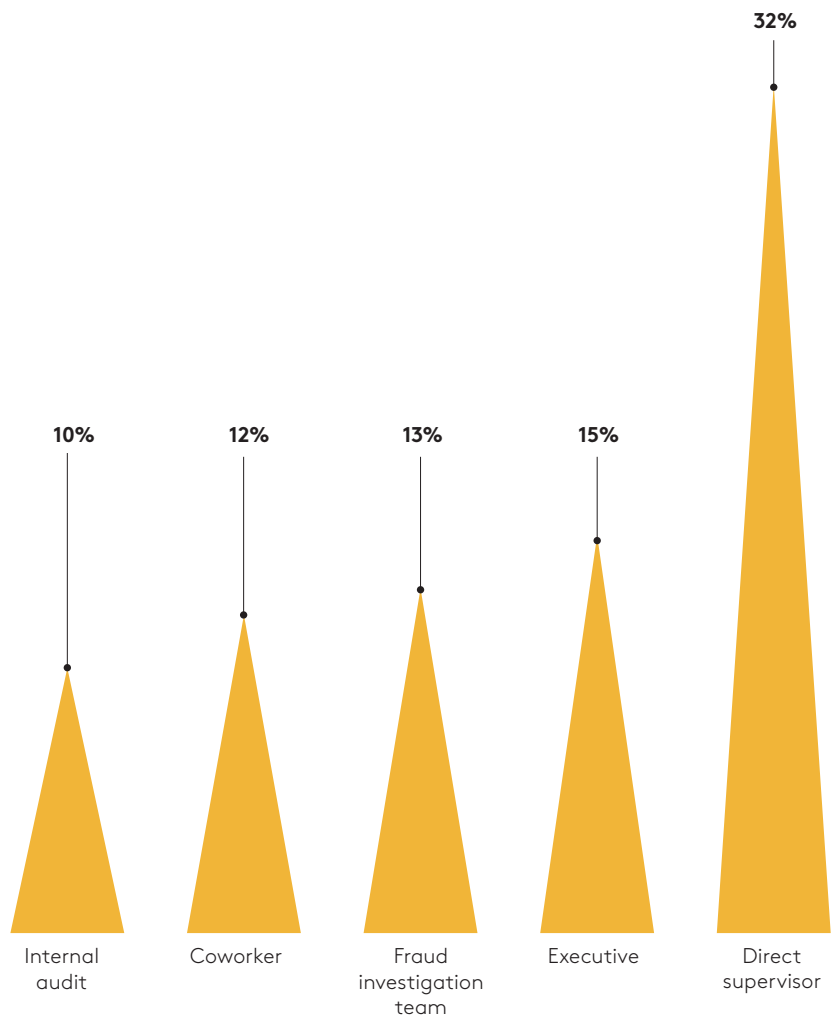
Regional Whistleblowing Hotline Benchmark Report, NAVEX Global, 2019

However, what if stakeholders fail to see the value of speaking up and instead view it as inviting trouble, rather than reform. Or, as Mr Pillay says, what if colleagues find standards and processes to be restrictive? Cost rationalisation may also be a hurdle, especially when looking to implement reporting systems from a more embryonic starting point.

To overcome such challenges, Ms Jones advocates a three-pronged approach. This involves being seen as supporting - rather than competing with - functions, engaging in regular relationship-building with key stakeholders and sharing anecdotal success stories.

Each of these steps demonstrates the value of reporting systems to the business, helping decision-makers understand why such provisions are important to wider business success, rather than simply being a legal necessity. ♦

When no hotline is available, whistleblowers are most likely to voice their concerns in a report to:



Report to the Nations, ACFE 2018

PROFILE OF A 'WHISTLEBLOWER'

What sort of person is likely to speak up against illegal or unethical behaviour?

Ian Fraser

Journalist and Business Editor

54%
of whistleblowing reports received from European-headquartered organisations during 2018 were anonymous

Regional Whistleblowing Hotline Benchmark Report, NAVEX Global, 2019

“It’s impossible to generalise about whistleblowers,” says Wim Vandekerckhove, reader in business ethics at the University of Greenwich. “They can be introverted or extroverted; we’ve seen people of all ages, genders, ethnicities and positions speak up.”

But with fewer than one-in-five European workers willing to report workplace corruption, according to the EU’s 2017 Special Eurobarometer, it prompts the question: do whistleblowers tend to share common characteristics or motivations? If so, what are they? And what thought processes tend to underpin the decision to speak up – or remain silent – about workplace misconduct?

