

## WHISTLE BLOWER POLICY: A STUDY ON AWARENESS OF EMPLOYEES OF KERALA STATE FINANCIAL ENTERPRISES LIMITED WITH SPECIAL REFERENCE TO TRISSUR DISTRICT

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### Abstract

Corporate governance is the process of figuring out how to make wise strategic choices that will protect efficiency and advance the interests of shareholders. Whistle Blowing Mechanism is one of the crucial elements of corporate governance. This study included a summary of Kerala State Financial Enterprises Limited's whistleblower policy. This study determined the degree of employee knowledge of this Policy. Only 14 per cent of employees, according to the survey, have a high level of awareness of the Policy. Because the Whistle Blower Policy is a strong governance practice, the study also examined how employees perceive corporate governance. Companies should run Whistle Blower Policy awareness campaigns while implementing good governance practices. The purpose of this article is to promote and raise knowledge of whistle blowing policies so that organizations can use them, keep a stable workplace, and provide employees the flexibility to submit feedback and speak up against any wrong doings.

**Key words:-** Corporate Governance, Whistle Blower Policy, Employees, KSFE, Good Governance.

The name whistle blower comes from the German word “whistle,” which means to make a wrongdoing known in an effort to put an end to it. Whistleblowing is the term for any conduct that is considered to be unlawful,

immoral, or morally wrong within a company, whether it is private or public, and a person who discloses any such activity is known as a whistleblower.

In India, the goal of the whistleblower policy is to protect the interests of the

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general public. Internal whistleblowers are employees who report fraud, corruption, or poor management to senior management. External whistleblowers are employees who alert the public, the media, or law enforcement about fraud or corruption. The Whistleblower Protection Act of India provides protection for informants in India. For a variety of reasons, whistleblowers—those who inform the authorities about wrongdoing in the workplace—have gained more importance today. It can be challenging to identify fraud and other wrongdoings through conventional channels like internal audit or reviews because of the complex nature of business operations and outdated internal controls. When this happens, concerned employees or other individuals with a stake in the matter can raise the first warning signs by reporting odd behavior.

The Whistle Blowers Protection Act, 2014 (the “Whistle Blowers Act”), was passed in India and solely applies to public servants. The Companies Act of 2013 establishes guidelines for whistle blowing and corporate governance in India to eradication of fraud by putting in place an effective surveillance mechanism. The Companies Act of 2013 establishes laws pertaining to Inspection, Enquiry, and Investigation under Sections 206 to 229 of the Act.

### **Statement of the Problem**

Employees are the first to notice fraudulent activities of workplace. Raising the alarm about this is thus a responsibility for an employee who is committed to their job. Organizations must structure a system under which such employees can

raise their concerns and the problems can be resolved in their budding state itself. (Agarwal & Mukherjee, n.d.). This kind of policy is essential for preserving the reliability of financial institutions. All employees of financial institutions must actively support it and report any occurrences where possible infractions were involved. Financial institutions should promote complete cooperation by fostering a trustworthy atmosphere and offering the highest level of protection in order to ensure that these employees are fully compliant in the investigation of such situations. Kerala State Financial Enterprises (KSFE) is a Miscellaneous Non-Banking Financial Company (NBFC) that the Government of Kerala owns in its entirety. In all of India, KSFE is the only Chitty Company owned by the government. Chitty is KSFE's primary offering. As a financial institution it should keep its integrity. It should provide protection to whistle blowers. This study “Whistle Blower Policy: A study on Awareness of Employees of Kerala State Financial Enterprises Limited With Special Reference to Trissur District” is an attempt to find out the awareness level of employees regarding the whistle blower policy of this profit-making Public-Sector Undertaking. The study also assesses the perception of employees on corporate governance practice of the company.

### **Review of Literature**

Animesh Bharadwaj (2021) in his study titled “A Qualitative Study on Whistle Blowing Policy and Laws related to it” analyzes the two major issues that led India to implement a whistleblower policy. This study also discussed statutes and legislation related to whistle blowing.

