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Developing a robust tool evaluating the impact of whistle-blowing mechanism adapted by various organizations

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Abstract

Whistleblowing is a broad, multi-faceted subject, with a range of definitions and purposes depending on its context. Whistleblowing as HR Policy has been gathering a lot of wind lately especially in forgone decade. It has been pushed as regulation, law and necessity by the society and corporate world. The policy has brought in various WB mechanisms as a conduit for blowing the whistle. Internal WB mechanisms are often open to external whistleblowers (for example customers or suppliers) so there is some blurring of the distinction between internal and external whistle blowing. Furthermore, WB mechanisms may be outsourced to a third party who operates the WB mechanism on behalf of an organization. Such an arrangement is considered 'internal' for the purposes of this study as the WB mechanism provider reports back to the organisation and ensures confidentiality of information passed to its client organisation. A lot of organizations have developed, or subscribed to various internal / external mechanisms, where still quite a few have yet to follow the path. The inspiration for this research came from an internal audit discussion forum of internal auditors. It was indicated that the organization's whistle blowing policy had been running for 3 years and there had not been a single response. This posed a question: "does this mean that everything is OK inside the organization, or that the scheme to prompt people to report wrongdoing has failed?"

Objective of Research

To establish a robust tool in a survey format to determine effectiveness of WB mechanisms especially in Indian context. It aims both to establish whether they are effective and if so, whether they are equally effective for all types of wrongdoing, for all types of organization.

Keywords: Whistle blowing, Anti-fraud controls, Corruption, Compliance, integrity, Ethics, Evaluation Tool, Whistle blowing Mechanism, Human resources

Introduction

WB mechanisms for the reporting of wrongdoing have been in the news since the 1970s, but have seen a surge in uptake since the start of the 21st century. Following a number of corporate scandals in the late 1990s and early 2000s, organizations have begun to understand the potential for internal WB mechanisms as an early warning system to detect wrongdoing within the organization before it spreads too far. As the appetite for WB mechanisms has grown, legislation and best practice guidance extolling the benefits of WB mechanisms has proliferated. Comprehensive benchmarking reports compare activity on WB mechanisms across a range of organizations and countries. Impressive statistics are available on the savings made through fraud detection following WB mechanism introduction, and published opinions, particularly in the fraud detection and prevention community, are almost unanimous as to the benefits of WB mechanisms. What is missing from this WB mechanism euphoria, however, is whether or not WB mechanisms are universally effective, or indeed, how to measure their effectiveness in areas other than fraud detection. Statistics showing the effect of WB mechanisms on fraud detection in certain large, multi-national organizations where fraud risk is greatest are easily produced.

This tool seeks to assess the effectiveness of WB mechanisms as a detective and preventative control across the range of different types of wrongdoing in a range of organizations or to employ an alternative mechanism for effective implementation of whistle blowing policy?

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Study of Literature

Whistleblowing legislation, regulations and guidance

Countries which opt to introduce whistleblowing legislation or guidance must first ask themselves a number of questions:

- Should the implementation of whistleblowing mechanisms be mandatory or advisory?
- How far do we want to go in protecting whistleblowers? – should we allow them to remain anonymous or simply assure confidentiality? What protection should we give against retaliation?
- Should legislation incentivise whistleblowing by, for example, allowing for financial rewards to whistleblowers?
- Does existing legislation cover all or some of our requirements?
- What have other countries already done that we can use?
- What would be acceptable to our citizens while also satisfying our stakeholders at home and abroad?

In answering these questions it is not surprising that a range of different legislation and guidance has resulted, and that different countries are at different stages of implementation, although it is equally unsurprising that most laws and guidance share a common core. The following paragraphs give a sample of the current status of the implementation of whistleblowing legislation and guidance in place in various countries.