Lone voice

“One thing that is certain is that people will always evaluate the potential for retaliation prior to making a report,” says Carrie Penman, chief risk and compliance officer at NAVEX Global. “Ultimately, it is a well-considered decision influenced by a wide range of personal and external factors.”

An open public consultation, issued by the European Commission in 2017, supports this viewpoint, with around 80 per cent of Europeans saying they feared legal or financial retaliatory consequences if they spoke up. Perhaps it’s no surprise then that the European Union’s new Directive outlaws retaliation.

Professor Kate Kenny, professor of business and society at National University of Ireland, Galway, and author of *Whistleblowing: Toward a New Theory*, says those who do speak up often claim they feel like they have no option but to do so. “We see that persistence, sometimes called ‘the choiceless choice’, over and over again.”

In reality, many whistleblowers don’t necessarily consider themselves as such – at least in the early stages. While motivations can (and do) vary, their decision to speak up is underpinned by a desire to “do the right thing”. It’s this drive to call out damaging behaviour, sometimes mistaken for disloyalty or troublemaking in unhealthy workplace cultures, that can be crucial in turning around the ethical health of an organisation.

“In your average organisation, around ten per cent of employees are people who will do the right thing at all costs, while ten per cent will be completely disengaged and self-interested. Eighty per cent are people who can be swayed either way, depending on the organisational environment and context,” says Guendalina Dondé, head of research at the Institute of Business Ethics.

The decision to speak up is often influenced by the ‘bystander effect’. “If other people are aware of what you’ve seen, and do nothing about it, it’s more likely you’ll do nothing,” says Dr Vandekerckhove. He notes it’s more common for an individual to speak up when they are the only witness and everyone else seems blind to the issue.

“People will always evaluate the potential for retaliation prior to making a report

