

LEGAL GAPS IN WHISTLEBLOWER PROTECTION WITHIN PRIVATE COMPANIES: A COMPARATIVE STUDY OF INDIA, THE UNITED KINGDOM, AND THE UNITED STATES

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BEST CITATION – AASHUTOSH AMAN, LEGAL GAPS IN WHISTLEBLOWER PROTECTION WITHIN PRIVATE COMPANIES: A COMPARATIVE STUDY OF INDIA, THE UNITED KINGDOM, AND THE UNITED STATES, *INDIAN JOURNAL OF LEGAL REVIEW (IJLR)*, 5 (13) OF 2025, PG. 263-267, APIS – 3920 – 0001 & ISSN – 2583-2344.

ABSTRACT

By revealing information about misconduct, corruption, or other unethical practices within companies, whistleblowers contribute significantly to the transparency and accountability of corporate governance. The legal safeguards for whistleblowers, especially those working for private companies, are still insufficient in many jurisdictions. The legal frameworks governing whistleblower protection in the US, UK, and India are compared in this paper, which also identifies important statutory provisions, court rulings, and current legal protection gaps in private companies. The analysis shows that India and the US have serious shortcomings when it comes to providing protection to private sector workers, whereas the UK offers the most comprehensive statutory protection through the Public Interest Disclosure Act 1998. Recommendations for changing whistleblower laws to improve corporate transparency and employee protection worldwide are included in the paper's conclusion.

KEYWORDS: Whistleblower Protection, Private Sector, Corporate Governance, Public Interest Disclosure Act, Dodd-Frank Act, Corporate Transparency

1. INTRODUCTION

The idea of whistleblowing has become key to modern corporate governance, especially after a series of major scandals like Enron in the United States, Satyam Computers in India, and Barings Bank in the United Kingdom. Whistleblowers are often the first to spot wrongdoing in organizations, but they face significant personal and professional risks when exposing such information. Strong whistleblower protection laws are essential for promoting honesty and stopping corporate misconduct.

However, the effectiveness of these legal protections varies by region and is often weak in the private sector. Public sector employees may have specific legal protections, but employees of private companies usually lack safeguards against retaliation, termination, or discrimination after they speak up.

This paper aims to evaluate and compare the laws governing whistleblower protection in India, the United Kingdom, and the United States. It will focus on the gaps that still exist for private companies. The goal is to point out the strengths and weaknesses of each system and suggest reforms to close these gaps.

2. WHY WHISTLEBLOWER MATTERS

Simply put, whistleblowing is the act of disclosing unlawful, immoral, or damaging activity occurring within a company. It might have to do with environmental harm, safety infractions, fraud, or corruption. To do what they think is right, whistleblowers frequently jeopardize their careers and reputations. From the standpoint of company law, whistleblowing accomplishes a few goals: By permitting internal oversight, it improves corporate governance.

It minimizes losses for shareholders and investors by assisting in the early detection of fraud.

It increases public confidence in corporate establishments. But unless they feel comfortable doing so, people hardly ever speak up. Employees frequently remain silent out of fear of retaliation or punishment. Laws protecting whistleblowers, particularly those employed by private companies, are therefore extremely important.

3. WHISTLEBLOWER PROTECTION IN INDIA

India has limited and disjointed whistleblower laws. The primary goal of the 2014 Whistle Blowers Protection Act was to combat public sector corruption. Millions of workers in the private sector are not protected by the law if they report misconduct because it does not apply to private companies. Section 177 of the Companies Act of 2013 established a "vigil mechanism" that enables directors and staff to voice concerns regarding fraud or unethical behavior. This rule, however, only applies to companies that are listed, take deposits from the public, or have large loans (more than ₹50crore). Similarly, listed companies are required to have a whistleblower policy under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Once more, private companies that are not listed are not included. In summary, public servants and workers in sizable or publicly traded corporations mostly profit from India's legal protections for whistleblowers, not those in the sizable private sector.

