

Why Companies need robust Whistleblowing Procedures

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speaks up and speaks
out on the topic
of whistleblowing,
a system particular
to Anglo-Saxon ethics
and compliance
procedure.



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THE 3 Ps IN A CoBS POD



PERCEIVE

with a set of key takeaways



PROJECT

with food for thought: on yourself, your organisation and the wider context



PERFORM

by putting it all into practice using action tips



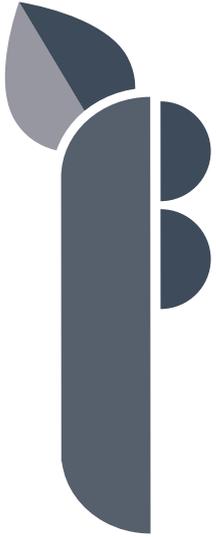


● PERCEIVE with a set of key takeaways

- Despite measures taken by regulators in recent years and the procedures adopted by organisations, implementing effective speak-up procedures remains a challenge for many organisations across a broad range of activities.
- Whistleblowing is encouraged and protected in many jurisdictions because it is considered to be beneficial for organisations and society.
- Without protection, the fate of the whistleblower is, all too frequently, to be actively silenced, discouraged and vilified, and to suffer harm both economically and to their physical and mental well-being.
- As a less stigmatising alternative to the term 'whistleblowing', 'raising concerns', or 'speaking up' can be used.
- Whistleblowers, in the main, tend to be people who have a regulatory obligation to report, or feel a strong duty to the norms of their profession. They act out of a desire to stop wrongdoing and prevent it from recurring, and often do so with great concern about whether their actions will harm their colleagues, or the image of the organisation that they want to protect.
- Organisations should not fear whistleblowers: Raising concerns helps to identify wrongdoing in organisations, something that organisations seem to find difficult, even when wrongdoing is systemic.
- It is not sensible for organisations to signal that turning a blind eye to wrongdoing is appropriate behaviour. Tolerance of organisational wrongdoing and cover-ups can even translate into a mistrust of democratic and other important institutions.
- If trouble is stored up over time, when wrongdoing finally comes to light the damage is often far greater than if it is detected earlier, resulting in financial damage in the form of lost revenues and falling share price, in addition to the costs of fixing the problem.
- In 2012, 40 per cent of 5,000 firms studied had suffered from serious economic crimes resulting in an average of more than \$3 million each in losses.
- The 2017-18 Global Fraud and Risk Report (Kroll), shows that insiders were the main perpetrators of fraud and whistleblowers, rather than internal audit or management, were the most effective means of uncovering fraud, exposing 47 per cent of fraud incidents.
- Adapting robust procedures can enable organisations to avoid the reputational damage that accompanies a situation where a whistleblower feels ignored by management and compelled to take a matter public.
- Organisations should also reduce the prospects of the whistleblower suffering damaging repercussions, even if legislation and regulations are in place to protect whistleblowers in many countries.
- But research shows evidence that that legislation is failing to protect whistleblowers adequately and is not being translated into appropriate practices within organisations.
- The barriers to adequate protection of whistleblowers: Senior managers complicit in or at least indifferent to wrongdoing, toxic organisational cultures, visibly poor treatment of whistleblowers, a lack of action or change after raising concerns represent deterrents to speaking up.
- Effective speak up procedures include the following dimensions: Channels of communication and access, responsiveness and feedback, trust and transparency.



Read the full article:
<https://councilcommunity.org/2019/01/22/why-companies-need-robust-whistleblowing-procedures/>



PERFORM

by putting it all into practice

CHECKLIST



1. Channels and access

- It is important to provide easy access to speak-up arrangements. Provide a range of different channels because trust in the process, built through familiarity and positive experiences, is likely to lead to changes in the access channels that are used the most. These channels include, and this is not exhaustive, informal channels, email and web applications, internal and external hotlines, and independent external advice.
- It is also important to make allowances for cultural factors, including the interaction between organisational and national culture. Culture affects the channels that employees prefer to use to voice concerns: In the UK, US and Latin America employees are less willing to use an external ombudsperson to raise concerns than employees in Germany, the Middle East and Asian countries.
- Avoid standardizing speak up arrangements across territories/countries because it makes the process more difficult to access for many employees. Provide channels in multiple languages – at the very least in the local languages spoken by employees.



2. Responsiveness and feedback

- Ensure that concerns are responded to in a timely and effective manner, where possible. Responsive speak-up arrangements build confidence and encourage more use by employees.
- A responsive system is well organised, clearly mandated, and adequately resourced. Set apart issues such as grievances which can be passed on to HR to deal with. Remain vigilant, however: employee grievances, on more thorough investigation, may turn out to be related to breaches of ethics and compliance.
- Factor in the possibility that your organisation must be capable of dealing with an increase in the volume of concerns raised (due to media coverage of an issue, more transparency, expectations from society and stakeholders).
- Be aware of possible barriers to responsiveness: there may be legal limitations to what can be communicated about an investigation or outcome.
- Manage expectations by explaining about legalities and providing indicative timescales for follow-up activities.
- Responses, such as sanctions taken against individuals, may lack visibility. Where the matter is not a compliance issue, try to include the person who raised the concern in efforts to devise a solution.
- Responsiveness can also be improved by continuously stressing to managers that responding to concerns is part of their role and limiting the discretion they have with respect to that role.
- Provide this information in the annual report as a way of demonstrating the company's responsiveness in dealing with concerns raised and commitment to protecting those who raise them.



3. Trust and transparency

- Include the HR function as well as compliance in your speak up arrangements. Encourage people to perceive speaking-up arrangements as being about well-being and engagement, not just policing and compliance.
- Involve competent independent specialist speak-up operators and include unions.
- Allow employees who raise concerns to help develop solutions. This can help change collective understanding and behaviour of arrangements in a positive way.
- Encourage transparency, to the extent that it is possible without endangering the confidentiality and safety of whistleblowers.
- Actions that create transparency include recording speak-up events and including speak-up data in organisational reporting.
- Senior managers can publish aggregate numbers in the annual report and report performance against a best practice framework.
- Encourage leaders in the field to step forward as speak-up champions, to set and maintain standards, to evidence the evaluation and process of speaking-up.



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