



## Identification and Protection of Corporate Whistle-blowers: A Legal Perspective

**Naheeda Ali**, Department of Law, The University of the Punjab, Gujranwala Campus, Gujranwala, Pakistan

\***Kanwal Iqbal Khan**, Institute of Business & Management, University of Engineering and Technology Lahore, Pakistan

\*Corresponding author's email: [kanwal.khan@uet.edu.pk](mailto:kanwal.khan@uet.edu.pk)

### ARTICLE DETAILS

#### History

Revised format: Feb 2022

Available Online: Mar 2022

#### Keywords

Corporate Law, Corporate Governance, Corporate Crime, Whistle-blower, Internal Audit,

#### Jel Classification

G3, G34

### ABSTRACT

**Purpose:** Internal audit, management review, and account reconciliation are popular tools for combating corporate fraud, but whistle-blowing is the most prevalent. Whistle-blowers frequently fear reprisal from coworkers and bosses. That is why they require protection and support. Many international organizations have advocated that countries adopt regulatory frameworks for protecting whistle-blowers. Therefore, the current study investigates the notion of whistle-blowing to compare it to Public Interest Disclosure Act 2017 of Pakistan, which was enacted. It identifies the influence of legal and ethical cultural norms in organizations on whistle-blowing behaviour.

**Design/Methodology/Approach:** Qualitative method was used to analyze statutes, local and international protocols, rules and regulations of Pakistan and developed countries.

**Findings:** The results suggest that the development of legal and ethical culture in a business may inspire whistle-blowing, and whistle-blowers may feel psychologically safe when reporting wrongdoings. Further, whistle-blowers must be legally supported and encouraged to function as corporate monitors, discouraging wrongdoers to the point of elimination.

**Implications/Originality/Value:** It is suggested that the Act be revised to address the existed flaws. The Act is specifically amended to cover private-sector whistle-blowers, and an impartial, external reporting channel is established under one of the existing specialized organizations that deal with fraud. In particular, anti-corruption bodies, like National Accountability Bureau, has established as an external reporting and investigative channel.



© 2022, The authors, under a Creative Commons Attribution-NonCommercial 4.0

**Recommended citation:** Ali, N. and Khan, K. I. (2022). Identification and Protection of Corporate Whistle-blowers: A Legal Perspective. *Journal of Accounting and Finance in Emerging Economies*, 8 (1), 123-134.

## **Introduction**

In recent years, the conflict of interest between management and stakeholders has gained worldwide attention, leading to modifying the existing legal structure (Vuong et al., 2021). Many nations have sought to enact substantial laws to develop, improve, or alter their conflict-of-interest management mechanisms (Cailleba & Petit, 2018). The conflict of interest contributes to a critical character in forming a state's ethical and moral structure. Invasion of the public interest jeopardizes society's integrity, moral ideals, social norms, and characteristics. Obeying moral and legal principles of fairness, interest, and the common good is required for the public good (Ogbu, 2017). The public interest is concerned with the overall welfare, not the profit of a specific group of people (Breznau, 2021). Ultimately, the core of society and the government is trust in public institutions. The government's primary organs for carrying out public-good activities are public institutions.

The public's widespread unhappiness with government institutions is blamed for the fall in confidence. In order to preserve, it is critical to earning public confidence by acting as an ethical and responsible performance, repairing, or establishing public trust in government institutions while productivity and trust are inextricably linked (Khan et al., 2021). The government suffers from a huge trust deficit due to the lack of trust in major public institutions (Kramer & Lewicki, 2010).

Even more challenging is identifying public officials who look at public assets, degrade institutions, sabotage economic progress, and deprive poor residents of essential human services. While people have various valid interests outside of their profession, they are responsible for upholding society's overarching interests. In essence, an employee must eliminate the conflict of interest that arises when fulfilling official tasks (Mata et al., 2021). The officeholders are required to take all practical stages to evade actual or ostensible conflicts of interest that might jeopardize the public's integrity, fairness, openness, and accountability (Lewis, 2022). Pakistan's public and corporate governance is being scrutinized from all sides (Ali et al., 2022). Many high-profile instances involving corruption, resource mismanagement, favouritism, blatant fraud, and money laundering have surfaced on the domestic front (Salinger, 2005). On a global scale, the New York branch of Pakistan's leading Habib Bank Ltd. was recently chastised by US authorities and forced to shut down due to poor financial management. Like other developing countries, Pakistan's challenge is to improve its governance to reduce non-trivial misbehaviour, allowing for higher private investment and quicker economic growth. While experts advocate various methods to strengthen public and corporate governance, this essay focuses on whistle-blowing as a weapon for combating misconduct and whether Pakistani laws fully exploit its potential (Ogbu, 2017).

