

# Whistleblowers And Their Role In The Fight Against Corruption. Problems In Protecting Whistleblowers And Suggestions For Improvement

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**Abstract**—Whistleblower protection is necessary to reduce mismanagement in private and public organisations worldwide. The protection of whistleblowers is a complex and particularly challenging task that it is up to national authorities.

The research methodology is the literature review. In this context, reputable scientific journals, reports from international organisations and websites dealing with the research field of whistleblowers are studied.

The main conclusions are that there is an institutional framework for the functioning and protection of whistleblowers, but best practices are not fully implemented. Furthermore, the effectiveness of the use of whistleblowers is extremely high in detecting fraud and high public risks compared to other audit techniques. For this reason, the protection and framework of the whistleblower process is increasingly being legislated for by more and more countries as their importance is recognised. Finally, monitoring the use of whistleblowers and applying best practices and criteria for their effectiveness will make their use more effective.

**Keywords; Whistleblowers, Criminal activities, Financial Crime, Fraud, Corruption**

## I. INTRODUCTION

Whistleblowing is a valuable and effective tool in the fight against corruption and financial crime. An important prerequisite for this is the existence of an effective framework for the protection of whistleblowers. Whistleblowers in conjunction with other methods of fraud detection such as internal auditing using artificial intelligence can significantly help in the fight against fraud and corruption (Kontogeorgis, 2025). Whistleblowers can also contribute to better corporate governance, which is important for a company's listing and reputation (Kontogeorgis, 2018). Finally, Internal audit can check whether an effective framework on whistleblowers is in place. The internal audit function is known to be linked to the control of all functions of the

administration including e-government principles (Kontogeorgis and Varotsis, 2018).

The importance and effectiveness of whistleblowers is enhanced when there is an organised implementation framework and when best implementation practices are followed. Whistleblowers and their role in the fight against corruption and fraud are clarified in this article. Furthermore, this article presents the institutional framework for the operation of whistleblowers, which is followed by developed countries such as the EU and the USA. Finally, the main objective of the article is to make suggestions on how to improve the functioning of whistleblowers and thus fight corruption and fraud more effectively.

## II. METHODOLOGY

The research methodology is the literature review. In particular, international scientific articles, reports from international organisations and research centers that are relevant to the scientific field of the whistleblowers are studied.

### III. Literature review

#### A. Whistleblowers and their importance in the fight against corruption

Whistleblowing is the disclosure of information by individuals in an organization that involves illegal, unlawful conduct that could be prevented by employees or officers of an organization (Near and Miceli, 1985). This definition has now been broadened to include more things (Arroyo and Smaili, 2025).

A simple definition of a whistleblower is a person who reports the appearance of corruption, fraud, illegality, risks to public health and is in a position to know the relevant facts (National Whistleblower Center, 2014). ACFE (2024) conducted a survey on corruption. The survey examined 1921 cases from 138 countries. According to the results of the investigation, the reasons for disclosing the fraud were:

Source of information	Percentage
Tip from whistleblowers	43%
Internal audit	14%
Management Review	13%
Document examination	6%
Accounting verification	5%

By Accident	5%
External Audit	3%
By accident	3%
Automated Monitoring	2%
Other	2%
Notifiacation from law authorities	2%
Confession	1%

ACFE, 2024

It is worth noting that whistleblowers are responsible for 43% of all corruption uncovered. This will demonstrate the importance of whistleblowers in the fight against corruption and fraud. It should also raise awareness among all countries to establish an effective framework for the protection and functioning of whistleblowers. It is interesting to study the source of the information. In the table below we can see the source of information:

Whistleblowers	Percentage
Employee	52%
Customer	21%
Person whose identity is not known	15%
Vendor	11%
Other	7%
Shareholders	1%
Competitor	1%

ACFE, 2024

The above shows the importance of employees and customers in the detection of fraud. The above illustrates the importance of employees and customers in detecting fraud. It is very important to create an environment and communication channels where they can report incidents of fraud.

