Effective speak-up arrangements for whistle-blowers

RECOMMENDATIONS
FOR DIRECTORS

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www.esrc.ac.uk

For further information:

www.accaglobal.com/whistleblowing

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Introduction

Effective speak-up arrangements involve a combination of different channels and a robust response system that contribute to building trust within organisations.

Whistleblowing practices vary from one organisation to another. The various types of arrangement present different opportunities, challenges and best practices. Employees raising a concern through a speak-up arrangement are often helping today's organisations detect dangerous wrongdoing and dysfunctional behaviour that might otherwise go unnoticed.

Recent ACCA–ESRC research shows that effective speak-up arrangements involve a combination of different channels through which employees can voice a concern, and that these in turn contribute to building trust within the organisation.

The role of directors

Directors assume ultimate responsibility for the risks an organisation takes and their consequences.

As a director, you need to be diligent and well informed about the company's affairs. Effective speak-up arrangements can assist you in this regard.

Although you are not required to know the details of every concern raised or intervene in every investigation, you play a crucial role in developing and maintaining effective speak-up arrangements. The effectiveness of speak-up arrangements rely on the operational independence of those who receive and investigate employee concerns on the ground. The support you can offer at the board level is vitally important for this independence.

As a director, you must also monitor speak-up arrangements and provide oversight of how they are working within the company. This is not only about reviewing how employees may raise a concern, but also how the organisation responds to concerns raised. Effective speak-up arrangements rely on robust and consistent response systems supported by appropriate recording of each instance, coordinated follow-up activities, and responses from different management levels.

Recommendations

RECOMMENDATION 1:

Provide a variety of voicing channels.

One of these channels may be to an internally appointed director. The research shows that it helps to have an external channel, such as an external ombudsperson or independent advice channel, where employees raising a concern can seek advice under legal privilege.

Speak-up channels should vary in terms of who receives the call, formality and confidentiality. The use of different channels can change over time within the organisation, reflecting how trust develops. Each of these channels comes with its own barriers, eg concerns about its independence, anonymity, and perceived accessibility. National culture, language, and societal context also have an impact. Providing employees with a range of channels to voice their concerns therefore increases accessibility, because a barrier associated with one type of channel can be overcome by another channel.

RECOMMENDATION 2:

Be prepared to accept that concerns received may not be strictly considered speak-up or whistle-blowing cases.

While some concerns may initially appear to be individual grievances or even trivial, they may nonetheless help the organisation recognise previously unidentified risks.

As a director, you need to have a clear view on the organisation's strategic and operational risks and how these are managed. Employee concerns should help you assess these risks and assist in risk management. Unfortunately, it is impractical to be constantly 'on the trading floor' where unidentified risks may be building up. Information coming via the speak-up channels can act as an indicator of a wide range of employee concerns, such that you may be able to identify and tackle risks at an early stage.

When employees have raised a concern through the speak-up arrangement, it might make sense to treat their concerns as salient, rather than to concentrate too much on whether or not it was a whistle-blowing or speak-up instance: as discussed below, it might help improve risk management and internal control systems.

RECOMMENDATION 3:

Design a speak-up 'back office' to record concerns and use this data to strengthen risk management and response processes, investigation and intervention, acknowledging the variety of concerns that could be raised.

You may already be receiving regular reports from managers responsible for speak-up arrangements and, where appropriate, discussing the data with them. Different organisations have their own practices when recording voiced concerns. Better practices involve systematically recording the data comprehensively and then using this for pattern recognition.

Differences between departments or regions in the types of concern raised, as well as preferred speak-up channels, can give you insights on the speak-up environment and guide your efforts to improving specific aspect of the arrangements.

RECOMMENDATION 4:

Responsiveness needs to be well organised, clearly mandated, and adequately resourced.

Merely encouraging employees to speak up, without putting robust response systems in place, is likely to have negative consequences, both for employees and for the organisation.

Effective speak-up arrangements evolve from designing and organising effective responses to voiced concerns. In fact, this is the most powerful step in encouraging employees to speak up but it is not always as straightforward as it may seem.

Speak-up operators can make the organisation responsive only when they are supported by a clear mandate and have adequate resources. As a director, you may need to organise arrangements so that two or more business functions work together in the response process, for example, compliance, HR and operational specialists. Effective arrangements identify and allocate specific roles to each function and set up liaison and oversight mechanisms to ensure delegation works well. Different functions should have sufficient independence from the operational and organisational intervention. Directors should also reinforce the message continuously to managers at all levels that responding to concerns is part of their role: how and when they do so are not at their discretion.

RECOMMENDATION 5:

Make responses visible where possible.

Where an organisation shares appropriate information with employees on how it responds to concerns, this enhances employee trust. As a director, you need to consider how and what the organisation can communicate most effectively to employees about the outcomes of investigations. There can be challenges, eg anonymity of those raising concerns, legal issues as to what information may be shared and, often, there may be invisibility of sanctions imposed.

Directors may need to explore what works in their organisation. Some leave it to word-of-mouth among employees, while others try creating an organisation-wide awareness by openly discussing a case story that does not involve individuals being named. In some cases, organisations also seek to engage with the voicing employee in resolving the problem identified.

RECOMMENDATION 6:

Consider participating in the development of a standard for the public reporting of data from speak-up arrangements.

Organisations might be hesitant about publicly reporting numbers from their speak-up arrangements, as they may fear that the public will misunderstand the information. Nonetheless, you should also consider that increased transparency could be a potential source of credibility in the eyes of your stakeholders.

Whistle-blowing information can be shared in the public domain once it has been anonymised and aggregated. This will help develop better understanding of effective speak-up arrangements. If more organisations start sharing information, a common practice of information sharing may evolve.