

Whistleblowing in Relation to Sustainable Municipalities

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Whistleblowing, representing “principled dissent behavior” , is defined as the reporting of another person’s unethical behavior to a third party. A more expanded and widely known definition, leading authors in the whistleblowing literature, as “the disclosure by organization members (former or current) of illegal, immoral, or illegitimate practices under the control of their employers, to persons or organizations that may be able to take effective action”.

Keywords: whistleblower attitudes ; fraud and corruption tolerance ; EU directive ; Whistleblowing

1. Introduction

Whistleblowing, as a mechanism that promotes transparency, plays a critical role in achieving sustainable development goals ([Høedt-Rasmussen and Voorhoof 2018](#)), especially those integrated in UN Sustainable Development Goal 16, focusing on “peace, justice and strong institutions” ([United Nations 2015](#)) by maintaining democratic, efficient, and transparent bureaucracies ([Kang 2022](#)). Recently, there has been growing agreement that the sustainable development goals (SDGs) cannot be achieved in developing nations without competent public administration and governance ([Jackson 2020](#)). Taking into consideration that: (a) municipalities, as public sector entities, represent an essential part of every country’s economy and have an impact on the country’s entire political-social structure; (b) most governments face the challenge of reducing financial costs while providing effective services to citizens ([Miceli and Near 2013](#)) outside of “the remit of the private sector” ([Jackson 2020](#)); and (c) there is a critical need for government accountability ([Pillay et al. 2017](#)), investigating and understanding whistleblowing processes is of outmost importance, especially in countries such as Greece with high rankings in corruption and low rankings in public integrity ([Mungiou-Pippidi 2019](#)). In addition to the above, press freedom levels are also considered central in the fight against corruption as an external control mechanism for uncovering government malfeasance, thus promoting transparency and accountability ([Brunetti and Weder 2003](#); [Jha and Sarangi 2017](#)). According to the World Press Freedom Index, in 2022 Greece fell to 108th place out of 180 countries, resulting in a classification of the country’s press freedom as “problematic” ([Stilianidou 2022](#)). Additionally, the MPM2023 research report found that media pluralism and press freedom in Greece are “in a state of constant crisis” ([Papadopoulou and Angelou 2023](#)).

The “litany” of fraud scandals ([Lokanan 2015](#)), the collapse of leading accounting firms ([Rajeevan 2020](#)), the plethora of corruption cases ([Anand et al. 2004](#)), and the general public’s suspicion and loss of trust in institutions that ensure transparency and accountability has brought together governments, institutions and academic researchers in the fight against fraud and its typologies (corruption, nepotism, misappropriation of assets, embezzlement, cronyism), crimes that threaten the financial stability of organizations both in the public and private sectors. Even during the worldwide crisis of the COVID-19 pandemic, fraudulent activities have taken place ([Murrar 2021](#); [Levi and Smith 2021](#); [Karpoff 2021](#)) in which huge amounts of money were distributed in violation of standard procedures ([Bajpai and Myers 2020](#)). According to the UN, the COVID-19 crisis has highlighted the necessity of establishing whistleblowing protection measures and mechanisms ([United Nations 2023](#)).

In the literature on fraud, many researchers refer to whistleblowing as a preventive mechanism ([Asare et al. 2015](#); [Kassem 2021](#)) or as a tool for combatting fraud and corruption by improving governance, thus creating ethical governments and organizations ([Schultz and Harutyunyan 2015](#)). In a similar vein, the ACFE report ([ACFE 2020](#)) states that 43% of fraud schemes were detected through the reporting of internal tips, half of these tips coming from employees. There is a consensus in the literature that whistleblowing operates as an instrument in the fight against corruption and promotes accountability and integrity for stronger institutions, and as such is aligned with sustainable development goals. Prior research raised questions about what leads people to the decision to whistleblow or not ([Dungan et al. 2015](#); [Cho and Song 2015](#); [Near and Miceli 2016](#); [Culiberg and Mihelič 2017](#)) in various countries and contexts.

2. Whistleblowing in Relation to Sustainable Municipalities

Whistleblowing, representing “principled dissent behavior” (Kang 2022), is defined by Dungan et al. (2015) as the reporting of another person’s unethical behavior to a third party. A more expanded and widely known definition is provided by Near and Miceli (1985), leading authors in the whistleblowing literature, as “the disclosure by organization members (former or current) of illegal, immoral, or illegitimate practices under the control of their employers, to persons or organizations that may be able to take effective action”. Based on 30 years of extensive research on whistleblowing, Near and Miceli (2016) point out, among other issues, the importance and significance of whistleblowing in any organization because of the costs and losses associated with wrongdoing, such as reputational damage, negative publicity and media attention, enhanced scrutiny by law enforcement agencies, and reduced organizational commitment by employees.

