

***Promoting Whistle-Blower Engagement:
Fostering a Culture of Fearless Reporting for Staff to Uncover Irregularities***

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Abstract

This research focuses on the concept of whistle-blower activity and proposes methods to encourage staff members of companies to report irregularities without fear of facing negative consequences. Whistleblowing plays a crucial role in preventing and exposing wrongdoing, safeguarding the public interest, and upholding accountability and integrity across sectors. However, whistle-blowers often face significant personal and professional risks when speaking up. The findings highlight several strategies that boards can employ to promote whistle-blower engagement. Firstly, implementing robust hotline regulations can provide a structured and confidential reporting channel for employees. Additionally, boards must ensure effective management of the whistleblowing process, adhering to established guidelines and protocols. Establishing an independent internal team to handle whistle-blower reports, in collaboration with the hotline committee, can enhance transparency and impartiality. Moreover, organizations should adopt a comprehensive whistleblowing approach by establishing a secure safety hotline. This enables employees and others within the organization to confidentially report any suspected wrongdoing through various communication channels while ensuring the protection of their personal information and allegations. The collected data can then be shared with relevant individuals within the firm for appropriate follow-up actions. By implementing these measures, organizations can foster a culture that encourages staff members to report irregularities they are aware of, thereby mitigating the fear of repercussions and promoting a proactive approach to addressing wrongdoing. Ultimately, this research underscores the importance of creating an environment that values and protects whistle-blowers, reinforcing the principles of accountability and integrity in both the public and private sectors.

Keywords: Whistleblowing, Wrongdoing, Protection, Accountability, Integrity, Reporting Mechanisms, Safety Hotline, Regulatory Guidelines, International Regulations, Awareness Campaigns, Transparency

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Introduction

In facts, the whistle-blowers uncover data to their environment administrators work, to the relevant authorities, or to the public that can shed light on corruption, fraud, mismanagement, oppression, discrimination, and other wrongdoing that concerns or threatens the public interest in areas as assorted as guaranteeing rule of law, respect for human rights, financial integrity, proper use of public funds, accountability of public governance and services, or promoting clean business environment (Department for Business Innovation & Skills, 2015).

Whistleblowing is one of the foremost compelling ways of stopping and avoiding the wrongdoing from happening or revealing it, if already took place. Indeed, generally, whistle-blowers who talk up frequently do so at high individual hazard, and they ordinarily endure an awesome proficient and individual fetched as a result. Even, whistleblowing is significant for protecting the public interest, and for maintaining accountability and integrity in both the public and private sectors.

Although, the whistle-blower might need to confront are multifaceted, they nearly continuously begin at workplace, and connected with to the employees' who working on several conditions (European Free Alliance in the European Parliament, 2016): without secure channels of detailing, while labourer isn't engaged to guarantee justice and impact changed for their workplace. The assurance of working conditions could be identified as a key of administrative area, where US and EU activity is both essential and conceivable to successfully guarantee security for whistle-blowers. Therefore, without whistle-blowers, the Panama Papers would not have been conceived.

The Meaning of “Whistle-Blower Activity”

Whistleblowing is most effective with the reliability of the company; besides, it comes from the company where wrongdoing activities have been occurred at that time which is reason for corruption that will happen with public and private sectors. Also, some of the countries, they were considered about the rate of corruption in those country, where it can be impacted with economic growth, social and reliability of the country. For example, the government was established anti-corruption organization and formulation of anti-corruption policies, therefore, it created the awareness to people and law enforcement (Omotoye, A. M., 2017).

Whistleblowing is early cautioning framework to turn away conceivable risk to the company. A positive whistleblowing is basic component in the achievement of any hazard framework. (Corruption Watch Organization, 2015) The exactly meaning of Whistleblowing might be the disclosure of information about perceived wrongdoing in an organization, or the risk thereof, to individuals or entities believed to be able to effect action (Anja Osterhaus, 2009).

The enactment of US Whistle-blowing Act is the one of elements solving of problem from the corruption in country. According to the Afro barometer (2015), who demonstrated the impact of corruption which have several ways for influencing the supply and demand of product and services, so it can be directly affected the price and quality of living. Moreover, the absence of company transparency and accountability can affect with straight with the investors then it will make economic slump and hinders effective with management for the organization. In the result, whistleblowing strategy can help to protect the investors also adjust the corruption problem (James Gerard Caillier, 2016).

Reputed the whistle blowing article which they have given the definition as immoral or illegitimate practices activities of the organization that exposure from the employee. Likewise, the act of

disclosure on various articles said the misconduct allegation of organization activity meanwhile prevent the person who was the “whistleblowing” forasmuch against sanctions from stakeholders of the organization (David Banisar, 2011).