Dr. Singam Sunitha in the article 'A Study on Whistle Blowing Mechanism in Corporate India' stated that employers have a greater responsibility to make sure their organizations foster a supportive environment where whistleblowers can speak up. To make things happen and produce positive results, a threat-free environment is necessary. The investigation reveals that the whistle blowing mechanism only functions well with the power and backing of management. The level of support provided by management to employees differs from organization to organization. The management of the firms that are concerned with coordination and collaboration with the employees seem to work towards establishing a conducive environment for the whistle blowers. It is also disclosed that the workplaces have a friendly and supportive environment that welcomes.

The protection of whistle blowers is the main topic of S. Srividya and C. Stalin Shelly's (2012) work, "Whistle Blowing Protection - A Watch Dog for the Organization." The research went into great length into the viewpoint of the employee and what prompts some individuals to report unethical behavior and corruption in the workplace. The study suggests that in the Indian environment, it is crucial for firms to seriously consider implementing high standards of ethics and legal protections for their employees.

An article titled "Encouraging Employees to Report Unethical Conduct Internally" that was published in Elsevier looked at how the supervisor leads and supervises the group of employees in the organization ethically and how that relates

to the reporting of unethical work being done within the organization.

No study has been conducted regarding employees' awareness level on Whistle Blower Policy of Non-Banking Finance Companies in Kerala. This study fills this gap by studying the employees' awareness level on Whistle Blowing Policy.

### **Objectives of the study**

1. To study the Whistle Blower Policy of KSFE Limited.
2. To find out the perception of employees towards the corporate governance practices of their firm.
3. To analyse the awareness level of employees of KSFE Limited regarding the whistleblower policy.

### **Research Methodology**

The present study has adopted survey method for collecting the views of the employees. Convenience sampling was used for the study since the population is limited but extremely large. A total of 100 employees from officers and assistants were selected as sample. The study was deemed to be appropriate for the Likert's 5-point scale method. Both primary data and secondary data were used for the study. Primary data were collected from sample branches. For collecting primary data, a structured questionnaire has distributed to employees in 14 districts around Kerala, KSFE has more than 630 branches. The district of Trissur has been chosen for the current investigation. Ten branches were randomly chosen from the 53 branches in the Trissur district. Secondary data have been collected from Annual Reports, journals and websites.

## Whistle Blower Policy of KSFE: An Overview

Kerala State Financial Enterprise Limited was formed by the Government of Kerala on 6th November 1969. Its mission is to operate and grow as a dependable and viable business capable of offering the general public transparent, long-lasting, and advantageous financial services. The Head Office is located at Thrissur, the hub of Chitty business in Kerala. In addition to chitty, the company's hallmark business, it has achieved a strong market position over the course of its forty years of operation in fields including personal loan, gold loan, housing loan, etc. The company has constantly maintained a rapid rate of expansion, indicating its capacity to scale up and to take advantage of its well-known brand name. (*View of Customer Satisfaction of Chitty Business of Kerala State Financial Enterprises Limited –With Special Reference To Kottayam District*, n.d.) . It has the unique status of being the only public sector undertaking in India which runs Chits and also one of the few profit making companies owned by the Government of Kerala. (Chandra & Anil Kumar, 2018).

The success of any corporation these days depends heavily on its corporate governance. Companies are actively concentrating on putting into practice the corporate governance guidelines set forth by the regulatory bodies. (Sharma & Singh, 2017) . Good corporate governance helps companies build trust with not only investors but also with the social community. (Dusane & Bhamare, 2021)

The Company has institutionalized a strong compliance culture and mechanism across the organization, pursuant to its strategic goals of transparency and trust, among all its stakeholders. (Thomas et al., n.d.) . Company understands the value of effective corporate governance. The company aims to follow good corporate governance that places a significant emphasis on honesty, transparency and general accountability in addition to complying with legislative requirements.