Whistle-blowing is not yet common in Pakistani organizations, and study on the subject is even more restricted. The laws and regulations are still in the works. With particular application to Pakistan, the notion of whistle-blower protection mandates that persons who reveal information about wrongdoing, whistle-blowers be safeguarded. Whistle-blowers, however, are not protected under the Right to Freedom of Information Act. It does not shield you from any regulatory, administrative, or employment-related penalties for sharing information. In excluding a whistle-blower protection clause, officials who simply suspect wrongdoing or malfeasance would fear losing their jobs or being suspended if they exposed evidence (Cailleba & Petit, 2018). The current corporate governance wake-up call may be related to recent business scandals. Corporate stakeholders are now on their toes & eager to put corporate governance systems in place (Ogbu, 2017). Therefore, various empirical evidence from various viewpoints on corporate governance has been studied. This study examines legislative provisions extended to the protection of private company whistle-blowers. The whistle-blowers' protection act, which is already mandatory in the public sector, should be mandatory for all private enterprises, regardless of size. Researchers have discovered three antecedent elements for whistle-blowers' intents: ethical culture of

organization, teleological & technological assessments, with durable ethical culture playing a significant role in persuading associates to be whistle-blowers in contradiction of their employers' misconduct. It is said that the occurrence of trade unions encourages associates to voice their complaints without the terror of punishment & with the idea that the infraction will not be corrected. (O'Dowd et al., 2010).

Whistle-blowers' culture and practice are well established in common law nations than in continental states because of their early origins. Common law nations' whistle-blowers' legislation is in better form (Bauhr & Grimes, 2012). In continental Europe, legislative procedures for protecting whistle-blowers are inadequate. However, Pakistan became the first country in the subcontinent to enact freedom of information legislation in 2002 (Ahmed, 2016). People are hesitant to act since there is no equivalent correct interpretation word whistle-blower in various jurisdictions in continental Europe. The political leaders in continental Europe must be committed to using whistle-blowers as a tool to combat corruption. Alleyne et al. (2013) stated that while having an independent board of directors through appointing outsiders as directors indicates excellent corporate governance, the efficiency of these boards is constantly in doubt since they are dominated by management and significant shareholder representatives.

Researchers believe that internal and external whistle-blowers are influenced in the same way by wrongdoing and malfeasance. Second internal and external whistle-blowers are influenced differently by organizational features. The third is the ability of an organization to adapt to whistle-blowers increases internal whistle-blowers while decreasing external whistle-blowers. External whistle-blowers have a lower level of support, but intra-organizational whistle-blowers have a higher level of support. Those in the commercial sector are more equivocator & more likely to blow the whistle externally. In contrast, employees in the public sector are more committed and less likely to blow the whistle (Alleyne et al., 2013). To summarise, this research aims to discover the influence of ethical and cultural norms in organizations on whistle-blowing behaviour. Whistle-blowers must be supported and encouraged to function as corporate monitors, discouraging wrongdoers to the point of elimination.

## **Literature Review**

### **Concept of Whistle-blowing**

In an organization, a whistle-blower is someone who blows the whistle on exploitation, frauds, corruption, crimes, wrongdoings, or misconducts, among other things, on ethical and moral grounds (Rothschild & Miethe, 1999). It is the disclosure of unlawful, corrupt, or illegitimate actions by prior or current workers to individuals or organizations that may be able to take action (Miethe & Rothschild, 1994). Internal whistle-blowing is often defined as reporting wrongdoing outside the traditional line of command. Still, external whistle-blowing is essentially reporting wrongdoing to someone outside the company who may be able to halt or remedy wrongdoings (Cailleba & Petit, 2018). The Act of a referee 'blowing a whistle' is highly prevalent on sports grounds and schoolyards. When players break the rules of the game, the goal is to attract attention to it, interfere, or pass judgement to restore the spirit of sportsmanship. However, in today's organizational setting, the phrases are employed in a more limited sense. According to the International Labour Organization (2018), Whistle-blowing is defined by workers or former workers revealing unlawful, asymmetrical, harmful, or unscrupulous workplace actions. Whistle-blowing is also defined by Tricker and Tricker (2015) as telling authorities about a person or group that is perceived to be acting unlawfully, such as breaching laws or regulations, violating an ethical code, or offending in some other way. Jubb (1999) drives home the concept's finer points, proposing the following definition:

“Whistle-blowing is a non-obligatory act of disclosure made by a person who has or had privileged access to data or information of an organization, about non-trivial illegality or

other wrongdoing, whether actual, suspected, or anticipated, that implicates and is under the control of that organization, to an external entity with the ability to correct the wrongdoing”.

