



WHISTLE BLOWING POLICY: AWARENESS AND KNOWLEDGE AMONG IT EMPLOYEES

*Amalanathan S. Ph.D^{*1}, Merwin Abraham Mathew^{** 2}, & Aneeta James ^{***3}*

ABSTRACT

Whistle blowing policy is an important element of Good corporate governance in companies. Whistle blowers' awareness and knowledge about the policy and willingness to blow whistle when any unethical practice noticed are still more important aspects of good corporate governance. Companies promise to impart knowledge about whistle blowing process. Many a times policies of this nature remain only in letters and are least noticed by the employees. Hence this research paper is aimed at bringing out the Whistle blowing policies of select IT companies in Bengaluru and the level of awareness and knowledge of such policies among their employees.

KEY WORDS: Corporate Governance, Whistle blowing Policy, IT employees

INTRODUCTION

Whistle blowing is the mechanism where in any employee of an organization can report or complain about any wrongdoing or malpractices found in an organization. The idea of Whistle blowing was derived from an English Police Officer who whistles when he witnesses a crime or is chasing a criminal (Bano & Baijal, 2015). The idea of Whistle blowing can also be related to the duties of a referee during a match when he blows the whistle when a player commits a foul (Nair, 2002). Fraud, embezzlement, accounting malpractices, hiding of facts, unethical activities can be reported under Whistleblowing. A person who complains or does the Whistle blowing is called a whistleblower. A whistleblower can be a current employee, a former employee, government agencies or media. The objectives of Whistleblowing include, a) to report to internal authorities of any legal or ethical violations taking place in the organization, b) to reduce the chances of employees complaining about any wrongdoing to the outside world before reporting to the internal mechanisms, c) to create a conducive environment to carry out the code of conduct and ethics seriously in the organization.

LEGISLATIONS GOVERNING WHISTLE BLOWING POLICY IN INDIA

Whistle Blowers Protection Act, 2011 was introduced to establish a mechanism that will provide protection to any whistleblower who complains about any public servant for any allegation of corruption, willful misuse of power and willful misuse of discretion.

The same Act has undergone changes in 2015 and 2016. The amendments to the Act has only increased the scope of the law but failed to protect the whistleblowers largely in India. The need for good corporate governance in companies began even since Confederation of Industries of India (CII) brought out the first guidelines for better governance in 1998. Since then SEBI had also constituted Kumaramangalam Committee and Narayan Murthy Committee that recommended guidelines for good corporate governance. Clause 49 of Listing Agreement of SEBI made non mandatory requirement on companies to have company's own whistleblowing policies and mechanism to protect whistleblowers. Thus listed companies in India were ahead of having whistleblowing policies of their own much before the Whistle Blowers Protection Act, 2011 was introduced. After the introduction of Companies Act, 2013 whistleblowing policy and mechanism has become mandate for those companies that are listed, that accept public deposit and companies that have borrowed more than 50 crores from banks. The Act also states that after the establishment of whistleblowing mechanism, the same should be disclosed by the company in its website. The existence of the mechanism should also be appropriately communicated within the organization.

**Assistant Professor, Department of Commerce, Christ (Deemed to be University), Hosur Road, Bengaluru-29. Karnataka, India.
Email: amalanathan.s@christuniversity.in*

*** Research Scholar, Department of Commerce, Christ (Deemed to be University), Hosur Road, Bengaluru-29, Karnataka, India.*

**** Research Scholar, Department of Commerce, Christ (Deemed to be University), Hosur Road, Bengaluru-29, Karnataka, India.*

REVIEW OF LITERATURE

Bhargava, Nimisha and Madala, Mani K (2015) studied the whistle blowing policy in India based on the availability of secondary data. The research highlighted that the whistleblowers were either killed or experienced retribution in different forms. Thus security of life is a major concern for the whistleblowers. The researchers suggested that company's whistleblowing policy should be inspiring every individual in the workplace to express ethical apprehensions in case of any wrong doings noticed, should give the feel to whistleblowers that such issues will be dealt seriously and also give the feel that whistle blowers won't undergo any retribution.

Patheja, Shikha (2015) made a secondary data based study to understand the position of whistle blowing policy and the protection available to whistleblowers. The study had highlighted two Indian cases of whistle blowing wherein the whistle blowers lost their lives. The researcher concluded that regulatory response to whistleblowing and legal protection to whistleblowers are the two main factors that can encourage the whistle blowing activities. Arjumand Bano, Dr. Sanjay Baijal (2015) made a secondary data based study to understand the status and treatment of whistleblowers in India. The article compares the case of an Indian whistleblower with a foreign whistleblower in order to draw a picture of how whistleblowers are treated in India. The article also gives various suggestions and ways where whistleblowers can be protected.

Premlata and Agarwal, Anshika (2014) described the whistle blower policy of Wipro, Tata Motors, The Steel Authority of India, Reliance Industries Ltd and Tata Consultancy Service in the article titled 'Blowing the facts' Whistle blowing policy in India. They have also highlighted the incidence of whistle blowing wherein the whistle blowers have endangered their life by doing so. Hence the article strongly suggested that only a Whistleblowers' Act' can give protection to whistle blowers.