USA

The Sarbanes Oxley Act (SOX) (2002) is a comprehensive response to corporate scandals and failures which includes extensive provision for whistleblowing and whistleblower protection. Section 301 of SOX requires that the Audit Committees of publicly-traded companies establish procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters, and the submission by employees of concerns regarding questionable accounting or auditing matters. Sections 806 and 1107 provide for civil and criminal penalties for companies and individuals that retaliate against employees who make whistleblowing reports. While sections 301 and 806 only apply to publicly-traded companies, the criminal anti-retaliation provisions of section 1107 apply to all businesses, whether publicly traded or not. SOX places the Audit Committee at the centre of

the reporting mechanism. Companies can install an internal reporting mechanism by designating an employee of the company to be responsible for receiving, reviewing and transmitting a report to the Audit Committee. Alternatively, companies can engage an external WB mechanism provider to assist the company's Audit Committee to meet the requirements. However, it is a SOX requirement that the individual making the report remains anonymous and that the report itself is kept confidential from management. The SOX requirements apply to all Securities and Exchange Commission listed companies, regardless of where they operate in the world.

UK

The Public Interest Disclosure Act (PIDA) came into force in the UK in 1998. It was borne out of the enquiries into

several major disasters (such as the sinking of the Herald of Free Enterprise, the Clapham rail crash and the collapse of BCCI). While the enquiries into these disasters focused on the adequacy of laws and regulatory controls, they revealed that staff had been aware of the danger but had not felt able to raise the matter internally or to pursue it when their concern was not taken seriously. The Act sought to address this reticence to report by providing protection to those who disclose information either internally or externally, provided that the disclosure is made in the reasonable belief:

- that a criminal offence has been committed, is being committed or is likely to be committed,
- that a person has failed, is failing or is likely to fail to comply with any legal obligation to which he is subject,
- that a miscarriage of justice has occurred, is occurring or is likely to occur,
- that the health or safety of any individual has been, is being or is likely to be endangered,
- that the environment has been, is being or is likely to be damaged,
- that information tending to show any matter falling within any one of the

As a direct result of the introduction of the PIDA, many employers introduced internal WB mechanisms, aimed at keeping disclosures internal to the organisation and also as an insurance against prosecution under the PIDA – an employee choosing to disclose externally to the organization rather than using internal mechanisms would be considered to have acted reasonably. Similar legislation to PIDA has been introduced in various other countries (e.g. Australia, New Zealand, South Africa).

Other European Countries

There has been resistance to the implementation of whistleblowing legislation in European countries outside the UK and Ireland. Various reasons have been suggested to explain this phenomenon, most related to the recent history of mainland Europe – occupation and collaboration during the Second World War, followed by the imposition of police states in which denunciations were a part of daily life in the Eastern bloc countries of the second half of the 20th century. In France however, resistance to whistleblowing WB mechanisms runs deeper and is related to the belief that adequate control in the corporate environment should obviate the need for whistleblowing and that furthermore, placing responsibility for reporting malpractice on the staff is to shift the burden of responsibility from senior management. France's resistance to whistleblowing manifested itself in the CNIL's (Commission Nationale de l'Informatique et des Libertés) refusal to authorise whistleblowing programmes submitted in accordance with SOX requirements by McDonalds and CEAC on the following grounds: "that employees might be deprived of certain rights to which they are entitled under French law, and that such programmes are tantamount to systems of "professional incrimination" or "professional denunciation" that could be slanderous." This ruling was in line with the Data Protection Directive 95/46/CE (1995). France's subsequent reluctant acceptance of whistleblowing mechanisms is conditional on strict rules on the type of confidential reporting that is acceptable.

Anonymous calls are not encouraged and the WB mechanism's scope is limited to specific types of incident (fraud related only). Germany also has reservations about whistleblowing in general and SOX requirements in particular.

India

Whistle Blowers Protection Act, 2011 is an Act of the Parliament of India which provides a mechanism to investigate alleged corruption and misuse of power by public servants and also protect anyone who exposes alleged wrongdoing in government bodies, projects and offices. The wrongdoing might take the form of fraud, corruption or mismanagement. The Act will also ensure punishment for false or frivolous complaints. The Act was approved by the Cabinet of India as part of a drive to eliminate corruption in the country's bureaucracy and passed by the Lok Sabha on 27 December 2011. The Bill was passed by Rajya Sabha on 21 February 2014 and received the President's assent on 9 May 2014. An Act to establish a mechanism to receive complaints relating to disclosure on any allegation of corruption or willful misuse of power or willful misuse of discretion against any public servant and to inquire or cause an inquiry into such disclosure and to provide adequate safeguards against victimization of the person making such complaint and for matters connected therewith and incidental thereto.