Some may disagree with Jubbin's position on limiting whistle-blowing to solely external reporting. As a result, there is internal whistle-blowing, reporting suspected ethical or legal infractions to a higher authority within a company. On the other hand, external whistle-blowing refers to the exposure of misconduct to an authority outside of an organization (Cailleba & Petit, 2018).

### Why Whistle-blowing?

Whistle-blowing has become an essential component of regulatory enforcement operations in the developed world. The worldwide cost of corruption and fraud is estimated to be more than \$2.9 trillion (ACFE 2016). According to theoretical and empirical studies, there is a substantial negative association between a country's perception of corruption and fraud and its pace of economic growth (Kimbrow, 2002), decreasing all future profits, reduces revenue collection. Fraud encourages secrecy, the underground economy, money laundering, and capital flight all obstruct capital accumulation. As a result, the battle against it must be intelligently articulated to motivate widespread vigilance and action. According to data, internal factors are biggest offenders of fraud (some 52 percent incidents in 2018). Whistle-blowing might be the only crucial pillar to control fraud (PWC 2018). Therefore whistle-blower protection is crucial for encouraging openness, accountability, and good governance among public and commercial entities.

### Who Blows the Whistle on Public and Corporate Wrongdoing?

Whistle-blowers' choice is a tremendously complex phenomenon, not a simple one. This phenomenon has significant relevance to legal systems; as a result, it is vital to comprehend critical to whistle-blower decision-making, particularly in its legal context, to gain insights (Cailleba & Petit, 2018). As legitimate representatives of a country's inhabitants, governments create a general whistle-blowers atmosphere for private & public companies. Governments typically encourage people to discover fraud, dishonesty, and wrongdoing in the workplace. They give the climate and procedures for whistle-blowers. The mechanism is critical in deciding whether or not to blow the whistle and whether or not to report wrongdoings (Lewis, 2022). According to a business ethics perspective, employee integrity plays a major part in many occurrences of whistle-blowing. Bauhr and Grimes (2012) examine corporate fraud from a somewhat different standpoint. When internal corporate governance fails, they believe a legal position on fraud detection points to external factors, such as auditors and securities regulators, having a crucial role. According to this finance view, those with residual rights in the business, such as stock and debt holders, and their agents, analysts and auditors fulfil the monitoring role (Lewis, 2022). Table 1 explains the types of whistle-blowers in an organization.

Table 1: Whistle-Blowing in Organization

<b>Procedural</b>	<b>Distributive</b>	<b>Interpersonal</b>	<b>Informational</b>
Discloser mechanism	Reduce Wrongdoing	Treatment on disclosure	Access to information regarding the disclosure
Proceed on disclosures	Freedom of speech	Rational Loyalty	Progress of interrogation
Interrogating disclosure	Good Governness	Effective management	Accountability
Accessibility to resources	Ethical work environment	Trustworthy environment	Access to information about resources

### **How Whistle-Blowers are Identified?**

Whistle-blowing legislation in the United States has evolved from single sections in various rules & regulations related to sectoral legislation or broad. For fortification, exposure strategy has grown extra widespread, particularly in nations with broad whistle-blower protection legislation. In essence, protection should be broadened to guarantee that all sorts of stakeholders are protected (Cailleba & Petit, 2018). The contemporary debate about whistle-blower fortification attempts to strike an equilibrium between the requirement to maintain information freely & essential of safeguarding information secrecy and anticipated allegiance from workers. Legislation has attempted to define what constitutes a fact triggering protection in this situation. (Lewis, 2022).

### **Detection Mechanism**

Whistle-blowers (those who disclose misbehaviour in public sector institutions and the government) are used to establish detection mechanisms in several nations. In Pakistan, the underlying whistle-blowing system has yet to be developed in public sector companies, and there is a glimmer of hope for the future.

### **Independent Oversight Body**

In public sector organizations, the institutional system for detecting and investigating conflicts of interest is organized through the hierarchy; each institution's head is responsible for detecting and controlling conflicts of interest through internal inspection and sanctioning violations (Miceli & Near, 2002). However, no independent national or provincial supervision authority in the country is responsible for reviewing and assessing the execution of conflict of interest cases. After obtaining information from a whistle-blower, this impartial organization will conduct a preliminary investigation and take tangible actions to prevent a breach of the public interest. The commission is also responsible for ensuring that the person who discloses information is not mistreated and protecting a persecuted whistle-blower.