Namita, Rajput, Vipin, Aggarwal and Kamna, Chopra (2014) compared the whistle blowing laws of India and the USA. The study revealed that the US had several strong whistle blowing laws in place when compared to India. The study also suggested that India needs to come out with a strong whistle blowing law.

Arekar, Kirti and Mehta, Reena (2013) undertook a study to analyze the level of awareness of whistle blowing policy among employees. The study revealed that the employees' current job satisfaction and motivation for whistle blowing were associated to each other. But religious mind and happiness of employees had no association with motivation for whistle blowing. The study also tried to capture the efforts taken by the organization to train their employees on whistle blowing policy of the company.

Srividhya, S and Shelly, C Stalin (2012) have also highlighted few incidence of whistle blowing wherein the whistle blowers had lost their lives. They offered few suggestions such as, a) every company's whistle blowing policy to have extensive list of complainants that includes vendors, shareholders and customers, b) whistle blowers policy to be made mandatory to every company, and c) fast track disposal of cases.

RESEARCH GAP

Most studies discovered that the whistle blowers lives were endangered in India. Hence studies have suggested for a strong Whistle Blower Protection Act. But hardly any study has focused to find out whether the level of awareness and knowledge of whistle blowing policy of the company would increase the chances of blowing the whistle among the employees. Studies have also not been done to analyze if any relationship existed between the personal profile of employee and the chances of blowing whistle.

OBJECTIVES OF THE STUDY

- To compare and contrast the whistle blowing policies of select IT companies in Bengaluru
- To find out the variation in the level of awareness and knowledge about Whistle blowing policy among employees of select IT companies
- To learn the relationship between the level of knowledge and the chances of blowing whistle

RESEARCH METHODOLOGY

Research Sample Size and Methodology

The study is been done among 60 IT employees from TATA Consultancy Services, Infosys, and HCL Technologies. 20 respondents were taken from each company. Snowball sampling, a non-probability method, was adopted to collect data among them.

Statistical Tools Used

ANOVA is used to find out the variation in the level of awareness and knowledge among those respondents. Correlation is used to find out the relationship between the personal profile of the respondents and the level of knowledge about their company's whistle blowing policy.

DISCUSSION
OBJECTIVE 1

Table 1 Comparison of Whistle Blowing Policies among selected IT companies

Company	TCS	Infosys	HCL Technologies
Criteria			
Purpose of Whistle Blowing Policy	To report with reliable information about illegal act, violation of code or any unethical act committed by the employees or company	To raise concerns regarding potential violations of the company policy and law	To define and lay down the process for raising a 'Complaint', and to safeguard the person raising the Complaint
Applicability	All employees, directors, business associates, contract consultants and academic interns	All employees of the organization	All directors, employees, third party vendors, consultants and customers throughout the world
Procedures	<ol style="list-style-type: none"> 1. All disclosures should be made to the chairperson of the audit committee. 2. Disclosures should be reported in writing, either typed or written. 3. Disclosures should be forwarded with a covering letter which includes the identity. 4. Anonymous disclosures are discouraged. 	<ol style="list-style-type: none"> 1. The organization wants the employees to report their concern to the manager, HR manager or the helpline. 2. The report should include the following: <ol style="list-style-type: none"> a. Nature of suspected violation. b. Identities of the persons involved. c. Description of the documents and time frame during which the suspected violation occurred. 	<ol style="list-style-type: none"> 1. Reports of any suspected Unethical and Improper Practices are encouraged to be made in writing. 2. Such reports should be factual rather than speculative. 3. All Complaints received by the Ombudsman will be categorized in two broad categories: <ol style="list-style-type: none"> a. Complaints against CEO / CFO / CHRO / President / Corporate Officers, hereinafter referred as "C" Level officers. b. Complaints against others
Investigation Mechanism	<ol style="list-style-type: none"> 1. The concern is investigated by the ethics counselor or chairperson of the audit committee. 2. Identity of the whistle blower will be kept confidential in any case. 3. The investigation process will be completed within 45 days of the receipt of disclosure. Investigators have a duty of fairness, objectivity, ethical behavior and professional standards 	All reports under this Policy will be promptly and appropriately investigated, and all information disclosed during the course of the investigation will remain confidential, except as necessary to conduct the investigation and take any remedial action, in accordance with applicable law.	The Ombudsperson will carry out preliminary investigation of Complaints received against employees other than "C" level officers and based on the findings of preliminary investigation report, Whistle blower Committee shall decide upon further investigation and the next steps.
Protection to Whistle Blower	<ol style="list-style-type: none"> 1. Whistle blowers are protected from any kind of unfair treatment. 2. TCS also condemns any kind of harassment, discrimination, victimization or any kind of unfair treatment against the whistle blowers. 3. The employees who assist in the investigation will also be protected 	<ol style="list-style-type: none"> 1. No one may take any action against any employee for complaining about, reporting, or participating or assisting in the investigation of, a reasonably suspected violation of any law, this Policy, or the Company's Code of Conduct and Ethics. 2. The Company takes reports of such retaliation seriously. 	<ol style="list-style-type: none"> 1. The Company will keep the Whistle-blower's identity confidential. 2. The Company prohibits retaliation against a Whistle blower with the intent or effect of adversely affecting the terms or conditions of employment.
Retention of Documents	All written disclosures will be retained by the company for a minimum period of 7 years	All documents related to reporting, investigation and enforcement pursuant to this Policy shall be kept in accordance with the Company's record retention policy and applicable law.	All documentation relating to the Complaint including investigation report, corrective action taken and evidence will be maintained by the Committee for a period of not less than 3 years from the date of disposal of the Complaint.