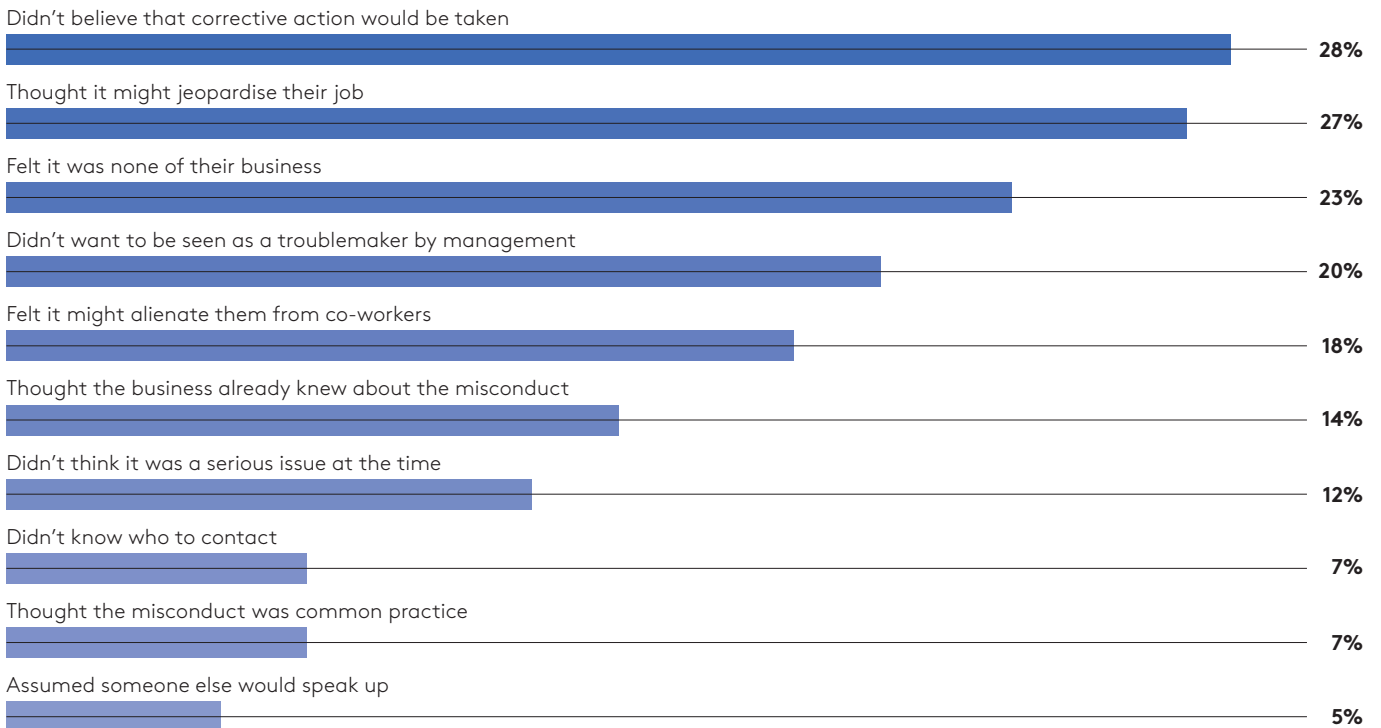
Organisational factors

Culture is often more critical in driving people to speak up than personality, status, gender or age. In a trusting, inclusive environment, employees are likely to feel more comfortable raising concerns with managers, especially when they have seen others do so without reprisal. In such an environment, it’s rare for someone who speaks up to feel the need to go over bosses’ heads to regulators, authorities or the media.

The creation of a three-tier reporting structure to encourage internal reporting in the first instance is mandated by the EU Directive. If organisations fail to foster a culture that encourages this, they risk losing control of situations which might otherwise have been dealt with directly. The responsibility for building such cultures lies with leaders.

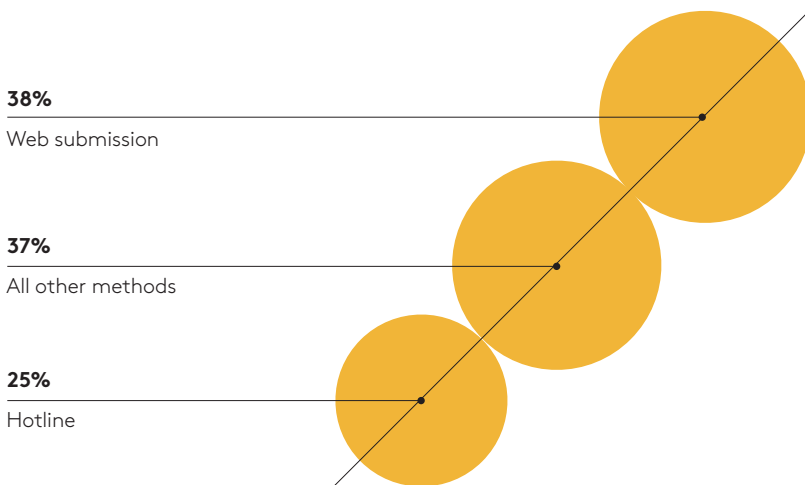
“Tone from the top is absolutely crucial,” says Rozlyn Spinks, head of ethical business conduct (Air) at BAE Systems. “Line managers should be trained to actively encourage people to speak to them, or else to raise concerns through other avenues, and to listen to them. The personality of the line manager is just as important as the personality of the person who’s raising the concerns. If people feel intimidated, they are not going to speak up.”

Reasons why employees didn't speak up about misconduct



Ethics at Work Survey (Europe), IBE, 2018

Employees at European-headquartered organisations use a range of reporting channels



Regional Whistleblowing Hotline Benchmark Report, NAVEX Global, 2019

Turning theory into practice

Game theory can offer a fresh perspective for organisations trying to understand those who might speak out. Considering scenarios such as the so-called prisoner's dilemma, in which two suspects have been arrested and must decide whether to confess, and the volunteer's dilemma, in which each participant can either make a small sacrifice that benefits everyone or wait in the hope of benefiting from someone else's sacrifice, can be helpful when seeking to develop whistleblowing policies, says Dr Vandekerckhove.

"However, you have to resist assuming that whistleblowing is a clear-cut decision. In most cases it's a process, not a one-off action," he says. It's also important to recognise that reporters are motivated by a variety of factors, with some aimed at protecting the organisation and others centred around the interests of an individual (who is not necessarily the reporter). While motivations may differ, the information is just as likely to be valid and requires fair and objective review.

This may explain why it tends to be siloed, secretive and high-pressure environments that drive people to escalate their concerns to top management and beyond. Such cultures can have a "chilling" effect on reporting, according to Professor Kenny, whose research has focussed on the experiences of individuals who reported illegal or unethical conduct within

Welch's research correlates better financial performance with an increase in reports

financial institutions during the lead-up to the 2008 financial crisis.

