

## **Conceptualizing the Internal Whistleblowing Process by using Porter's Value Chain Model**

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### **Abstract**

Whistleblowing has been identified by the Association of Certified Fraud Examiners 2022 study, as the primary fraud detection method with substantial difference from the second one. At the same time internal whistleblowing frameworks are vital components in risk management and governance since through the reports and the follow-up procedures, organizations can identify internal control deficiencies, enhancing their internal control environment.

From December 2019 the Directive 1937/2019 on the protection of persons who report breaches of Union law became effective, thrusting the interest of researchers and anti-fraud professionals into this field.

Although the existing literature examines thoroughly factors facilitating or discouraging potential whistle-blowers to report, there is little guidance on how to develop robust whistleblowing mechanisms.

This paper provides a discussion on how to develop whistleblowing frameworks, by amalgamating the Porter's value chain with the whistleblowing research developed so far. More specifically, it makes a parallelism of the main activities suggested by Porter with the information flow of the reports; the outcomes of the investigations and the utilization of this information to strengthen the internal control environment. It also considers other internal controls and procedures as the supporting activities of the Porter's value chain model.

**Keywords:** Directive 1937/2019, ESG, Fraud, Internal Audit