



ADVISORS

It was arresting to read in the *Times* on 19th January that “one in ten business leaders are avoiding meeting junior colleagues because they fear false allegations”. This follows a YouGov survey which found that “a quarter of leaders ranked reputational damage as one of their top three concerns”. A fifth of leaders “admitted trying to ameliorate reputational risk by making ‘safer’ decisions that were not necessarily in the best interests of their companies.”

Rather than simply being a sorry state of affairs, this should prompt a more fundamental question: what has gone wrong inside organisations if leaders feel safer avoiding their own people than engaging with them openly? When fear begins to shape leadership behaviour, the consequences for performance, morale and trust are profound.

Being able to communicate openly with the workforce is an essential feature of every successful business.

If managers feel unable to give clear, honest feedback, or employees fear repercussions for speaking openly, then something has clearly gone wrong. In such circumstances, the organisation’s culture, governance and approach to compliance all merit close scrutiny.

In a well-run company open communication should be encouraged and staff should see that if issues are raised, management take them seriously, respond positively, and improvement is seen. Unfortunately, too often there is a fear that the response of management to some complaint will result in the staff member who raises the issue being punished in some way.

This fear, whether justified or not, quickly suppresses challenge, discourages early intervention, and allows problems to fester until they become crises.

The good manager will promote transparency such that employees are encouraged to speak up and know that they will receive open and honest feedback if they do. If a difficult business decision, one perhaps not universally popular, has to be made, then the manager must explain it to the staff, invite comments, but always do the right thing for the company’s benefit.

Leaders who dilute or delay decisions for the sake of a “quiet life” may avoid short-term discomfort, but they risk long-term damage to credibility, culture and results; and thus ultimately imperil their tenure and legacy.

If, when challenged, by staff, regulators or the media, a leader can demonstrate that robust processes were followed, competing views were considered, and the final decision was justified and principled, then that leader should be well placed to withstand scrutiny. Hopefully, by communicating openly with the workforce and responding to any issues raised, this can be achieved.

All companies have policies and rules that govern the way in which they are to operate. Whilst having effective and meaningful policies and rules is essential, equally important in every organisation is the tone from the top: leaders not just giving the right messages but showing through their conduct that the rules are being followed and adhered to.

Employees pay far more attention to what leaders do under pressure than to what policies say on paper.

In our work with many major international companies we have worked with leaders to help them communicate effectively with employees throughout their organisation, achieve transparency and create the right mood so that staff are not afraid to speak up and difficult business decisions are not shunned. Reviewing the policies and rules is just the beginning.

The real test of a well-run organisation is whether people instinctively do the right thing, without hesitation and without fear, and treat colleagues with respect at every level. Our role is to help companies achieve that.

# THE TIMES

## One in ten bosses fear false allegations if they meet junior staff

Risks to businesses are increasing and diversifying, survey finds, with reputational damage and cyber-breaches at the top of the list.

One in ten business leaders are avoiding meeting junior colleagues because they fear false allegations and nearly half now avoid social media, according to a study of the risks facing UK businesses. A YouGov survey commissioned by the global investigations firm Nardello & Co, found that a quarter of leaders ranked reputational damage as one of their top three concerns and a fifth admitted trying to ameliorate reputational risk by making “safer” decisions that were not necessarily in the best interests of their companies. Almost a fifth of the 250 respondents expressed concerns about [managing wrongful allegations](#) from employees and 16 per cent had faced false allegations in the past year.

Alan Kennedy, a Nardello managing director, said further developments in AI and large language models would “only add to the complexity in challenging false narratives”. He said: “AI provides bot farms with ever more convincing content, from text to video, allowing hostile actors to spread mis- and disinformation with ever greater ease.” The risks in the coming year had increased and diversified. Areas of concern included cyber-breaches, financial crime and operating in risky parts of the world.

Among businesses, 42 per cent worried about the reputational impact of a data breach, 28 per cent worried about the spread of misinformation online, and 24 per cent worried about negative media coverage. Out of fear of reputational risk, 42 per cent avoided social media engagement and 57 per cent were now more cautious when speaking to avoid their remarks being taken out of context. Deepfakes, which are digitally created images, videos or audio that aren't instantly discernible as fake, were ranked as the second most severe global threat to societal cohesion by the World Economic Forum. Nearly six in ten leaders identify [cyber-breaches](#) as one of their most significant areas of concern, while two in ten businesses had experienced a breach in the last two years.

Joseph Pochron, Nardello managing director, digital investigations & cyber risk, said: “These statistics are not surprising, given the complexity of cyber incidents. With that said, the implementation and anticipated enforcement this year of the UK [Cyber Security and Resilience Bill](#) will force organisations to adopt risk-based cyber-security measures.” The bill will expand the definition of critical infrastructure and reduce mandatory reporting times for certain information to 24 hours. Financial crime was a major threat for 30 per cent of respondents, who warned of the risk of fraud, bribery, corruption and embezzlement.

Paul Nash, Nardello managing director, said enforcement across the globe had increased. The [Serious Fraud Office had new powers](#) that came into force in September and the US has reinvigorated its crackdown on foreign bribery. Despite concerns, the report suggested uneven preparedness. Only 59 per cent of firms confirmed they provided regular misconduct or compliance training and 44 per cent confirmed they carried out pre-hire screening.

Chris Morgan Jones, Nardello managing director, said: “Despite organisations facing an increasingly sophisticated array of risks, the data highlight a degree of complacency that could well be existential for a business.”

Compliance concerns, including changing industry regulations and complex enforcement actions like sanctions, were ranked highly, with 37 per cent citing them as a top worry. Investment into Africa and the Middle East has made governments and businesses reconsider the approach taken towards these regions, which have historically been seen as high risk. This largely remains the case as the regions were regarded as the riskiest in which to operate.

Nikita Vaidya, who leads the Middle East and Africa division for Nardello, said that Africa had been perceived as “high on the global risk index” and the Middle East as an “emerging market”. However, “regulatory frameworks, which have become increasingly sophisticated to align with global standards, have fostered transparency and a growing commitment to risk management and enforcement.”