2018 – Whistleblowing in the spotlight

WhistleB annual customer study on organisational whistleblowing

WhistleB provides a “secure whistleblowing channel, allowing for anonymous reporting in situations where people would otherwise not speak up.”
About the WhistleB Customer study

This study was conducted in August 2018 and combines results from a questionnaire sent to 200 customers including commercial companies, authorities and other organisations. Most of these organisations are headquartered in Europe, but many are international. The WhistleB service is currently used in 150+ countries worldwide.

The participants used the WhistleB whistleblower channel to anonymously answer the web-based questionnaire. This is the third customer study carried out by WhistleB.
Our reflections on findings from the 2018 edition of the WhistleB annual customer study on organisational whistleblowing:

2018 – Whistleblowing in the spotlight

✓ An increased number of reports
The most striking result of this year’s study is that the number of whistleblower reports received by customers has increased significantly since last year’s study. We believe that this reflects both the development of the #MeToo movement during the same period, as well as high-profile scandals in which whistleblowers received hero status after exposing unethical behaviour they witnessed. The people willing to speak up played a decisive role in cases such as Cambridge Analytica, Panama Papers and LuxLeaks, changing attitudes towards whistleblowing. Also, organisations are becoming increasingly aware of the importance of having professional channels in place that allow for efficient and secure reporting of misconduct within the organisation. A lot of damage may be prevented when a matter can be solved internally, before it escalates externally.

Further, we are in a period of regulatory awakening to the need for whistleblowing. This is an important incentive for organisations to consider implementation of a professional whistleblowing solution. During the last twelve months various countries adopted new laws addressing whistleblowing. A further boost came in April 2018, when the European Commission proposed new EU-wide standards aimed at protecting whistleblowers.

✓ Financial irregularities and workplace-related abuse are most commonly reported
Once again we see that financial irregularities are the most common types of misconduct concerns reported. These issues have long been associated with whistleblowing. However, our interactions with customers also confirm that they are receiving more reports concerning workplace-related abuse. This is expected as people start to realise that issues such as discrimination, harassment and bullying also constitute serious unethical behaviour. The assurance that complaints will be followed up seriously and appropriately is also an important driver for speaking up.

✓ External parties invited to report
Another important finding of this year’s customer study is that an increasing number of organisations are extending the circle of people who have access to the whistleblowing channel; various organisations now also allow their external stakeholders to report suspicions of misconduct. This follows the continued trend of companies and organisations widening their sustainability scope, taking responsibility beyond their own employees.

✓ Online reporting is dominating
Our customers receive 90% of their reports through the online channel. We attribute this to the pervasiveness of smartphones and the ease with which evidential materials can be attached to web-based reports. In May 2018, we experienced the coming into force of the EU’s General Data Protection Regulation (GDPR). The stricter requirements on the management of personal information have resulted in a growing number of organisations opting for the security of WhistleB’s web-based encrypted whistleblowing solution.

Organisational whistleblowing: enabling employees, suppliers and, in some cases, the general public to raise a concern through a dedicated channel when they see or hear something that they think is not right.

Whistleblowing allows organisations to prevent wrongdoings occurring, thus reducing reputational and financial risks, by providing a way for people to report on suspected misconduct. The whistleblower decides whether to remain anonymous or not. Implementation of a professional whistleblowing system demonstrates an organisation’s dedication to high ethical standards.
Summary of findings

How many messages has your organisation received through the whistleblower communication channel?

1 message / 400 employees / year

Aggregated result: 1 message per approximately 400 employees per year.

Compared with the responses to the same question last year, this is a doubling in the number of reports received. Similar to last year, the number of reports received varies between sectors and countries of operation, and not as much between organisation sizes.

So why has there been such a significant increase in the number of reports?

Firstly, we have no doubt that there has been an attitude change towards whistleblowing due to the media’s depiction of whistleblowers as heroes. As an example, in recent months both the UK-based Financial Times and Sweden’s Dagens Nyheter have published pieces related to high-profile whistleblowing matters. Their articles highlight that whistleblowers need the strictest protection. Also, attitudes have been changed as a direct result of #MeToo. Employees have likely been strengthened by the de-stigmatisation of being a whistleblower and have become more confident in blowing the whistle as they have access to a system that allows them to report anonymously.