India's whistleblower framework is ineffective for private companies due to a few flaws: Restricted reach: Current laws do not apply to most private companies. Weak enforcement: No central authority is in place to monitor complaints or stop reprisals. Lack of a specific anti-retaliation system: Punished whistleblowers have few legal options. Absence of incentives: There are no monetary compensation or other means of motivating people to come forward. Cultural barriers: Many

employees worry about losing their jobs or being labeled disloyal for "betraying" their employer.

A Takeaway from the Satyam Scandal In 2009, one of the largest corporate scandals in India was the Satyam Computer Services scam. Despite the organization's official whistleblower policy, employees were reluctant to disclose irregularities for fear of reprisals. This case demonstrated that internal whistleblower procedures are insufficient in the absence of robust, legally binding protection.

4. Whistleblower Protection in the United Kingdom

One of the most advanced systems for protecting whistleblowers is thought to exist in the United Kingdom. Employees in the public and private sectors have the freedom to report misconduct without fear of retaliation thanks to the Public Interest Disclosure Act of 1998 (PIDA). How the Law Operates A disclosure is protected under PIDA if it: involves any one of six types of misconduct (e.g., criminal activity, legal violations, safety hazards, environmental damage, etc.). Is made with good intentions, and is beneficial to the general public employees have the option of reporting issues to their employer or, in some situations, to regulators or the media. An employee may file a complaint with an employment tribunal if their employer retaliates. The Advantages of PIDA covers a wide range of workers in the public and private sectors, including agency and contractor employees. If someone is wrongfully fired for reporting wrongdoing, it also permits compensation or reinstatement. The Drawbacks Since 2013, whistleblowers have been required to demonstrate that their disclosure benefits the public, not just themselves, according to the public interest test. Excluded groups: Self-employed people and volunteers are not covered. Proof challenges: It can be challenging for employees to demonstrate the connection between retaliation and whistleblowing. Awareness gap: Many employees are unaware of their Act-guaranteed rights. Chesterton

Global Ltd v. Nurmohamed (2017), a significant case, made it clear that a disclosure may still be "in the public interest" even if it impacts a particular employee group—if it brings up a more general fairness issue.

5. Whistleblower Protection in the United States

Although there are some areas in the US with robust whistleblower laws, the system is generally inconsistent. There isn't a single federal law that applies to all employees; instead, various statutes apply to different industries. Employees of publicly traded companies are shielded from reprisals for reporting fraud by the Sarbanes-Oxley Act of 2002. The Dodd-Frank Act of 2010 provides financial incentives (10–30% of fines collected) and incentivizes the SEC to receive reports of securities violations. People can file a lawsuit on behalf of the government for fraud involving public funds under the False Claims Act. The main beneficiaries of these laws are employees

6. Comparing the Three Countries

Aspect	India	United Kindom	United States
Coverage of private companies	Very limited	Broad	Limited, Sector Specific
Anti Retaliation Protection	Weak	Stronger	Varies by Statute
Financial incentives	None	None	Yes (SEC rewards)
Enforcement system	Weak oversight	Centralized through Tribunal	Strong but fragmented
Cultural acceptance	Low	Moderate	High (due to incentives)

It is evident from this comparison that the UK has the most inclusive policy for workers in the private sector. Although the US has the best reward and enforcement systems, many private employees are not covered. India, on the other hand, is still in its infancy, with laws

of government contractors or publicly traded corporations. Federal protection is frequently unavailable to employees of private companies that are not governed by the SEC.

In *Lawson v. FMR LLC* (2014), the U.S. Supreme Court expanded SOX protections to employees of private contractors working for public companies. While that was a positive step, it still left most private-sector workers unprotected.

Main Gaps

Fragmented laws – Too many separate acts with limited overlap.

Private company exclusion – Many private-sector employees remain unprotected.

Incentive imbalance – Dodd-Frank rewards external reporting but not internal whistleblowing.

Complicated procedures – Different agencies and deadlines make enforcement difficult.

that primarily affect the public sector or big, publicly traded companies.