The ‘Strong whistleblowing’ focused on the process of disclosure exact information of organization report which affects the decision of investors who would like to invest the organization business. Consequently, the laws or policies of whistleblowing activity can be explained as follows.

- (1) Cause of wrongdoings action?
- (2) Disclosures information demonstrated initial and subsequent
- (3) Investigated person and process of wrongdoings action
- (4) Protection person who is the whistle-blower
- (5) Procedure of consultation whistleblowing activity and report to organization profile (Marit Skivenes, 2010)

Additionally, whistleblowing comes from person who is identified as employee, contractor, stakeholders, or supplier, which includes the person from outside that receives the information about the misconduct of the organization. From my perspective, this organization is very large scale when they are facing with the problem of rumours situation, which will make the organization lose some business opportunity. While it will directly affect the shareholders and employees. In this case, the problem irregular of contracts is significant with the organization reliability in both the US and EU respectively.

According to the US Whistle-blower Protection Act, also protected disclosures person who is a whistle-blower, so whistle-blower activity can define as the disclosure such as gross mismanagement, the violation of law, rule, or regulation. For example, the violation cases of Michigan-based United States Financial Services LLC (USFS) that failed to comply with the Federal Housing Administration (FHA) of US where assent to settle \$48 million to the U.S. government also the whistle-blowers who disclose the information will get the reward between 15% and 30% of the total (Whistleblower News Review, 2017).

For my advice, in this situation, the committees of the organization should solve the problem immediately by cooperate internal auditor to find the right document from financial and accounting departments when they cannot solve the problem for summarizing into the Internal Control Report.

International Regulation of Whistleblowing

The whistleblowing programs for the US was an applicable law for instance Sarbanes Oxley Act of 2002 (“SOX”), Securities and Exchange Commission (“SEC”) and stock exchange regulations. Therefore, the US has required audit committees that listed on the stock exchange. The US will get a confidentiality agreement to protect the employees by anonymous submission. Moreover, the US has considerable of whistle-blower protection laws on both of sections included in federal and state level which covering the diversity sections. Besides, for whistleblowing programs at the federal level was encouraging employees to disclose mismanagement of organization by providing monetary awards to the person who claims successfully. In contrast, some of the laws have consisted of the sanctions to against the person who frivolous the benefit from the whistleblowing (World Law Group, 2016).

Explanation to the Legal Protections for Whistle-Blowers of US as followings:

- False Claims Act was known as fraudulent, which is the false that have an association with government contracts or programs thus the company must pay compensation to the

government. Likewise, this act was including a reward for the person who is a whistle-blower, generally between 15 and 25 percent.

- Sarbanes-Oxley Act or Corporate and Criminal Fraud Accountability Act of 2002, which assists employees who suffered from whistleblowing, for example, the employer cancelled contract by without any reason. Thereby, this act will protect the quality of life of whistle-blower under this statute have 180 days of complaint handling with Department of Labour.
- Dodd Frank Wall Street Reform and Consumer Protection Act included the regulation of financial institutions in the US also the objective of restoring public confidence in terms of improving the performance of the financial system. Thus, under the regulation of this act also included the reward for the person who is whistle-blowers 10 to 30 percent.
- Defend Trade Secrets Act of 2016, which is primarily provided federal jurisdiction for the judge of trade secrets case. Therefore, for the disclosure whistleblowing will follow the regulation under the federal trade secret law.

For the establishment, a whistle-blower program in the organization has not asked the permission from government agency under the statute of SOX. In contrast, US has the agencies to support and advice about the program, for instance, Federal Trade Commission (FTC), the SEC, the state lawyers have the authority to regulate the national securities exchanges to protect the investors forasmuch the US did not have the Data Protection Authority (OECD, 2014).

We can summarize that the requirements of operating a whistle-blower programme in the US by whistle-blower must prepare the evident for example document, financial report, photography, etc. to inform disclose about mismanagement of the organization. Under the US Exchange Act Rule 21F-9, the whistle-blowers can use the online portal to submit evidence to the system called Tips, Complaints or Referrals (TCR) System or they can send the email directly to the Office of the Whistle-blower (OWB), which is helping to support people who cannot access an online platform.

Conclusion: Results and Finding

As the main point of whistle-blower play role is uncovering corruption, fraud, fumble, and other wrongdoing that debilitate public interest, financial integrity, human rights, and the rule of law, etc. The nonattendance of compelling protection can posture a dilemma for whistle-blowers: they are regularly anticipated to report corruption and other wrongdoings but doing so can expose them to striking back.