- The Act seeks to protect whistle blowers, i.e. persons making a public interest disclosure related to an act of corruption, misuse of power, or criminal offense by a public servant.
- Any public servant or any other person including a non-governmental organization may make such a disclosure to the Central or State Vigilance Commission.
- Every complaint has to include the identity of the complainant.
- The Vigilance Commission shall not disclose the identity of the complainant except to the head of the department if he deems it necessary. The Act penalizes any person who has disclosed the identity of the complainant.
- The Act prescribes penalties for knowingly making false complaints

Discussion & Analysis

What makes a good whistleblowing mechanism?

1. Striking a delicate balance: The WB mechanism must be effective, which means striking a delicate balance between encouraging individuals to report incidents without fear of reprisal, while at the same time not encouraging a flood of frivolous or trivial reports. Subsequent investigations must be complete, balanced, and fair. Furthermore, reported incidents must be made on the basis of reasonable evidence and in good faith to avoid an atmosphere of fear where denunciation becomes commonplace.
2. Key factor is confidence: From the whistleblower's point of view, the key factor is confidence – confidence in the policies and procedures themselves, confidence that confidentiality and (where permitted by policy) anonymity will be respected, confidence that the case will be thoroughly investigated and that appropriate action will be taken as a result, confidence

that there will be no repercussions or retaliation as a result of whistle blowing. Such confidence can take a long time to build and can come quickly crashing down if one or two whistleblowers have bad experiences.

3. WB mechanisms need to be trustworthy: but employees do not always trust them. The first Nolan Committee report stated: "one of the conditions in which fraud and malpractice can occur...is the absence of a mechanism by which concerns can be brought to light without jeopardizing the informant". D Crook, in *"How to encourage whistleblowing"* (1993) also stressed the importance of the credibility of a WB mechanism. He quoted a survey undertaken by the Ethics Research Centre in which 54% of 4000 participants stated that they would not report malpractice that they had observed through fear of reprisals, despite the fact that the same survey population reported as having witnessed malpractice in the following percentages: misconduct and unethical behaviour at work (33%); lying to managers/supervisors (56%); falsification of records (41%); theft (35%); sexual harassment (35%); abuse of alcohol/drugs (31%). By 2007, as general acceptance had increased, reporting figures had improved somewhat in the extensive *"Whistling while they work"* survey undertaken in Australia by Griffith University. They found that 28.5% of respondents who witnessed 'very' or 'extremely' serious wrongdoing did not report it. This figure still remains high and indicates that many people are not prepared to report wrongdoing that they witness. They do not believe that confidentiality will be maintained and fear retaliation. In order to improve confidence in the integrity of the WB mechanism, it may be outsourced to a specialist third party and configured to accept anonymous reports.
4. Taken seriously by management and run professionally by its operators: regardless of whether the WB mechanism is outsourced, it must be taken seriously by management and run professionally by its operators. *The IBE Good Practice Guide on Speak up Procedures*(2007), prepared by the Institute of Business Ethics in the UK, emphasises the need to determine from the outset where responsibility lies for its implementation; what issues and concerns are covered. WB mechanisms must be operated by professional, trained, staff with clear operational procedures to follow, who can obtain all the relevant information from a caller who may be under stress.
5. Demonstrating appropriate and timely action being taken: The IIA, AICPA and ACFE sponsored guide to managing the risk of fraud states that a key to successful WB mechanism implementation is "demonstrating that [whistleblowers'] reporting will result in appropriate and timely action being taken. To preserve the integrity of the whistleblower process, it must also provide a means of reporting suspected fraud that involves senior management, possibly reporting directly to the audit committee"
6. Protection of the whistleblower is critical: to the WB mechanism's success. In 2007 Ernst & Young undertook a survey *Fraud Risk Mitigation in 13 European Countries* which surveyed employees'

perceptions of anti-fraud controls in 13 Western and Eastern European countries. It found that 34% of companies in Eastern Europe and 41% in Western Europe have a whistleblowing WB mechanism. Of those, employees in 50% (E Europe) and 56% (W Europe) said it was used, 20% said it was not used. The main reason given for non-use was the fear of reprisal. The need to protect staff who report fraud was almost unanimous amongst respondents (94%), although only 55% (in E Europe) and 76% (in W Europe) thought that their employers would protect them.