The company is dedicated to conducting business in accordance with the highest standards of morality, ethics, and the law. To uphold these values, the company encourages anybody with concerns about misbehavior, including employees, directors, and other company stakeholders, to voice them without fear of retaliation or unjust treatment. The whistle blower policy has been framed in line with the requirements under Companies Act, 2013. The policy provides mechanism for directors, employees and other stakeholders to raise concerns of violation of legal or regulatory requirement, misrepresentation of financial statements and reports. (KSFE, n.d.) . The policy was adopted by the Board of Directors in their meeting held on January 24, 2019 and is effective from August 1, 2019.

The goal of the policy is to identify any unfavorable events with the assistance of the staff and take prompt corrective action. All employees/directors/contractors/suppliers/agents providing service to the company are eligible to make Protective Disclosures under this policy. (KSFE, n.d.) . When there is

sufficient information to believe that a violation may have occurred or has already occurred, such protected disclosures must be forwarded. Access will only be granted to informants, the vigilance officer, and the chairman of the audit committee for all records and reports pertaining to Disclosures. The company must retain any protected disclosures that are documented or in writing or otherwise for a minimum of eight years. It is the whistleblower's responsibility to substantiate charges against the accused, even if the whistleblowing legislation requires each organization to apply whistleblowing laws. Therefore, the whistleblower must have all the information necessary to persuade top management that all the facts provided are entirely accurate; otherwise, charges will be disregarded, and the whistleblower runs the risk of losing their trust and suffering additional repercussions. (Makhija et al., n.d.)

**Analysis and Interpretation of Data**

The demographic profile of the employees selected for the study is shown in Table 1. Out of 100 employees chosen for the survey, it has been determined that the majority (56 per cent) is men, and 40 per cent of the respondents are between the age of 46 to 55. Out of 100 employees 32 per cent are from Officer category and 68 per cent are working as Assistants. 29 per cent of the employees have more than 20 years of experience. 39 per cent of the employees' work experience ranges between 1 to 10 years.

The result of analysis revealed that employees have positive perception about corporate governance practices of KSFE Limited. According to the findings of the analysis, KSFE Limited's corporate governance practices are seen well by its employees. According to the study's findings, with a mean score of 4.40, the

**Table 1**  
**Demographic Profile of the Respondents**

Variables		Frequency	Percentage
<b>Gender</b>	Male	56	56
	Female	44	44
	Total	100	100
<b>Age</b>	25 - 35	22	22
	36 - 45	38	38
	46 - 55	40	40
	Total	100	100
<b>Employment status</b>	Officers	32	32
	Assistants	68	68
	Total	100	100
<b>Working Experience</b>	01 - 10	39	39
	11 - 20	32	32
	Above - 20	29	29
	Total	100	100

Source: Primary data

employees strongly agreed that KSFE Limited conducts refresher training programs on a regular basis. Additionally, they expressed their support for the company’s ongoing personality and skill development programs with a 4.36 mean score. Employees agreed that the organization ensures the independence of internal and external auditors with a mean score of 4.10. With a moderate mean score of 3.87, respondents also agreed that the organization guarantees that all

employees are treated fairly. Respondents agreed that the organization prefers to prioritize maximizing value over maximizing profit and that doing so ensures business dealings are transparent. However, respondents gave a poor rating, with a mean score of 2.53, to the claim that training programmes provide information on whistle blower policies. Employees perceive that corporate governance is a key to success of the company. Respondents agreed that KSFE

**Table 2**  
**Employees’ Perceptions towards Corporate Governance**

Statements	Mean	Standard Deviation
Corporate governance is a key to success of the company	3.98	1.33
Training and development programmes in the organization help me to be equipped with the latest technologies and skills required for performing my job in a better way	3.64	1.28
Proper training has been giving about the matters related to corporate governance	3.77	1.42
My organisation ensures equal treatment of the employees of my firm	3.87	1.34
My organisation ensures the independency of internal and external auditors	4.10	1.27
My organization organises refresher training programmes regularly for technical skill enhancement	4.40	0.98
The organization regularly arranges personality and skill development sessions	4.36	1.03
My organisation favors focusing on maximising value rather than maximising profits.	3.90	1.25
My company absolutely forbids defrauding customers by making implausible promises or having unrealistic expectations	4.00	1.23
During training programme whistle blower policy details has given	2.53	1.14
My organization ensures transparency and fairness in business transactions	3.77	1.42
My organization is a socially and ethically responsible citizen	4.10	1.27

