

Legal Implications of Whistle Blowing as a Corporate Governance tool in Nigeria

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Certification

This is to certify that Oladeinde Johnson JEGEDE with the matriculation number LCU/PG/002832 carried out this research work under my supervision in the Faculty of Law, Lead City University, Nigeria for the award of Master of Laws (LLM)

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Dedication

This work is dedicated to God Almighty and to my supportive family.

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Abstract

By promoting openness, responsibility, and moral behaviour across businesses, corporate governance serves as the foundation of sustainable institutional and economic development. Nigerians' financial stability, investor confidence, and national development efforts have all been undermined by ongoing governance failures, corruption, and corporate misconduct. In this context, whistleblowing has become a vital tool in corporate governance for detecting and discouraging unethical practices, fraud, and corruption. This study assesses whistleblowing as a corporate governance instrument in Nigeria by examining its institutional and legal frameworks, philosophical foundations, and sociocultural factors influencing its effectiveness. To evaluate Nigeria whistleblowing system, the study reviews current literature, legal instruments, and institutional practices through a conceptual and doctrinal research approach. It exposes significant weaknesses in institutional enforcement, corporate culture, and legal protections that discourage future whistleblowers. Major obstacles include fear of retaliation, poor confidentiality protocols, inadequate incentives, bureaucratic delays, and low public confidence in reporting systems. Additionally, the paper highlights the fragmented nature of Nigeria's legal system, noting the absence of comprehensive whistleblower protection laws aligned with international standards established in the US, the EU, and other developed countries. The findings emphasize the need for an integrated, culturally sensitive framework for whistleblowers that enhances institutional accountability while ensuring proper protection, confidentiality, and compensation. To foster a culture of ethical reporting, the study recommends public awareness campaigns, capacity building for compliance officers, stronger enforcement by organizations like the EFCC and ICPC, and legislative consolidation. It concludes that strengthening corporate governance, combating corruption, and promoting accountability, transparency, and sustainable development in Nigeria all hinge on an efficient whistleblowing mechanism.

Keywords: Whistleblowing, Corporate Governance, Corruption, Accountability, Legal Framework, Nigeria

Word Count: 258

List of Acronyms

Acronyms	Meaning
CG	Corporate Governance
WB	Whistleblowing
WBPs	Whistleblower Protection Systems
WBP	Whistleblower Protection Policy
FGN	Federal Government of Nigeria
EFCC	Economic and Financial Crimes Commission
ICPC	Independent Corrupt Practices and Other Related Offences Commission
SEC	Securities and Exchange Commission
CBN	Central Bank of Nigeria
NNPC	Nigerian National Petroleum Corporation
NBS	National Bureau of Statistics
CPI	Corruption Perceptions Index
TI	Transparency International
UNCAC	United Nations Convention against Corruption
OECD	Organization for Economic Co-operation and Development
IMF	International Monetary Fund
WBK	World Bank
SOX	Sarbanes–Oxley Act (U.S.)
FMoJ	Federal Ministry of Justice
FMoF	Federal Ministry of Finance
CSR	Corporate Social Responsibility
GDP	Gross Domestic Product
NGO	Non-Governmental Organization
AGT	Agency Theory
STT	Stakeholder Theory
ITMS	Investigations and Threat Management Services (U.S. Department of Commerce)
FATF	Financial Action Task Force
HRM	Human Resource Management
CEO	Chief Executive Officer
NEDs	Non-Executive Directors
USA	United States of America
UK	United Kingdom
EU	European Union
P&ID	Process and Industrial Developments Limited
WBP Policy (2016)	Nigerian Whistle-Blower Policy (2016)
EC	European Commission
N/A	Not Applicable (used where data are unavailable)

Table of Cases

Potgieter v Tubatse Ferrochrome

Aaron Kaase v. Police Service Commission, NIC, Abuja

Suit No. NICN/LA/125/2023 at the National Industrial Court, Lagos Division Thomas

Abiodun Olamide v. Ogun State College of Health Technology and the Ogun State Attorney
General

Sahara Energy Resources Ltd. v. Oyebola,

Aloysius v. Diamond Bank Plc

Azmi v Orbis Charitable Trust (2000) UK

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List of Statutes

International Legal Instruments

Article 33 of the United Nations Convention Against Corruption (UNCAC)

AU Convention

Platform to Protect Whistleblowers in Africa [PPLAAF, 2023]

Protected Disclosures Act

(South African Law Reform Commission [SALRC, 2007].

Committee on Justice and Constitutional Development ('the Committee')

Public Interest Disclosure Act 1998

European Commission's adoption of the EU Directive 2019

UNCAC Coalition of civil society organizations

United Nations Convention against Corruption (UNCAC)

Article 43 of the China-SOX

Public Interest Disclosure and Protection of Informers Resolution (PIDPIR) India

The Whistleblower Protection Act amended 2015, India

Clause 49 of the Listing Agreement of the Securities and Exchange Board of India (SEBI)

The state of Queensland, The Whistle-blowers Protection Act (WPA) Australia

United Nations Convention Against Corruption (UNCAC)

G20 Anti-Corruption Action Plan

Corporate and Auditing Accountability and Responsibility Act 2002 known as Sarbanes-Oxley Act (SOX 2002)

Dodd-Frank Wall Street Reform and Consumer Protection Act 2010 USA

UU 31 the year 1999 [Pemberantasan Tindak Pidana Korupsi, Indonesia]