Similarly, existing studies emphasize the positive impact of whistleblowing on both public and private organizations in terms of: enhancing transparency (Seifert et al. 2010); bureaucratic effectiveness, accountability, and ethicality (Kang 2022); triggering major reforms in the role of governments (Brewer and Selden 1998); uncovering malfeasance in financial reporting (Bowen et al. 2010); “correcting the wrongdoing” in organizations (Near and Miceli 1995); “bringing to light abuses of law and public trust” (Miethe and Rothschild 1994); operating as an anti-corruption strategy by promoting public integrity (De Maria 2008) and the practice of responsible conduct (Lavena 2014); and enabling the reform of government entities (Latan et al. 2023).

2.1. Whistleblowing, Sustainability and Social Responsibility

According to On and Ilies (2012), the assumption that public sector entities are established based on highly responsible principles aimed at socially legitimate behavior is “unsatisfactory and nonproductive,” leaving the public sector not engaged enough with social responsibility (the term corporate social responsibility (CSR) is used for the private sector). Similarly, Hawrysz and Foltys (2016) argue that public sector activities are intended and designed to foster a well-established, firm belief that money given to administration is spent wisely while producing maximum societal benefits. Therefore, public sector entities should establish socially responsible practices that promote transparency. In addition to the above, public sector organizations are obligated to serve citizens and operate in a sustainable way due to their mission and expectations by citizens for high-level services based on fairness, justice, accountability, and transparency (Moore 1994).

Krantz and Gustafsson (2021) describe the Sustainable Development Goals (SDGs) as a framework of seventeen indivisible, interlinked and universally applicable goals that can be utilized to accomplish sustainability in municipalities. Considering that whistleblowing is regarded as a means to fight corruption (Sørensen et al. 2020) as well as a crucial strategy for boosting the effectiveness and sustainability of organizations (Önder et al. 2019), this study supports the position that whistleblowing is closely connected to sustainable development goals. Strong institutions are established through regulatory enforcement, and whistleblowing is a tool for enforcing and achieving regulatory objectives. According to Kampourakis (2021), this is achieved through whistleblowers acting as “information carriers,” thus “remediating informational asymmetries between the regulator and the target”.

The introduction of the “EU Directive on Whistleblowing” into Greek national law is considered part of the fulfillment, achievement and implementation of Sustainable Development Goal 16.5 (Hellenic Republic 2022).

2.2. Whistleblowing in the Greek Context and EU Directive Introduction

The “whistleblowing” concept seems to have existed since ancient times in Greece. In cases where illegal trade of figs occurred, there were professional “sykofantes” (denouncers) who reported the violators. Over the years, the term sykofantes became synonymous with “blackmailer,” “diabolic” and “defamation” (Hellenic Parliament 2022; Papakonstantinou 2020), suggesting the negative connotations of the action performed by the ancient professionals who reported violations. Interestingly, the concept of reporting wrongdoing for the public interest was not unknown in Ancient Greece, as the orator Lycurgus (800–730 B.C), in his speech against Leocrates, stated:

“Neither the laws nor judges can bring any results, unless someone reports the wrongdoers”.

(as cited from Damaskou and Baltas (2021))

Currently, the term “whistleblower” in Greece, as in many other non-English speaking countries, carries negative connotations. In Greece “whistleblower” has been translated with various pejorative terms, such as askarfi, spionous,

roufianos, and hafies (snitch) or plioriodotis (informant), a neutral/negative term, probably due to Greece's historical background. The most recent example of a derogative term used to describe whistleblowers in Greece is "hood wearers," a term often used for Nazi informants and collaborators in Greece during the Second World War, in the Novartis bribery scandal in Greece, a case that cost the country an estimated EUR 3 billion (Hagen 2021). The Greek government has been accused of violating the "EU Whistleblowing Directive" by a member of the European Parliament (in the left party Syriza) (European Parliament 2020). With the introduction of European Union Directive E (EU) 2019/1937, the term "whistleblower" has received, at least in the official translation to Greek, a positive connotation "μάρτυρας δημοσίου συμφέροντος" (public interest witness) (Transparency International 2023) which seems to capture the nature and purpose of whistleblowing as a good act.

According to the European Whistleblowing Monitor, Greece delayed implementing European Union Directive E (EU) 2019/1937, also known as the "EU Directive on Whistleblowing," relating to the protection of persons who report breaches of Union law, designed to provide protection for whistleblowers across Europe. The directive was adopted on 23 October 2019 and entered into force on 16 December 2019. Member states, among them Greece, had until 17 December 2021 to introduce the directive into their national laws (European Commission 2019).

Greece has been characterized as a country with "no *comprehensive whistleblower protection legislation*," showing minimal progress in adopting the EU directive (Terracol 2021). Even though there was protection for whistleblowers under Greek law, numerous legal provisions (Article 281 of the Civil Code, Article 252, 263B, 371 Penal Code, Article 40 of the Code of Criminal Procedure, Article 9 of Law 2928/2001) "scattered" in different sections/parts of legislation indicate that there was no complete legal framework on whistleblowing (Transparency International—Greece 2013). With law 4254/2014, whistleblowers in Greece are "encouraged" to report corruption crimes to the relevant authorities; however, as mentioned above, there is no general legal framework with appropriate channels for reporting such crimes (Terracol 2021).

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