"In such an environment, employees will be reluctant to speak up, as they'll fear being branded a troublemaker," she says. "If their actions jeopardise everyone else's bonuses, they'll also fear provoking the wrath of their colleagues."

"Some of the worst types of retaliation I've seen have been peer-to-peer," notes Ms Penman. "Organisations need to be aware of this dynamic and include this scenario in planning for addressing fear of retaliation."

Head in the sand

Yet research shows such oppressive tactics are deeply flawed. Kyle Welch, Assistant Professor at George Washington University School of Business, who conducted a 2018 study into the return on investment of compliance, found organisations that stifle employee concerns are adopting a "tree falling in the woods" approach that does not work. Fewer employees raising concerns is not a sign these concerns do not exist, it simply means they are going unheard.

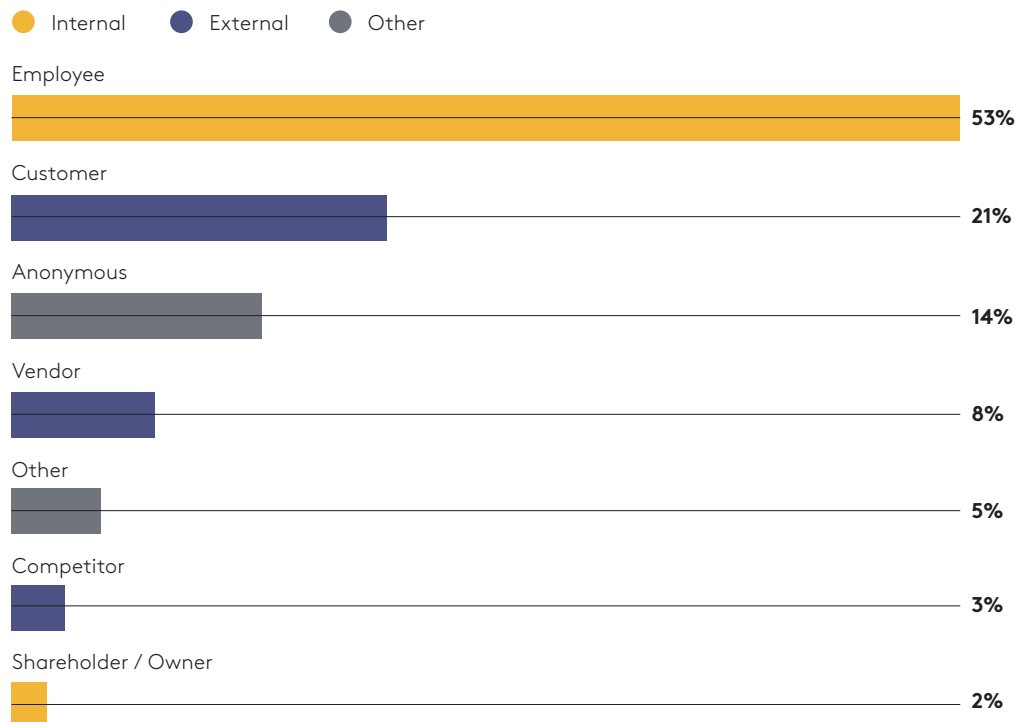
It's no surprise that Professor Welch's research correlates better financial performance with an increase in reports. Effective communication and reporting channels, such as those stipulated by the EU Directive, enable organisations to hear problems, deal with them and grow; it doesn't open the door to troublemakers.

This is a sentiment Ms Dondé, at the Institute of Business Ethics, agrees with. "The most important thing that organisations can do is to create a shared culture where communication flows freely and where it is not a question of putting your interests against mine, but in which we will all suffer if nobody speaks up," she says.

Ultimately, for all of the common themes and motivations surrounding 'whistleblowing', taking the decision to speak up is a deeply personal, contextually-informed and well-considered one.

"What organisations need to do is separate the perceived motivations from the potential validity of the concern raised," says Ms Penman. "Remaining objective and open-minded about each report will transmit a sense of integrity, and encourage a much wider group of individuals to come forward with confidence". ♦

Who is the most likely source of a fraud tip-off?



Report to the Nations, ACFE 2018

NAVEX Global is the worldwide leader in integrated risk and compliance management software and services, and the world's largest provider of whistleblowing hotlines. Trusted by more than 14,500 customers, our solutions help organizations manage risk, address complex regulatory compliance requirements and foster an ethical, highly productive workplace culture.

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