### **Determinants of Successful Whistle-blowing**

Corporate governance is not a novel topic in corporate law, according to regulatory agencies and auditing and accounting companies, the whistle-blower is vital for corporate culture. In today's corporate systems, present whistle-blowers processes are ineffective (Ahmed, 2016). Fear of reprisal prevents employees & members, including shareholders of companies, from reporting misconduct. At work, whistle-blowers suffer two sorts of retribution: one is connected to a relationship at the workplace, and another is related to documentation of employment record retaliation. Recent studies documented Whistle-blower prejudice (Farooqi et al., 2017). Whistle-blowers risk being denied promotion, suspended, or fired from their jobs; however, rules protecting correct disclosure prevent them from being suspended, refused promotion or fired. If organizations retaliate, whistle-blowers can use legal measures to protect themselves. The availability of reprisal punishment is a critical issue in this case. And if there are inadequate, ineffective, or insufficient legal remedies in this area, it discourages individuals from reporting misconduct. Whistle-blowers are afraid of being harassed and receiving a negative response; thus, they prefer to expose wrongdoings through external means.

Managers must attentively listen to the whistle-blower's complaint, investigate it thoroughly, and rectify the situation for successful whistle-blowers in the organization. It is also critical to safeguard the whistle-safety. Blower's The element "presence of explicit provisions in legislation regarding retaliatory penalty" is also worth investigating and analyzing further, arguing that a delay in the justice is the same as a denial of justice. They further said that judicial independence aids in quickly completing a trial of inquiry or matter. Wrongdoing is defined as the abuse of power to facilitate unlawful activity. Whistle-blowers benefit from the law for whistle-blowers

because it helps them get justice quickly. In the case of whistle-blowers, the "minimum duration" of a trial is crucial to effective whistle-blowers and should be considered for analysis (Ahmed, 2016). The following factors for analysis have been discovered due to the literature review, as shown above. The country's legal climate; the necessity for a whistle-blowers -specific law; a statute that has punitive provisions; the existence of explicit legal provisions on penalties for false reporting; whistle-blower remedies; simple access to court; whistle-blower burden of proof; specific legal laws concerning retribution punishment; and whistle-blowers cases must be decided within a certain time frame (Lewis, 2022).

### **National and International Legislations**

Examination of national and international legislation will be conducted below; a systematic legal work is provided to expound on many aspects to address, using specific laws.

### **Legal Environment of Nation**

Organizational governance is governed by corporate laws, which comprise rules and regulations. The "Sarbanes–Oxley Act of 2002," adopted by America, is an example of such legislation. This statute offers unique measures for whistle-blower protection in the United States, although it is not a comprehensive law for whistle-blowers. It is now necessary to enact particular regulations for whistle-blowers in the twenty-first century. In most nations across the globe, regulations are needed to offer protection for whistle-blowers. Legislation is essential to promote, assist, acknowledge, and eventually defend whistle-blowers (Alleyne et al., 2013). Whistle-blowers legislation must include measures for avoiding retaliation, protection, fiscal fortification & remuneration for whistle-blowers, among other factors. It has also been suggested that specific legal provisions must be in place to penalize wrongdoers, false reports, and retaliators. Punitive clauses in company law have been mentioned as a factor. There have been cases where government and private sector auditors or workers created false reports and benefited from technological gaps in the legislation.

Punishment for false reporting contributes to developing a culture that avoids blame. False reporting is a criminal offence that breeds suspicion and distrust. False reporting is punished differently in different nations, although it is considered an offence. This element has also been underlined for further investigation as the availability of particular legal provisions regarding penalties for false reporting (Lewis, 2022). Whistle-blowers are deterred from disclosing fraud and malpractice due to a lack of clarity regarding their remedies. Accusations that give wrongdoers time to cover up errors tend to have a negative impact on organizations. Employees are reportedly afraid of harming themselves or their families if they submit information regarding wrongdoings. This component has been mentioned as a whistle-blower's remedy. Access to justice is a critical component of the legal system that supports a country's rule of law. A vital aspect of the corporate governance regime is informal access to the legal structure for relief. Employees and whistle-blowers subjected to retaliation can seek justice through the courts. (Cailleba & Petit, 2018).

Because it is a final choice for whistle-blowers, "easy access to justice" is a critical issue to consider for research. An auditor is a good place to start if you are looking for proof of financial misbehaviour in your company. Auditors and accountants are obligated to minimize organizational wrongdoing as part of their job. Auditors are frequently whistle-blowers of financial wrongdoing, according to corporate history. Whistle-blowers are obligated to file complaints, therefore, they bear the "burden of evidence." It is essential to identify anything important in the whistle-blower's procedure for subsequent examination. (Alleyne et al., 2013).