7. In addition to protection for whistleblowers, support mechanisms: are another important element which encourage would-be whistleblowers to finally 'take the plunge'. Such mechanisms can either be internal to the organisation (Ethics officers, welfare officers, HR etc.) or can be external to the organisation in the form of self-help groups or professional organisations. In the US there are a number of websites set up by former whistleblowers to help and encourage existing whistleblowers. In 1993 in the UK the Joseph Rowntree foundation funded the creation of Public Concern at Work (PCAW) whose aim was to provide confidential, independent advice to would-be whistleblowers. It runs a voluntary helpline for advice on whistleblowing and it is funded by modest contributions from employers. It received more than 2500 calls between January 2005 and October 2007, covering: safety (33%); financial malpractice (28%); abuse in care (12%) and 'others' (28%). Calls were received from: private sector (55%); public sector (36%); voluntary sector (9%) (Public Concern at Work, 2007).

The success of a whistleblowing WB mechanism clearly depends on more than simply putting the mechanism in place. In *Creating an open and non-retaliatory workplace (2006)* E Heard and W Miller emphasise that the effectiveness of a mechanism depends on focusing on the wrongdoing rather than punishing the whistleblower (don't shoot the messenger) and getting to the root cause of the problem, rather than just treating the symptoms (i.e. just punishing wrongdoers). They suggest the following:

- that investigation processes should be clear and responsibility for undertaking them should be clear;
- that investigations should be quick;
- that the focus should be on the complaint and not the complainant;
- that internal communication (e.g. between Internal Audit, Human Resources and the Ethics Office) should be complete;
- that reports of retaliation should be taken seriously and followed up;
- that wrongdoers should be disciplined;
- that feedback should be provided to complainant.

Effectiveness of WB mechanisms

Miceli et al propose the following list of questions that WB mechanism operators should ask when assessing the effectiveness of their WB mechanism:

- Holding everything else constant, do WB mechanisms produce more complaints than other methods, such as informally encouraging employees to report concerns to their supervisors?

- Are the WB mechanism complaints valid and do they offer evidence of actual wrongdoing, or do they reflect petty concerns, efforts to embarrass someone, etc.?
- What is the "signal-to-noise" ratio of WB mechanisms versus other methods? Must someone listen to and process 10 or more complaints in order to hear one valid complaint?
- What difference does it make to offer anonymous complaining as an option? Do more employees come forward, or is it harder to follow up when investigating such complaints?
- Is it better and more cost effective to encourage whistleblowing?
- Is there some way to quantify the benefits of correcting wrongdoing identified in WB mechanism complaints with the cost of establishing and maintaining WB mechanisms?
- Are there net advantages of outsourcing the WB mechanism function (e.g. employees may feel freer from potential retaliation if reporting to a third party), and if so, do they outweigh the net advantages, if any, of in-house WB mechanisms?
- Do industry, organisational, or employee characteristics make a difference? For example, if a WB mechanism system has worked successfully in a relatively newer and smaller organization with highly educated, young employees, is there evidence it will be equally successful in a large, bureaucratic organisation in which employee demographic (or job) characteristics vary widely?

According to the Guide, the number of calls is not an effective measurement of success as just one call can make a difference to a company's reputation. In their 2011 report "Corruption and conflict of interest in the European Institutions: the effectiveness of whistleblowers" PwC supported this statement. The report said: "More important than the number of disclosures made is their significance and whether investigation showed them to be well-founded, partially substantiated, or unsubstantiated. One single solid disclosure over a period of several years can more than justify the expense of a whistleblowing programme as part of an integrity policy." On the other hand, Glaxo Smithkline reported an increase in the number of employees disciplined in 2005 as compared to 2004 which they attributed to "better reporting of breaches, as people become more familiar with what should be reported and when. It is anticipated that the numbers may continue to increase during 2006, as detection and reporting mechanisms are further refined", so an increase (at least initially) in the number of reported incidents can be an indicator of the effectiveness of a newly-established WB mechanism.

The 2010 survey used data from 1,843 fraud cases investigated by CFEs between the beginning of 2008 and the end of 2010. Of these cases, 960 took place in North America, 271 in Asia, 129 in Europe, 102 in Africa, 60 in Central/South America/Caribbean and 37 in Oceania. These figures are likely to more accurately reflect the distribution of CFEs in the global arena than the number of cases of fraud in each of the covered regions. For that reason, percentages are used hereafter to indicate patterns and trends. The survey showed that 40.2% of frauds were detected by tip-offs. This was considerably higher than any

other detection method (the next highest being the use of management reviews which detected only 15.4% of frauds).