(Source: www.tcs.com, www.infosys.com, www.hcltech.com)

From table 1, it is evident that all these companies have same objective expressed in different words. TCS and HCL Technologies have wider scope of applicability of Whistle Blowing Policy when compared to Infosys. HCL Technologies has the policy of whistle

blowers reporting to Ombudsperson. TCS's policy expects whistle blowers to report to the Audit committee. Only Infosys has the policy of reporting to Manager or HR Manager or Help Line. All the three companies invariably discourage any forms of retaliation on the whistle blowers and promise to deal seriously against those if such retaliation proved. All the three companies have policy of retaining the documents for 3 to 7 years or as per companies' documents retention policies.

OBJECTIVE 2

Table 2 Comparison of Mean Value of Employees' Knowledge of Company's Whistle Blowing Policy

	N	Mean	Std. Deviation	F	df	Sig.
HCL	20	2.25	0.91	1.439	2	0.246
Infosys	20	1.75	0.79			
TCS	20	2.00	1.08			

(Source: Primary)

Table 2 depicts that the mean values of HCL, Infosys, and TCS are 2.25, 1.75 and 2 respectively. This shows that there is slight difference in the mean values. Therefore the Analysis of Variance (ANOVA) is done to test if the difference in the mean values is significantly different. The P value is 0.246 which is greater than 0.05. Hence it is concluded that there is no statistically significant difference among the employees of the three companies with regard to their knowledge about their company's whistle blowing policy.

OBJECTIVE 3

Table 3 Correlation between Level of Knowledge and Chances of Blowing Whistle in Future

		Knowledge of Company's Whistle Blowing Policy	Chances of Blowing whistle if unethical practices observed in future
Knowledge of Company's Whistle Blowing Policy	Pearson Correlation	1	-0.140
	Sig. (2-tailed)		.287
	N	60	60
Chances of Blowing whistle if unethical practices observed in future	Pearson Correlation	-0.140	1
	Sig. (2-tailed)	.287	
	N	60	60

(Source: Primary)

Table 3 depicts the relationship between Employees Level of Knowledge of Company's Whistle Blowing Policy and Chances of blowing whistle in future if anything goes wrong. Pearson Correlation was used to test the relationship. The correlation coefficient is -0.140. Thus, it is concluded that there is a negative and weak relationship between the two variables, and statistically there is no significant relationship between the level of knowledge about Whistle Blowing Policy of the Company and the chances of Blowing whistle in future if anything went wrong.

FINDINGS

- The three companies have a formal structure to support whistle blowing and protect the whistleblowers.
- The level of awareness about whistle blowing in the three companies are almost at par and from the study it can be stated that the companies are educating and creating awareness amongst its employees about the company policy on whistle blowing and the protection provided to the whistleblower.
- Increased level of knowledge about the whistle blowing policy does not encourage blowing whistle if any unethical or malpractices observed in the organization.

CONCLUSION

Whistle blowing is still at its nascent stage in India. In spite of having an exclusive Whistle Blower Protection Act, the willingness among employees blowing whistle is very low. The present study concludes that mere awareness and knowledge about Whistle Blowing Act or Policy would not induce employees to blow whistle. Employees would get motivated only when whistle blowers and their dependents are ensured protection of life, and monetary rewards.

REFERENCES

1. Arekar, K., & Mehta, R. (2013), Responsible Corporate Governance through Whistle Blowing. Research Journal in Organizational Psychology & Educational Studies, 2(1)
2. Arjumand Bano, D. S. (2015). Whistle Blowing in India- Introspection. International Journal of Engineering, Technology, Management and Applied Sciences.
3. Bhargava, N., & Madala, M. K. (2015). An Overview of Whistleblowing: Indian Perspective. International Journal of Innovative Research in Science, Engineering and Technology, 4 (2)
4. Patheja, S. (2015). System of Whistleblowing in India. International Journal of Scientific Research, 4 (7)
5. Premalatha, & Agarwal, A. (2014). "Blowing the Facts" Whistle Blowing Policy in India. Research Directions, 1 (7)
6. Rajput, N., Aggarwal, V., & Chopra, K. (2014). Whistleblowing a better step towards better governance: Comparative analysis of India and US. An International Multidisciplinary Research Journal, 4 (11)
7. Srividhya, S., & Shelly, C. S. (2012). Whistle Blowing Protection – A Watchdog for the Organization. International Journal of Social Science and Interdisciplinary Research, 1 (10)

WEBSITES

1. www.hcltech.com
2. www.infosys.com
3. www.tcs.com