### **Best Practices on Whistle-blower Protection Legislation**

After discussing the national legislation, the attention moves to putting the notion of whistle-

blower protection into practice through comprehensive law. The G20 Anti-Corruption Action Plan (2012) comes in help in this situation (Ahmed, 2016). To begin, the misconduct should be severe, involving significant mismanagement and waste of finances. Setting a minimal standard for the scope of wrongdoing might be beneficial. Second, only good faith and reasonable grounds disclosures should be safeguarded. Those acting out of personal vendettas or willfully making false accusations should not be protected by the law. Third, in its broadest sense, whistle-blower protection should be extended to both private & public segment personnel, including advisors, free-lancers, momentary employees, ex-employees, helpers, job candidates, and others who have been black-listed (Chalouat et al., 2019). Similarly, some types of workers who perform sensitive work, such as members of the military services and the intelligence community, should be exempt from the broad legislation and subject to unique norms and procedures for a protected disclosure.

Fourth, the scope of protected disclosures should be broad, explicit, and legally assured. According to the ILO definition, corruption, breaches of food, health, safety, unfair competition, environmental regulations, and the conduct of criminal offences are all examples of unlawful, unethical, or harmful practices. Fifth, legislation should shield whistle-blowers against name revelation, discriminatory and retaliatory activities, criminal and civil liabilities, and libel and defamation cases, among other things. Sixth, legislation should explicitly define the reporting methods, techniques, and channels available for protected disclosures. In addition, creating national hotlines is gaining popularity. Seventh, by using incentives such as monetary prizes to promote whistle-blowing should be examined. Eighth, the legislation should include supervision and enforcement measures, including creating an independent institution to examine charges of retaliation against whistle-blowers and make access to the courts for prosecution easier. In addition, legislation should be incorporated to provide for employer retaliation in the event of harm resulting from protected disclosure and criminal penalties for retaliating employers. Wolfe et al. (2014) give a full update on these best practices, which are utilized to benchmark the situation of Pakistan in the following sections. Table 2 presents the analytical framework.

**Table:2 Analytical Framework**

Areas	Criterion	Description
Scope of protection: who is protected	Broad coverage of organizations	Comprehensive coverage of organizations in the sector
	Broad definition of whistle-blowers	Broad definition of whistle-blowers whose disclosures are protected (e.g. including employees, contractors, volunteers and other insiders)
Scope of protection: material scope	Broad definition of reportable wrongdoing	Broad definition of reportable wrongdoing that harms or threatens the public interest (including corruption, financial misconduct and other legal, regulatory and ethical breaches)
Elements of protection: protection from retaliation	Broad protection against retaliation	Protections apply to a wide range of retaliatory actions and detrimental outcomes (e.g. relief from legal liability, protection from prosecution, direct reprisals, adverse employment action, harassment)

	Comprehensive remedies for retaliation	Comprehensive and accessible civil or employment remedies for whistle-blowers who suffer detrimental action (e.g. compensation rights or injunctive relief, with a realistic burden on employers or other repressors to demonstrate detrimental action was not related to disclosure)
Elements of protection: reporting channels	Range of internal and regulatory reporting channels	Full range of internal (i.e. organizational) and regulatory agency reporting channels
	External reporting channels (third party, public)	Protections extend to the same disclosures made publicly or to third parties (external disclosures e.g. to media, NGOs, labour unions, members of Parliament) if justified or necessitated by the circumstances
Elements of protection: anonymity	Provisions and protections for anonymous reporting	Protections extend to disclosures made anonymously by ensuring that a discloser (a) has the opportunity to report anonymously and (b) is protected if later identified
	Confidentiality protected	Protections include requirements for confidentiality of disclosures
Elements of protection: enforcement mechanisms	Internal disclosure procedures required	Comprehensive requirements for organizations to have internal disclosure procedures (e.g. including requirements to establish reporting channels, have internal investigation procedures, and have
		procedures for supporting and protecting internal whistle-blowers from the point of disclosure)
	Sanctions for retaliators and incentives for whistle-blowers	Reasonable criminal or disciplinary sanctions against those responsible for retaliation, as well as financial rewards for whistle-blowers
	Oversight authority	Oversight by an independent whistle-blower investigation or complaints authority or tribunal
	Transparent use of legislation	Requirements for transparency and accountability on the use of the legislation (e.g. annual public reporting and provisions that override confidentiality clauses in employer-employee settlements)
Elements of protection: the notion of good faith	Thresholds for protection	Workable thresholds for protection (e.g. honest and reasonable belief of wrongdoing, including protection for "honest mistakes", and no protection for knowingly false disclosures or information)