Tip-offs came from a number of sources: employee – 49.2%; customer – 17.8%; unknown (as anonymous) – 13.4%; vendor – 12.1%; others – 7.5%, which indicates the importance of opening certain WB mechanisms up to external users. Within each region, the percentage of cases detected by tip-off was as follows: Africa – 49.5%; Canada – 46.4%; Ocean – 46.0%; Central/South America/Caribbean – 44.3%, Asia – 42.3%; Europe – 40.0%; USA – 37.8%

and by sector, the figures were: government – 46.3%; not-for-profit – 43.2%; public company – 41.1%; private company – 35.8%.

For all regions tip-offs were the largest form of detection by a long way. It is interesting to note that tip-offs detect a higher proportion of fraud in developing countries than in developed countries. This may be the result of a relative lack of alternative detection methods. This may also be the case for not-for-profit organisations when compared with private companies. *Organisations with WB mechanisms by region (source: ACFE Report to the Nations, 2010)*

Despite the high proportion of tip-offs as a fraud detection method, less than half of the surveyed organisations had a WB mechanism in place and the report concludes that there would be more cases reported if WB mechanisms were in place both because of the presence of a mechanism and the fact that the mechanism would be introduced with a high level of publicity. The ACFE report states “the presence of fraud WB mechanisms correlated with an increase in the number of cases detected by a tip. In organizations that had WB mechanisms, 47% of frauds were detected by tips, while in organizations without WB mechanisms, only 34% of cases were detected by tips.” It states further that “In 67% of the cases where there was an anonymous tip, that tip was reported through an organization’s fraud WB mechanism. This strongly suggests that WB mechanisms are an effective way to encourage tips from employees who might otherwise not report misconduct.” It observed that the median dollar loss as a result of fraud in those organisations with a WB mechanism was \$100,000, whereas the median dollar loss in those without a WB mechanism was \$245,000 – almost 2.5 times as much. This was partly the result of much quicker fraud detection time in organisations with a WB mechanism (average 13 months) compared with those without a WB mechanism (average 20 months).

The effectiveness of WB mechanisms in detecting fraud is echoed by Roberta Johnson in *Whistleblowing: when it works and why (2002)*. She reports that WB mechanisms introduced by US government departments receive “a high volume of calls. The Department of Defense WB mechanism received 9,720 calls in 1991, 12,268 in 1992 and 8,220 calls in April to September 1997. In March 1993 the Department of Defense claimed that since its inception the WB mechanism had saved the department \$163m, by 1997 the cumulative saving had increased to \$391m.” Johnson’s research focuses in external WB mechanisms, it does indicate that WB mechanisms in general are effective in detecting fraud. Johnson considers a measure of the wider effectiveness of WB mechanisms to be based on whether or not policies were introduced or changed, but concedes that “working with whistleblowing cases with an

eye toward measuring policy impact can be methodologically difficult. Case studies are rooted in different fields, which makes them difficult to compare systematically.”

In 2010 ‘The Network’ and ‘BDO Consulting’ prepared the *2010 Corporate Governance and Compliance Benchmarking Report* which compared the WB mechanisms of 1,101 organisations between 2005 and 2009, covering 524,628 reported incidents reported by a potential population of 13 million employees. The main findings were:

- 73% of incidents reported in 2009 warranted an investigation, 40% of those resulting in corrective action;
- 71% of participants did not inform management before making a report in 2009 (roughly same as for previous years);
- The majority of participants remained anonymous, although in some industries this dipped to 50% in 2009;
- The number of incidents per year per 1,000 staff reported by sector ranged from 1.21 (construction sector in 2006) to 18.00 (retail sector in 2005);
- By type of incidents, personnel management incidents were consistently the highest at 47- 51% across the 5 years, next was company/professional code violation with 10-17%, although in 2009 (when it accounted for 11%) it was overtaken by corruption/fraud (13%) and employment law violation (12%);
- At the case outcome stage a large number of reports across all industries do not have any information available. In 2009, where data was available, only 40% of cases were investigated and corrective action taken (33% investigated - no action; 17% no investigation warranted; 10% other); - Data on what happens in terms of sanctions is scant. In 2009, 10% were cleared with no action; 14% were disciplined; 4% were dismissed; 0% were prosecuted and 72% were 'other/unresolved'.