*Source: Primary data*

**Table 3**  
**Awareness level among employees about Whistle Blower Policy**

Awareness level	Frequency	Percentage	Mean	Standard deviation
High	14	14	2.44	0.279
Moderate	28	28		
Low	58	58		
Total	100	100		

*Source: Primary data*

Limited is a socially and ethically responsible citizen.

Employees were asked to respond to a research question about their awareness on KSFE Limited’s whistleblower policy. The result revealed that the awareness level of employees on Whistle Blower Policy was very low. Only 14 per cent of employees have high level of knowledge regarding this Policy. Among 100 respondents, slightly more than half percent (58 per cent) of respondents had low level of awareness; those who had high level of awareness were 14 per cent, and the remaining 28 per cent of respondents had moderate level of awareness. Employees rated a mean score of 2.44.

**Findings of the study**

The study’s key aim is to investigate employees ‘perception towards corporate governance and to assess the awareness level on Whistle blower Policy. From the mean score obtained by the analysis of statements regarding corporate governance indicated that the employees have a positive perception on corporate governance policy of the company. The following are the major findings of the study:

- The study’s findings show that, with a mean score of 4.40, employees highly concur that KSFE Limited often holds refresher training programs.
- The company’s continuous personality and skill development programs also received their support with a mean score of 4.36.
- With a mean score of 4.10, employees concurred that the

organization ensures the independence of internal and external auditors.

- Respondents also generally concurred that the company guarantees that all employees are treated fairly.
- With a modest mean score of 3.87 respondents concurred that the company aims to maximize value over profit since doing so encourages openness in business interactions.
- But with a mean score of 2.53, respondents gave the assertion that training programs provide knowledge on whistleblower policies, a negative assessment.
- Corporate governance is seen by employees as being important to the success of the business. The majority of respondents concur that KSFE Limited is a morally and socially responsible citizen.
- Employees were asked about their awareness of KSFE Limited’s whistleblower policy. The percentage of employees who are well aware of this policy is only 14 per cent. A little more than half (58 per cent) of the 100 respondents had low degree of awareness, 14 per cent had high level of awareness, and the remaining 28 per cent had moderate level of awareness.

**Suggestions**

Through the interaction with Officers and Assistants it is found that they have different personal opinions about whistle blowing. Therefore, it is important to

promote and support whistle-blowing at all organizational levels. Employees at all levels should be encouraged to report misconduct, especially when it implicates management. New and existing employees should receive frequent ethics training, with a focus on whistleblowing, to increase awareness and reinforce ethical standards. The organization should have a supportive environment and the internal system should have appropriate channels for communication, commencing with the inclusion of ethical behavior in their vision and value statements;

More research should be done on whistle blower policy because a few studies were conducted on this topic. This will help the public to get a better idea about whistle blower policy.

## Conclusion

Whistle blowing can undoubtedly have an impact on the lives of employees, employers, and organizations as a whole.

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In the realm of organizations, wrongdoing frequently goes undiscovered until a member of the organization speaks up and reports it. This study provided an outline of Whistle Blower Policy of Kerala State Financial Enterprises Limited. This study found out awareness level among employees regarding this Policy. The survey found that only 14 per cent of employees have high awareness about the Policy. The study also analysed the perception of employees regarding corporate governance because Whistle blower Policy is a part of good governance practice. While implementing good governance practice, companies should conduct awareness programmes on Whistle Blower Policy. This article's goal is to promote and increase awareness about whistle blowing policies so that businesses can implement them, maintain a consistent work environment, and provide employees a sense of freedom to give feedback and speak up against any wrongdoings.



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