### Protection of Whistle-blowers in Pakistan

On November 2, 2017, Pakistan's President granted his assent to Act No. XXXVI of 2017 - Public Interest Disclosure Act 2017 ("Act"), which both chambers of Parliament had previously adopted. The Act establishes a system for public interest disclosure to combat corruption and safeguard whistle-blowers. SECP withheld notice of the whistle-blowing Regulation 2017 that it

had designed to extend protection to private sector enterprises following the legislation's passage. We analyze the Act in the following sections using Wolfe et al. (2014) G20 .'s best practices.

**Table 3: Benchmarking Pakistan Public Interest Disclosures Act 2017 on Superlative Practice Standards**

Sr No.	Superlative Practice Standards for Whistle-blowing Legislation (Wolfe et al., 2014)	Assessment of Public Interest Disclosures Act 2017 of Pakistan
1.	Broad coverage of Organizations	The Act provides a comprehensive exposure of public sector organizations. However, handling private sectors entities is left to discretion as they would need to be specified by notification in the official Gazette ( <i>Ch I, ss.2e</i> ).
2.	Definition - reportable wrongdoing	The reportable wrongdoing in <i>Ch I, ss.2c para i&amp; ii</i> could have been more elaborate covering any dangerous activities, legal, regulatory and ethical breaches as well as losses due to incompetence. For instance, breaches in relation to defilements of food, health, security, unfair competition & environmental law and commission of criminal offences should be included.
3.	Broad definition of Whistle-blowers	Again, the definition provided in <i>Ch I, ss.2f</i> is wanting. A broad definition would include consultants, contractors, temporary employees, job applicants, and persons who have been blacklisted by the entities.
4.	Internal regulatory reporting networks	The only reporting channel provided in the Act is the 'Competent Authority' heading the same department against which the complaint is being made or its nominee. The competent authority is given 'exclusive jurisdiction' on trial of the disclosed matter with powers of a civil court. While no disclosures can be made that are construed as breaches of privileges attached to elected offices, privileged are bound to partake in civil court proceedings if required. Further, the Act is silent on the 'right of appeal' outside the organization against the competent authority. (see <i>Ch I, ss.2a, ChII, ss.3(1,6), ChIII, ss.7,8,9, Ch. V, ss. 19</i> ).
5.	External reporting channels (third party / public)	The law is silent on external reporting channels arguably implying that protection does not outspread to the disclosures declare public or to 3 <sup>rd</sup> parties such as Member Parliament, media and civil society organizations.
6.	Thresholds for protection	<i>Chapter VI, ss.20</i> of the Act provides reasonable protection against all actions undertaken in good faith under the Act. Yet, it will be helpful if along with 'competent authority', the word 'complainant' is also specified among those who are protected. Also, <i>Ch. V, ss. 16</i> prescribes punishment for false or frivolous disclosure, which is understandable.
7.	Provision and protections for anonymous reporting	The Act rules out processing anonymous or pseudonymous disclosures (See <i>Ch. I, ss.3(5)</i> ), which contravenes best practices.
8.	Confidentiality protected	<i>Ch. IV, ss.12</i> and <i>Ch. V, ss.15</i> reasonably protect the identity of the complainant and confidentiality of the disclosures made.
9.	Internal disclosure procedures required	The Act provides some procedures for internal disclosures and powers of the competent authority (e.g., <i>Ch II, ss. 3(3 &amp;6), 4,5,Ch.IV, ss.13</i> ) and creates scope for issuing additional rules pertaining to this matter ( <i>Ch. VI, ss. 22,23,24</i> ).

10.	Broad retaliation Protections	<i>Ch. IV</i> broadly deals with and provides protection to complainants and witnesses against adverse employment action, harassment or direct reprisals. However, protections against lawsuits, prosecution or other legal proceedings are extended in <i>Ch. VI, ss. 20</i> . It is recommended that like the ‘competent authority’, the word ‘complainant’ should be clearly mentioned among those protected against lawsuits.
11.	Comprehensive remedies for retaliation	Somewhat limited remedies are provided to whistle-blowers in case of retaliation. For instance, <i>Ch. IV, ss.10(3)</i> shifts the burden of proof against victimization of the complainant to the employing ‘organization’. <i>Ch. IV, ss.10(5)</i> provides remedy of restoring the complainant to the status quo <i>ante</i> in case of victimization. The Act is silent on compensation rights or civil redressal for whistle-blowers who agonize damaging Act.
12.	Sanctions for retaliators	The Act provides limited sanctions for retaliators. <i>Ch. IV, ss.10(6)</i> provides for penalties of up to Rs. 500,000 (\$4,400) for any person who wilfully does not comply with the direction of the ‘Competent Authority’ to protect the ‘complainant’ from victimization. This compares with the median fraud size in South Asia of \$100,000 (ACFE 2016)
13.	Oversight authority	The Act in its present form does not provide oversight by an sovereign whistle-blower enquiry / complaints authoritys or tribunals.
14.	Translucent usage of legislation	<i>Ch. VI, ss.21</i> provides for preparation of an annual report on disclosures under this Act to be laid before each House of Parliament.