In addition to the number of increased reports shown in this year’s customer study, we have separately seen a significant increase in the number of new customers that are interested in and decide to implement our whistleblowing service. We attribute this to the same factors, #MeToo and the media, which have driven business leaders to set up whistleblowing systems to encourage disclosure and facilitate internal management of complaints.

The second reason for the increased number of reports received this year is that more organisations have their whistleblower channels open to external stakeholders (see the later question on this). This naturally leads to a greater number of reports, as the group of potential whistleblowers is much larger than the number of employees.

Generally, there has been more buzz, news and communication about whistleblowing during the last year. We suspect that organisations with whistleblowing systems have also reinvigorated their own internal communications to employees. Our experience is that Code of Conduct trainings and active engagement by the CEO or board members are effective means to increase employees’ trust in the whistleblowing channel.
Anonymous dialogue is important.

How many whistleblower messages have led to a dialogue between you and the whistleblower?

50% → dialogue

Aggregated result: Approximately half of the messages led to an anonymous dialogue between the whistleblower and the employer.

This finding is the same as in our 2017 customer report. Such dialogue is considered to be vital for the team that receives, deals with and investigates the whistleblower messages. It allows facts and evidence to be gathered quickly, misunderstandings to be resolved, important questions to be asked, and sometimes helps to protect innocent parties that are accused in the original message. In some cases an external party, such as a law firm or mediator, plays a key role in order to build trust and lead to an open dialogue with the whistleblower.

As noted earlier, experience shows us that phone reporting channels are not used when there is an opportunity to report online. Some of our customers still choose to include telephone reporting on a country-by-country and target group basis. However, the security, anonymity and ease of use offered by the online reporting channels seems to appeal to, and give greater confidence to, both managers and employees.
Aggregated result: Close to 50% of the cases were related to financial irregularities.

Consistent with last year, nearly half of all reports received by respondents were about economic fraud and irregularities of some sort. However, workplace-related abuse issues have also risen during the last year.

Many organisations use their Code of Conduct as a basis for what can be reported through the whistleblowing service. This is a way to reaffirm that the organisation is serious about its ethical guidelines and policies. It is important that an organisation is clear on the workplace related matters that are regarded as whistleblowing issues and those that are not. Organisations should communicate whether matters such as harassment, discrimination or other wrongdoings resulting in health problems and stress will be accepted as whistleblowing issues, or whether they should be handled by the Human Resources department. This is a distinction that is not always crystal clear. A number of organisations choose to engage third parties, such as law firms or compliance experts, in the set-up of their organisational ethics structure, of which the WhistleB whistleblowing channel forms part.

Sometimes, prior to implementing a whistleblowing system, organisational leaders are concerned about receiving a lot of spam or irrelevant messages, reports made in bad faith or other negative reactions from employees. Interestingly, the customer study shows no evidence that supports this concern.
Another of this year’s findings is that a growing number of organisations open up their whistleblowing services to external stakeholders. We believe that the increase has happened as organisations view whistleblowing more and more as a proactive part of their business ethics work.

For example, within international organisations with global operations, the supply chain can often extend great distances from company headquarters. Opening up the reporting part of their whistleblowing system to external parties such as suppliers is one way to follow up on their codes of conduct.

Many organisations start with providing a whistleblowing channel for their employees, and then subsequently invite external parties. WhistleB’s whistleblowing system allows customised questions for different target groups.

Who is invited to report?

60% → employees

Trend: External parties are invited to report – employees remain the main source of whistleblowing messages.
What proportion of the whistleblowing messages have led to an investigation of the matter reported?

75% → investigation

Aggregated result: 75% of all whistleblower messages led to investigations.