Research Methodology

A number of criteria were proposed by Miceli et al and Heard & Miller to measure the effectiveness of whistleblowing mechanisms. Where possible, the data gathered through the questionnaire should be used to measure effectiveness according to the criteria set out in these two research papers.

The survey questions can test effectiveness against both sets of criteria to some extent, but are better placed to address Miceli et al’s criteria. Like,

1. “Signal to noise ratio” whether complaints are valid and offer evidence of actual wrongdoing, or reflect petty concerns or efforts to embarrass others.
2. Whether the cost of establishing and maintaining the mechanism could be quantified against the benefits of correcting wrongdoing resulting from the mechanism.
3. The acceptance or non-acceptance of anonymous calls was another criterion on which Miceli et al proposed that mechanism operators attempt to measure effectiveness.
4. Mechanism effectiveness by external service provider or internal mechanism considering issues such as confidentiality and security related.

Who should be the Participants?

One of the aims of the study was to reach a wide range of organisations in terms of sector, size, country of operation and type of organisation. With that in mind various international professional institutes were approached with requests to mail-shoot their members with a questionnaire. The following institutes/ individuals should be approached:

- The Institute of Internal Auditors (India)
- Ethics and Compliance Officer Association
- List of individuals who have worked as compliance officers / Ethical committee members/ legal advisors.
- HR departments of various companies – Govt, Public, listed and private.

Survey

A questionnaire should be designed using the on-line electronic survey design tool or through direct mailers. It aimed to obtain a range of information related to the responding organisation itself;

- its whistleblowing mechanism features (where a mechanism existed)
- its WB mechanism policy and communication and the effectiveness of its WB mechanism.

The questionnaire can be constructed in 5 sections.

- 1) The first section requested information about the organisation – its name, type of organisation, sector, main country (ies) of operation, number of staff, budget/turnover.
- 2) The second section collected information on the features of the WB mechanism. Those who responded that they did not have a WB mechanism were asked whether they intended to introduce one and if so, when – or, if they did not intend to introduce a WB mechanism, why not. It has sub questions regarding the WB mechanism – why it was introduced, who operates it and how, what types of incident it handles, whether it is manned 24 hours, whether it is outsourced, whether operators are trained, whether it accepts anonymous calls and/or assures confidentiality.
- 3) The third section related more generally to whistleblowing policy, communication and training. Its aim was to determine the context in which the WB mechanism operated – whether it formed part of a policy initiative and whether that policy included protection for whistleblowers.
- 4) The fourth section asked questions related to the effectiveness of the whistleblowing mechanism. It included questions on the number of incidents reported, their validity, and the outcomes of those reports. It asked the opinion of the respondent on the effectiveness of the WB mechanism and the reason for their opinion where it was negative.
- 5) The final section of the questionnaire gave respondents the opportunity to provide general comments and asked if they would be prepared to be interviewed on a confidential basis. The aim of this was to allow for triangulation of responses through follow-up interviews.

Procedure

- Distribution of the survey, separate “collectors” should be created for the collection of questionnaire

responses. This enabled analysis of results by collector or, collectively, for all collectors.

- Respondents to the survey should be given a deadline. Although the survey should remain open after that date and responses continued to be received.
- Sanitized summary results should be sent to respondents who had provided their email addresses and similar summaries should be sent to the bodies which had helped in the distribution of the survey.
- All survey responses should be reviewed in order to identify candidates for follow-up interview.