#### B. WHISTLEBLOWER PROTECTION FRAMEWORK

Researchers are studying an increasing number of whistleblowing issues. For example, the behaviour of whistleblowers, their communication channels and the rewards for whistleblowers. Most of the scientific articles have been published in the Journal of Business Ethics and the Journal of Financial Crime (Arroyo and Smaili, 2025).

An important step taken by the European Union to protect whistleblowers is European Directive 2019/1937. In particular, European Directive 2019/1937, among other provisions, defines the following:

- Internal and external complaint channels.
- Procedures for the consideration of complaints by agencies and competent authorities. This ensures that complaints are investigated, perpetrators are identified and abuses are stopped.
- A framework to protect whistleblowers from retaliation.

The implementation of the Community Directive in the Member States of the European Union has been the subject of research. Greece with the law 4990/2022 is one of the European countries that has adopted the EU directive. The purpose of this law is to create a framework for whistleblowers reporting violations of EU law According to Terrakol (2023) 19 of the 20 countries in the study were not in compliance with at least 1 of the 4 key criteria for whistleblower effectiveness. The criteria included the ability to directly report an incident of corruption, the benefits available to whistleblowers, the ability to provide guidance - advice and the penalties for those who violate whistleblower protection programmes. Finally, it should be noted that some countries have opted for some of the stricter provisions proposed, even though they were not mandatory.

The Whistleblower Protection Act (WAP) was enacted in the United States of America in 1989 to protect public sector employees who act as whistleblowers and disclose instances of corruption, fraud and illegal activity in general (Balser, 2024). This law was amended and enriched in 2012. The WAP covers whistleblowing issues from former employees, new employees and people applying for government jobs. The purpose of this law is to provide guidance on the categories of information that whistleblowers can disclose, to clarify which government agencies are covered by the law, to specify the acts that government officials are prohibited from committing and to clarify the procedure and competent bodies that oversee whistleblowers and their protection (Balser, 2024).

Two important pieces of US whistleblower legislation are also the Sarbanes-Oxley Act of 2002 and the Dodd-Frank Act of 2010. Specifically, The Dodd-Frank Act defines issues such as the meaning of whistleblower, their reward, criminalisation of individuals who retaliate against them and whistleblower protection measures. Sarbanes-Oxley Act Sarbanes-Oxley Act regulates issues such as whistleblower protection for unlisted companies, whistleblower benefits and issues in relation with the anonymous submission of complaints (Chalouat, Carrión-Crespo, Licata, 2019). Moreover, the government website Oversight.gov allows whistleblowers to report allegations of fraud, corruption and abuse of financial programmes. Finally, the US Office of Special Counsel addresses whistleblower confidentiality issues and oversees whistleblower protection (G20 Anti – Corruption Working Group ,2024).

#### C. Improvement suggestions

There are a number of international organisations, research institutions and researchers who have worked on whistleblowing issues. Their suggestions could prove valuable and contribute both to increasing the effectiveness of the Convention and to its wider implementation. There are a number of international organisations, research institutions and researchers who have worked on whistleblowing issues. Some key

criteria for the assessment of the effectiveness of the legal framework for the protection of whistleblowers are (Banisar, 2011):

- Number of cases reported: This criterion refers to the number of complaints made internally and externally. An increase in the number of complaints can be a sign of the effectiveness of the whistleblowing framework.
- Number of cases of retaliation: Reducing the incidence of retaliation is a key condition for encouraging whistleblowers.
- Repayments to the Treasury: Repayments to the Ministry of Finance act as a deterrent to new cases of corruption.
- The existence of a framework and procedure for whistleblowing within the organisation: The existence of a framework and procedure for whistleblower complaints increases the effectiveness of the investigation of complaints.
- Employee awareness and attitudes to corruption: Increased sensitivity of employees and managers to corruption issues is a good indicator of the good functioning of the organisation and the reduction of fraud and corruption.
- The company's response to external press reports: A report of corruption in a company should be a cause for change and a reason to reduce dysfunction. Organisations that respond uncritically with libel suits do not really want to deal with corruption.
- Cultural views: This is a difficult area to research. It can be measured through questionnaires whether the change in legislation has had an effect on the likelihood of employees committing fraud.