## Conclusion

One of the primary concerns of many organizations is the development of an ethical corporate culture through which it aims to control, minimize, and eventually try to eliminate wrongdoings and wrongdoers from the organization that are impeding progress; by taking action against wrongdoers and encouraging whistle-blowing, which aids in doodling attention of the management to wrongdoings and wrongdoers. The last several years have shown enormous social and economic consequences due to financial statement scams that have shaken the corporate markets. As a result, investment portfolios have crumbled, and financial reporting has been disturbed, among other things. The majority of these crimes were discovered not by external auditors or analysts but by workers who had access to accounting information. As a result, law enforcement authorities throughout the globe have recognized the value of whistle-blowing in both discouraging and identifying financial misconduct. They have enacted rules to encourage employees' whistle-blowing against corporate crimes.

It is challenging to keep up the fight against conflicts of interest in public life. The harm it may wreak to citizens' trust in their government is extensive. The goal is to guarantee that public officials, lawmakers, ministers, bureaucrats, and judges do not improperly utilize their public positions to benefit themselves, their families, or those close to them. They must be aware of and behave in accordance with ethics and values, and they must practice integrity in both personal and institutional behaviour. Having definite rules and regulations in place is not enough to provide public service. If rules and regulations are to be significant, they must be implemented effectively. Conflict of interest laws cannot be incorporated or enduring without a welcoming and supportive overall governance atmosphere and strengthened transparency and accountability frameworks. As a result, it will not take off unless there is a greater understanding that the government and legislature are the custodians of public welfare and that they are accountable to the people for policy and implementation failures. According to research, whistle-blowing plays an important role in uncovering fraud worldwide. As a result, governments must take steps to safeguard whistle-blowers through legislation.

The Pakistan Freedom of Information Act of 2013 (FOIA) grants citizens access to government decisions, information, documents, and records. The formulation and execution of a whistle-blower law requiring the government of Pakistan personnel to disclose suspected integrity violations as a professional requirement and personal responsibility might have a significant influence on Pakistan's governance system. Examining the Pakistan Public Interest Disclosure Act 2017 in terms of best practices indicates a few important concerns that need to be addressed. The Act does not cover all businesses, accept anonymous complaints, give whistle-blowers various choices for reporting internally or externally, establish an oversight authority, or provide for independent judicial review. In the end, the 'competent authority,' which is internal and potentially the head of the organization or its candidate, acquires a significant role and prohibitive power as the exclusive reporting route as well as the investigative authority. It is suggested that the Act be revised to address the aforementioned flaws. The Act is specifically amended to cover private-sector whistle-blowers, and an impartial, external reporting channel is established under one of the existing specialized organizations that deals with fraud, ideally the National Accountability Bureau. Confidence, openness, and trustworthiness would all benefit from this.