This result is consistent with last year’s study, once again highlighting that whistleblower messages contain valuable information that enables the organisation to act against misconduct. Our customers have also told us that the information they obtain through whistleblowing would be very hard, if not impossible, to receive otherwise. As one customer put it this year, their whistleblowing system provided a “…channel for anonymous reporting, when people would otherwise not speak up.”

We again highlight that the option to remain anonymous, together with the strictest data security, is key in order to receive sensitive information that is essential to the organisation.

Who receives the reports in your organisation?

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<thead>
<tr>
<th>Board members significant increase</th>
<th>Head of Operational risk</th>
</tr>
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<tbody>
<tr>
<td>Compliance officer</td>
<td>Chair of the Audit committee</td>
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<tr>
<td>Integrity officer</td>
<td>Head of Corporate governance</td>
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<tr>
<td>Human resources</td>
<td>General counsel</td>
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<tr>
<td>Internal auditors</td>
<td>External parties</td>
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Aggregated result: The Compliance Officer is most often involved in receiving whistleblowing messages.

Aside from the Compliance officer, a range of people within the above departments or roles usually forms the team that manages whistleblowing. The team receives the reports, decides when a message should lead to an investigation and brings the appropriate competences, internal and external, into the investigation process. Some customers also include an external law firm or compliance expert in the teams.

Larger organisations generally have legal or compliance departments that are usually involved. The internal auditor is also commonly included in the team. Smaller organisations usually include a leading, less operative function, for example HR, security or sustainability managers. Both large and small organisations tend to include members of the board in the team that receives the messages. However, the board is usually only informed about the aggregated results of the whistleblowing service, and about very serious matters.
Key finding: The external website was reported as the most important channel for informing people about the whistleblowing service.

This finding differs from prior years. Previously the main channels cited for providing information about the whistleblowing service were the intranet and Code of Conduct training sessions. During Code of Conduct training, employees are often encouraged to use the whistleblowing system for reporting breaches of the Code of Conduct. This year the organisation’s external website was indicated as the most important channel.

This is commensurate with the finding that an increasing number of organisations have started to welcome external stakeholders to report concerns regarding misconduct via their whistleblowing systems.

Whether for internal or external audiences, successful communication of a whistleblower channel needs to address the purpose of the channel (the “why”) and the trustworthiness of the channel (the “how”), explaining how anonymity and data security are maintained.
Benefits of having a whistleblowing service

✓ Anonymity brings value
Customers are experiencing that an anonymous reporting channel is invaluable for obtaining crucial information that can be acted on, which otherwise would simply not come to the surface.

“Channel for anonymous reporting, when people would otherwise not speak up.”
“A channel for communication of sensitive cases.”
“The anonymous channel creates options for reporting.”

✓ Prevention, and just a regular part of risk management
Once again, many respondents considered the most significant benefit of having the whistleblowing service to be its preventive impact. The mere implementation of a whistleblowing channel prevents wrongdoing occurring in the first place. As such, we continue to see the increasing trend of whistleblowing being embedded in everyday risk management.

“It prevents irresponsible behaviour.”
“Transparency, increased confidence, prevention of risk, prevention against loss.”
“Offering this service is a natural part of our risk culture.”
“Increased capacity for internal control and risk mitigation.”
“We become a more proficient and transparent company.”

Success factors for a trustworthy whistleblowing system

1) Anonymous reporting is made possible and explained in detail to any potential whistleblower.
2) Data security and data privacy are given the highest priority.
3) The purpose of whistleblowing, to ensure that the ethical principles of the Code of Conduct are respected, is advocated by the board and management.
4) A thorough investigation process is put in place, and communicated.
5) Users can access the system wherever and whenever they want, from any device.
WhistleB provides a whistleblowing service for companies, authorities and organisations. We are a fast-growing company. Our solutions are used in more than 150 countries. WhistleB has more than 20 years of experience in the fields of compliance and corporate sustainability. We are committed to helping customers minimise their risks and strengthen their performance through high ethical procedures and a leading whistleblowing service.

For more information about this study, or if you have further questions concerning corporate whistleblowing, please contact Karin Henriksson, Co-founder of WhistleB, karin.henriksson@whistleb.com.

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