OECD (2016) proposes a number of provisions to enhance the effectiveness of whistleblowers. Some of these are:

- Application of ethics rules in the public sector and consideration of policies affecting the public sector.
- Implementing provisions on witness protection that have been proposed over time by the OECD.
- Implementing a broader framework covering more functions of the organisation.
- Effective communication policies to raise awareness of the importance of whistleblowers.
- Encourage countries to develop expertise on whistleblower protection and to have a system for monitoring and evaluating its effectiveness.

The use of whistleblowers can also be applied to charities, as they manage large amounts of money. In

addition, transparency is very important and vital in this category of organisations. Some strategic suggestions for effective implementation of whistleblowing in charities organizations are (Nicaise and Worth, 2024):

- Review policies to communicate the importance of whistleblowing. This creates an environment of transparency and accountability.
- Train employees to deal with whistleblowing issues. Employees need to have a variety of skills and training is necessary.
- Establish an ombudsman to work with international charities.
- Ensuring legal cooperation with host countries.

Some suggestions to EU Member States on how to improve the effectiveness of whistleblowers are (Terrakol, 2023):

- Adapt national legislation and adopt the EU Directive on Whistleblowers.
- Review areas where legislation does not reflect best practice.
- Ensure that the legislative process is transparent and that the views of all stakeholders, including society, are taken into account.

Strengthening the institution of whistleblowers is particularly important in developing countries such as Nigeria. Some proposals that could be implemented are (Adetunji, 2024):

- Strengthen the independence of the bodies responsible for investigating cases involving whistleblowers.
- Strengthening cooperation between investigative and judicial authorities can increase the willingness of whistleblowers to come forward.
- Training law enforcement personnel to solve crimes and encouraging whistleblowers to reveal information.
- The government should ensure that national legislation is harmonised with international standards on the procedure and protection of whistleblowers.
- Finally, measures should be taken to speed up the administration of justice while ensuring that the truth is established.

The G20 Anti-Corruption Working Group (2024) has published a report on whistleblower protection. It outlines some good practices that have been implemented in some developed countries. Whistleblower reporting in Canada can be done through three communication channels. A whistleblower report may be submitted to the supervisor, the senior officer and the independent

public sector authority dealing with whistleblower issues. The Saudi Arabian Oversight and Anti-Corruption Authority provides channels for foreign investors to communicate and complain about corruption. Italy provides a reliable framework for the protection of whistleblowers in the context of the implementation of the European Community Directive. The Italian National Anti-Corruption Authority receives complaints concerning the public and private sectors. Moreover, Italy has recently launched an online whistleblower reporting platform with high security standards and architectural design.

#### IV) Conclusions

In recent years, the number of publications on whistleblowers has increased rapidly. This is explained by the fact that the concept of whistleblowers has been established by legislation (Arroyo and Smaili, 2025). Thousands of whistleblowers provide information on everything from corruption and financial scandals to environmental pollution. Finding these cases would be impossible without the valuable contribution of whistleblowers (National Whistleblower Center, 2014).

The adoption of measures to protect whistleblowers is a global phenomenon. Many Countries are implementing measures such as criminalising acts of revenge against whistleblowers, rehabilitation of whistleblowers and restrictive provisions to reduce the phenomenon of organised corruption rings (Chalouat, Carrión-Crespo, Licata, 2019).

The application of criteria is necessary in order to judge the effectiveness of the whistleblower protection framework. The effectiveness of whistleblower protection is not just factorial, but multi-factorial, and needs to be thoroughly evaluated to get the right results. Best practices - Whistleblower criteria can be used to determine the effectiveness of the institutional framework.

The effectiveness of whistleblowers in exposing corruption and fraud is truly impressive. Whistleblowers are more effective in detecting fraud than traditional forms of control such as internal audit, administrative control, external audit and document review. It is very important to create an environment and communication channels in which whistleblowers can report incidents of fraud. Particular emphasis should be placed on employees and customers, as they appear to play a key role in the detection of corruption.

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