The Survey questionnaire draft

Descriptive

1. Breakdown of the sectors covered by the organizations represented by respondents to the survey.
2. Type of organization Government / International organization / Private company / Publicly listed company / Not-for-profit / Other*
3. The number of organisations responding within ranges of staff size. No. of employees 0 – 100 101 – 1000 1001 – 10000 10001 – 100000 >100000
4. Organisations with / without mechanism in place
5. If yes. which Internal / external / occasional
6. If no are they planning to implement ?
7. If not planning to implement why ? Reasons for not having a mechanism
 - a. Considered and dismissed
 - a. Never considered
 - b. Implemented and abandoned
 - c. Other mechanisms available
 - d. Culture not conducive
 - e. Organisation too small
8. Those who have mechanism in place ask, Mechanism features
 - a. External / Internal?
 - b. Is the mechanism outsourced?
 - c. Way of response? By phone In person By email/ webforms / By mail Other
 - d. Recipients of whistleblowing reports (more than one response possible per respondent)
 - e. is mechanism manned 24 hours?
9. Type of incidents that can be reported to the mechanism (more than one response possible)
 - a. Fraud/conflict of interest
 - b. Personnel related issues (eg harassment)
 - c. Confidentiality/security related issues
 - d. Health and Safety issues
 - e. Environmental issues (eg illegal pollution)
 - f. Other
10. Do you ensure callers' confidentiality?
11. Do you accept anonymous calls?
12. Is your mechanism referenced in policy documents?
13. Is there a policy to protect staff who use the mechanism from retaliation?
14. Is there a policy obligation for staff to report wrongdoing that they witness?
15. Is there any staff training on the use of the mechanism and protection against retaliation?
16. Was the mechanism communicated to all staff at launch?
17. Are there periodic reminders of the mechanism?
18. Effectiveness of mechanisms
 - a. In your opinion, is the mechanism an effective control?"

- b. the number of organisations which have received a total of mechanism calls within
 - c. increase of the total number of calls
 - d. The consequences of implementing a mechanism (more than one response possible)
 - e. estimate the percentage of calls which are valid and offer actual evidence of wrongdoing,
 - f. Costs of handling incidents and value of detected fraud.
 - g. Number of incidents reported via the mechanism in each of the 5 previous years
 - h. No. of detected cases of fraud
 - i. No. of detected cases of conflicts of interest
 - j. Estimated total value of detected fraud No. of personnel related incidents handled internally
 - k. No. of personnel related incidents escalated outside the organisation
 - l. Estimated total costs of handling personnel related incidents
 - m. No. of detected confidentiality/security related incidents
 - n. No. of detected health and safety related incidents
 - o. No. of detected environment related incidents
 - p. No. of detected other incidents
19. Evolution in the instances of detected wrongdoing since the introduction of the mechanism Like, Initially increased then decreased / Marginally increased / Significantly increased / Marginally decreased / Significantly decreased / Unchanged
20. In your opinion, is the mechanism an effective control?" If no. why
- a. Culture of organization incompatible with a mechanism
 - b. Culture of country in which we operate incompatible with a mechanism
 - c. Awareness is insufficient
 - d. Staff are too frightened of retaliation to use the mechanism
 - e. Damaged reputation due to previous users' experiences
 - f. Other

Conclusion

This study attempts to develop a tool which tries to find answer to these questions:

- Are WB mechanisms an effective way of detecting malpractice in its various forms (fraud, conflict of interest, harassment or other HR-related incidents, inappropriate disclosure of information or security-related incidents, non-compliance with laws such as health and safety law and environmental law)?
- Are WB mechanisms equally effective across all organisation types & sizes?
- Is WB mechanism effective in reducing malpractice (acting as a deterrent for individuals who might otherwise have acted incorrectly)?
- What factors lead to successful WB mechanisms?
- Do WB mechanisms provide value for money – is the cost of running the WB mechanism outweighed by the savings made?

Implications

A lot of organizations have developed, or subscribed to various internal / external whistleblowing mechanisms. Internationally a lot of survey and research has undergone testing the effectiveness of this mechanism. In developing country like India a comprehensive survey is yet to take place. This tool can help in developing an internal survey to understand the effectiveness of such mechanisms in organizations within India. This paper supports in developing such tool for HR departments and compliance mechanism of various organizations. The results of such survey will provide insight into

- WB mechanism complaints valid
- What is the "signal-to-noise" ratio of WB mechanisms versus other methods?
- What difference does it make to offer anonymous complaining as an option
- Is it better and more cost effective to encourage whistleblowing?
- The cost of establishing and maintaining WB mechanisms?
- Are there net advantages of outsourcing the WB mechanism function
- Do industry, organisational, or employee characteristics make a difference?
- Is the current mechanism adopted working or an alternative is to be sought?

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