UU 8 the year 2010 [Pencegahan Pemberantasan Tindak Pidana Pencucian Uang], Indonesia

UU 13 the year 2006, that is amended by UU 31 the year 2014 [Perlindungan Saksi dan Korban], Indonesia

The Public Interest Disclosure Act (PIDA) 1998 UK

Employment Rights Act 1996 (ERA UK)

Azmi v Orbis Charitable Trust (2000) UK

Private Member's Bill in 1997 UK

Public Interest Disclosure Bill Deb 11 March 1998 UK

Protected Disclosures Act (PDA) South Africa

Part 5 of the Open Democracy Bill South Africa

South African Law Reform Commission [SALRC, 2007)

Platform to Protect Whistleblowers in Africa [PPLAAF, 2023)

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Nigerian Statutes

Whistleblower Policy in 2016

Whistleblower Protection Bill in 2019

Securities and Exchange Commission (SEC) Code of 2003

Economic and Financial Crimes Commission (EFCC)

Money Laundering (Prevention) Act of 2011

The Financial Reporting Council (FRC) Act 2011 and the Nigerian Code of Corporate Governance 2018 (NCCG): Principle 21 on Whistleblowing.

The Freedom of Information (FOI) Act 2011

The Whistleblower Policy of the Federal Government of Nigeria (2016)

Table of Contents	Pages
Title Page	i
Certification.....	ii
Dedication.....	iii
Acknowledgement.....	iv
Abstract.....	v
List of Acronyms.....	vi
Table of Cases.....	vii
Table of Statutes.....	viii
Table of Contents.....	ix

Chapter one: Introduction

1.1 Background to the Study.....	1
1.2 Statement of the Problem	13
1.3 Aim and objectives of the study.....	14
1.4 Research Questions.....	15
1.5 Significance of the Study.....	15
1.6 Scope of the Study	17
1.7 Methodology	18
1.8 Operational Definition of Terms	18

Chapter Two: Literature Review

2.1 Conceptual Review.....	20
2.1.2 Concept of Whistleblowing.....	20
2.1.3 The Whistleblower Motivations.....	24
2.1.4 Psychological factors influencing Whistleblowing.....	28

2.1.5	Organizational Factors Influencing Whistleblowing.....	38
2.2	Theoretical Framework.....	42
2.2.1	Agency Theory.....	42
2.2.2	Stakeholder Theory.....	47
2.3	Whistleblowing as a pillar of Corporate.....	52
2.3.1	Fraud Prevention and Early Detection.....	52
2.3.2	Enhancing Transparency and Accountability.....	57
2.3.3	Strengthening Internal Controls and Risk Management.....	59
2.3.4	Promoting an Ethical Corporate Culture.....	63
2.4	Summary of the Review.....	67

Chapter Three: The Legal and Institutional Framework for Whistleblowing in Nigeria

3.2.	Historical Evolution of Whistleblowing Protections in Nigeria.....	69
3.3.	Analysis of Key Legislations and Provisions.....	74
3.3.1.	The Companies and Allied Matters Act (CAMA) 2020.....	74
3.3.2.	The Financial Reporting Council (FRC) Act 2011 and the Nigerian Code of Corporate Governance 2018 (NCCG): Principle 21 on Whistleblowing.....	76
3.3.3	The Freedom of Information (FOI) Act 2011: As an Enabler.....	78
3.3.4.	The Whistleblower Policy of the Federal Government of Nigeria (2016)	79
3.4	Analysis of any Nigerian cases on Whistleblowing, Wrongful Dismissal/Protection of Informants.....	81
3.4.1	Whistleblowing Related Cases.....	81
3.4.1.1	Case Study 1: Aaron Kaase — Reinstatement after suspension.....	81
3.4.1.2	Case Study 2: Thomas Abiodun Olamide — Dismissal for whistleblowing, reinstatement and damages.....	82

3.4.2 Whistleblowing and Protection of Informants in Nigeria.....	83
3.4.3 Decline of Whistleblowing Policy Effectiveness.....	84
3.4.4 Witness Protection and Safeguarding Informants.....	85
3.4.5 Wrongful Dismissal and Employment Protection Cases.....	85
3.5 Summary of Chapter Three.....	86

Chapter Four: Comparative Analysis and Challenges of Whistleblowing

4.1 Comparative Legislative Approaches to Whistleblowing in China and India.....	89
4.2 United Kingdom: The Public Interest Disclosure Act (PIDA) 1998 – key features and effectiveness.....	93
4.3 South Africa: Protected Disclosures Act (PDA) – a model for a standalone law...	97
4.4 Challenges to Effective Whistleblowing in Nigeria.....	100
4.4.1. Legal Challenges: Fragmented laws, weak retaliation protections, ambiguity in provisions, low enforcement.....	100
4.4.2. Socio-Cultural Challenges: Fear of retaliation, "African brotherhood" and loyalty, stigma, lack of trust in anonymity, corruption.....	105
4.4.3. Organizational Challenges: Lack of internal reporting channels, weak corporate culture that punishes dissent, absence of training and awareness.....	107
4.5. Comparative Perspectives on Whistleblowing in other Jurisdictions.....	109

Five: Conclusion

5.1 Summary of Findings.....	137
5.2 Conclusion.....	138

5.3 Recommendations.....	140
5.4 Suggestions for Further Research.....	141
5.5 Contributions to Knowledge.....	143

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