7. Challenges in Protecting Private Company Whistleblowers

Difficulties in Safeguarding Whistleblowers in Private Companies Private companies in the US

and India are not required to have whistleblower policies. In all three nations, there is still a great deal of fear of reprisals. Ignorance of the reporting guidelines and rights that are in place. Inadequate enforcement measures, particularly in India. cross-border discrepancies that cause confusion for global corporations.

8. Recommendations for Reform

Enact thorough whistleblower regulations that apply to both the public and private sectors. The UK's PIDA could serve as the model for a new law in India. Extend the meaning of "worker" to encompass interns, freelancers, and contractors. Establish impartial authorities to look into allegations of retaliation and safeguard the identities of whistleblowers. Provide monetary or professional rewards to promote the reporting of significant corruption or fraud. All medium-sized and large private companies must have internal reporting systems in place. Encourage an open culture among staff members by implementing awareness and training initiatives that portray whistleblowing as an act of integrity rather than treachery.

9. Conclusion

The unsung heroes of corporate integrity are whistleblowers. Their readiness to reveal fraud, corruption, and unethical behavior enhances not only corporate responsibility but also the larger social fabric, which is reliant on openness and trust. However, as this comparative analysis of the US, UK, and India shows, whistleblowers—particularly those working in the private sector—continue to face uneven and, in many respects, insufficient legal protection. Of the three jurisdictions, the Public Interest Disclosure Act (PIDA) of the United Kingdom is the most extensive model. Significant protections for those who speak up are provided by its access to employment tribunals, protection from retaliation, and inclusive coverage in both the public and private sectors. Even in the UK, there are still issues, though, like low awareness, the need to demonstrate "public interest," and the exclusion of particular worker

groups.

Through the Dodd-Frank Act, the United States, with its strong enforcement culture, pioneered financial incentives to encourage people to come forward with reliable information. This model has been successful in recovering billions of dollars in fines and exposing corporate fraud. However, there are still a lot of gaps in the United States' whistleblower laws due to their fragmented nature and limited applicability to private companies. Instead of encouraging strong internal mechanisms, the overemphasis on external reporting can occasionally discourage corporate self-regulation. India, however, is an example of a system that is undergoing change. Protection is still mostly limited to listed companies and public employees, even with the introduction of vigilance mechanisms through the Companies Act of 2013 and the SEBI regulations. Many whistleblowers continue to suffer in silence because of the absence of comprehensive coverage for private sector employees, poor enforcement, a lack of a centralized oversight body, and a deeply ingrained cultural reluctance to "speak out." India, as well as all other nations, must acknowledge that whistleblowing is an act of integrity and civic duty rather than disloyalty if it is to advance. This needs to be reflected in the law by establishing a comprehensive and all-encompassing framework that applies to the private sector and offers both positive incentives for disclosure and protection from retaliation. Investigating complaints, maintaining confidentiality, and keeping an eye on employer compliance could all be greatly aided by a specialized Whistleblower Protection Authority.

Furthermore, a culture of accountability cannot be established by law alone. To change the perception of whistleblowers from "troublemakers" to moral stakeholders who are vital to the success of an organization, corporate ethics programs, leadership development, and awareness campaigns are equally important. Whistleblower protection

could be further ingrained in company operations by being included in CSR policies, ESG frameworks, and corporate governance codes. International collaboration is also important. Disparities in national whistleblower laws can lead to misunderstandings and discouragement in a time of international trade and multinational firms. Harmonized principles that guarantee consistent protection across jurisdictions should be the goal of international organizations like the OECD, UN, and G20, particularly for the global private sector employees. In the end, safeguarding whistleblowers is a moral and democratic necessity rather than merely a compliance issue. It conveys a dedication to justice, integrity, and responsibility. Businesses become more resilient, governments become more open, and societies become more equitable when workers are empowered to voice concerns without fear. Long-term improvements in whistleblower protection, especially in private enterprises, will boost investor trust, lessen corruption, and create a long-lasting, moral business climate. One fact emerges as corporate scandals continue to garner media attention: protecting whistleblowers is about protecting integrity, not just protecting individuals.

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