## References

- ACFE (2016), Report to the Nations on Occupational Fraud and Abuse – 2016 Global Fraud Study, ACFE, available at: [www.acfe.com/rtn2016.aspx](http://www.acfe.com/rtn2016.aspx)
- Ahmed, S. Z. (2016). A critical examination of regulating and monitoring conflict of interest perspective in Pakistan. *Applied Research Journal*, 2(3), 97–103.
- Ali, W., Wilson, J., & Husnain, M. (2022). Determinants/motivations of corporate social responsibility disclosure in developing economies: A survey of the extant literature. *Sustainability*, 14(6), 3474.
- Alleyne, P., Hudaib, M., & Pike, R. (2013). Towards a conceptual model of whistle-blowing intentions among external auditors. *British Accounting Review*, 45(1), 10–23.
- Bauhr, M., & Grimes, M. (2012). What is government transparency. *QoG Working Paper Series*, 2012(16), 16.
- Breznau, N. (2021). The welfare state and risk perceptions: The novel Coronavirus pandemic and public concern in 70 countries. *European Societies*, 23(sup1), S33-S46.
- Cailleba, P., & Petit, S. C. (2018). The whistle-blower as the personification of a moral and managerial paradox. *Management*, 21(1), 675. <https://doi.org/10.3917/mana.211.0675>
- Chalouat, I., Carrión-Crespo, C., & Licata, M. (2019). *Law and practice on protecting whistle-blowers in the public and financial services sectors* (Vol. 1978, Issue 151).
- Farooqi, S., Abid, G., & Ahmed, A. (2017). How bad it is to be good: Impact of organizational ethical culture on whistle-blowing (the ethical partners). *Arab Economic and Business Journal*, 12(2), 69-80. <https://doi.org/10.13140/RG.2.2.31270.88647>
- Jubb, P. B. (1999). Whistle-blowing: A restrictive definition and interpretation. *Journal of Business Ethics*, 21(1), 77-94.
- Khan, K. I., Saleem, S., Sheeraz, M., & Imtiaz, U. (2021). Breaking silence and improving performance: how subordinates feeling trusted, and loyalty towards supervisors mediates the relationship between ethical leadership and project team members' silence. *Academy of Strategic Management Journal*, 20, 1-18.
- Kimbro, M. B. (2002). A cross-country empirical investigation of corruption and its relationship to economic, cultural, and monitoring institutions: An examination of the role of accounting and financial statements quality. *Journal of Accounting, Auditing & Finance*, 17(4), 325-350.
- Kramer, R. M., & Lewicki, R. J. (2010). Repairing and enhancing trust: Approaches to reducing organizational trust deficits. *Academy of Management Annals*, 4(1), 245-277.
- Lavena, C. F. (2016). Whistle-blowing: Individual and organizational determinants of the decision to report wrongdoing in the federal government. *The American Review of Public Administration*, 46(1), 113-136.

- Lewis, D. (2022). Retaliation for whistle-blowing: Some case studies on the experience of re-employment/redeployment. *International Journal of Law and Management*. <https://doi.org/10.1108/IJLMA-10-2021-0244>
- Mata, M. N., Khan F. H., Khan, K. I., Martins, J. N., Rita, J. M., & Dantas, R. M. (2021). Team diversity and project performance: Role of trust and absorptive capacity in IT Industry, *Academy of Strategic Management Journal*, 20(2S), 1-20.
- Miceli, M. P., & Near, J. P. (2002). What makes whistle-blowers effective? Three field studies. *Human relations*, 55(4), 455-479.
- Miethe, T. D., & Rothschild, J. (1994). Whistle-blowing and the control of organizational misconduct. *Sociological Inquiry*, 64(3), 322-347.
- O'Dowd, A., Hayes, J., & Cohen, D. (2010). Whistle while you work. *BMJ (Online)*, 340(7756), 1110–1113.
- O'Higgins, E. R. (2006). Corruption, underdevelopment, and extractive resource industries: Addressing the vicious cycle. *Business Ethics Quarterly*, 16(2), 235-254.
- Ogbu, S. U. (2017). Whistle blowing policy as a mechanism for energizing the 'war against corruption' in Nigeria. *International Journal of International Relations, Media and Mass Communication Studies*, 3(4), 16-32.
- Richardson, B. K., & McGlynn, J. (2011). Rabid fans, death threats, and dysfunctional stakeholders: The influence of organizational and industry contexts on whistle-blowing cases. *Management Communication Quarterly*, 25(1), 121-150.
- Rothschild, J., & Miethe, T. D. (1999). Whistle-blower disclosures and management retaliation: The battle to control information about organization corruption. *Work and occupations*, 26(1), 107-128.
- Salinger, L. M. (Ed.). (2005). *Encyclopedia of white-collar & corporate crime* (Vol. 1). Sage.
- Tenbrunsel, A. E., & Smith-Crowe, K. (2008). 13 ethical decision making: Where we've been and where we're going. *Academy of management Annals*, 2(1), 545-607.
- Tricker, B., & Tricker, R. I. (2015). *Corporate governance: Principles, policies, and practices*. Oxford University Press, USA.
- Vuong, Q. H., La, V. P., Nguyen, H. K. T., Ho, M. T., Vuong, T. T., & Ho, M. T. (2021). Identifying the moral-practical gaps in corporate social responsibility missions of Vietnamese firms: An event-based analysis of sustainability feasibility. *Corporate Social Responsibility and Environmental Management*, 28(1), 30-41.
- Wolfe, S., Worth, M., Dreyfus, S., & Brown, A. J. (2014). *Whistle-blower protection rules in G20 countries: The next action plan*. Melbourne: Transparency International Australia.