Most of the international whistle-blower laws were protected the disclosure in other to encourage people brave to disclosure about corruption and mismanagement of the company. Some of the whistle-blower laws will protect only the person who is an employee of the company, in contrast, some of the law was expanded to outsiders' person for example temporary staff or external consultants. In addition, to avoid 'loopholes' of whistle-blower laws also promote the stakeholders to disclosure information (Marcia P Miceli, 2012).

The EU whistle-blower laws have the section on Art. 4(2)(b) supplementary with Art. 151 and 153(2)(b), the sentence was encouraged to protect the whistleblowing also included protecting them while working at the organization. Meanwhile, under the European Commission to stimulate the strongest protections procedure which can protect the whistleblowing from a fundamental right. Besides, from the Art. 151 and 153(2)(b), TFEU have the significant whistleblowing protection on the section of other for increasing the reliability of legal protection and improve the performance of the organization and reduce the percentage of corruption issues.

Furthermore, if the whistle-blower wants to disclose the person who takes high position, for instance, chief executive, director, politician, and auditor-general thus, they can disclose within clandestine process at jurisdictions of organization area, which can assist to protect against the deleterious situation that will happen with the whistle-blower (Leslie Berger, 2017).

The US have the regulation that protects whistle-blowers such as Employee Protections Under the Sarbanes-Oxley Act, New Employee Protections Under Dodd-Frank Act and Extraterritorial Application of Whistle-blower Protections etc. which can assist to increase the confidence of whistle-blowers for disclosure. Moreover, the whistle-blower wants to claim the award of whistleblowing procedure which they must contact the SEC within 90 days. Under the regulation of the SEC when the process was finished then the whistle-blower must fill the form name WB-APP to claim the reward if, claimant's explanation more than 90 days they cannot claim the reward with SEC except under the Rule 21F-8(a) there are reasonably accepted from SEC (Marshall, D. J, 2017).

In my perspective, the board can encourage the members to report the irregularities by follow the hotline regulation. Then the board must ensure to manage of whistleblowing was follow all the instruction. After that, establish an independent internal team to do the reports with the committee from the hotline, if the situation of irregularities and carrying serious the report will be transmitted outside the EU on the other hand the working party found less serious situation then will handle in the EU.

Furthermore, the organizations successfully must have a whistle-blowing approach by setting up a safety hotline, whereby in case there are employees or others within the organization who think there's a few wrongdoings, that be able make by various communication in safety to protect their information personal and charges which data is at that point communicated to people inside the firm that take after up on this.

Regarding to the good practice of whistle-blower for making employees to do without fear, the company might be encouraged by following the whistle-blower step of OECD guidelines, its global practice. By providing information and must training to employees includes, how to protection their information, among of remedies to punishment, provides of incentives to encourage reporting, and most important, whistle-blower protection cannot be effectively implemented without raising awareness, strengthening communication and training.

Besides, huge point to work whistleblowing hotlines in US and EU workforce. This ought to be of little solace to organization working different sorts of hotline. For their consistence frameworks to acclimate of EU and US information assurance standards, associations ought to do and regard following (Thomson Reuters Practical Law, 2015):

Processing is important for consistence legitimate commitment to information controller is liable to consent to the arrangements of SOX or other enactment requiring the foundation of whistleblowing hotlines.

- Use of information quality and proportionality standards, to restrain both the quantity of people qualified for report claimed indecencies and the number who may be implicated through their utilization.
- Reporting by a named basic, not urge workers to submit unknown reports.
- Confinement of data gave through the whistleblowing plan, and provision of data about the whistleblowing plan.

- Provided Rights of implicated people. Adjusting individual privileges of the individual implicated, the Whistle-blower and organization's honest to goodness investigative requirements. Especially, Security of handling activities.
- Processing of personal data protection must apply appropriate technical and organisational measures to keep any personal data that has been gathered through whistleblowing hotline secure. (Robbie Downing, 2017) For blowing to whistle on hotline, the company shall be providing.
 - I. Provide all staffs with information regarding: the scope of the hotline, how it should be used, and the handling complaints, including any rights that they may have in, and to, the data.
 - II. Remind employees those other complaints mechanisms may exist, which they may prefer uses.
 - III. Implement stringent data-processing contracts whenever any third-party service provider helps to operate the hotline.
 - IV. Require strict confidentiality agreement with all employees who handle complaint data on regular basis, or who assist in operation of whistleblowing scheme.

Even organisations that adopt all these measures may still be subject to the scrutiny of EU data protection regulators. Following recent developments, risks associated with operating compliance hotlines in the EU remain difficult to quantify.

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