When grievances fail

How weak complaint handling becomes an organisational risk?



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A recent adverse media report on coercion perpetrated by employees upon the staff, brought in sharp focus, the need to be vigilant about the culture and safety or lack of it. It did not matter that the action was on employee's own accord, without any express organisational intent or sponsorship.

Employee grievances are often a reliable indicator of an organisation's general functioning, its culture and people management practices. And while every organisation faces employee concerns, but what distinguishes credible and resilient organisations is not the absence of grievances, but rather how those grievances are received, acknowledged, investigated, and resolved.

Corporate crises are often analysed through financial failure, governance and risk control failure, operational disruptions and regulatory violations, but ethical and cultural breakdown receives far less attention, since it is difficult to assess its impact and quantify damage.

Employee grievance have the same genesis that is common to humans in most social interactive spaces:

- **Perceived unfairness**
- **Lack of transparency**
- **Limited avenues of communication.**

Why these voices of dissent or grievance are generally ignored or suppressed, are usually the same?

- **There exist conflicts between the concern raised with business interests**
- **Performance pressures take precedence over risk of safety, ethics and conduct**
- **Sense of self-preservation of functional departments to 'look good'**
- **Lack of transparent governance and escalation structure.**

Symptoms of a **lackadaisical structured framework for complaint handling** are often the same –serious issues tend to be managed informally or investigated superficially; allegations involving **senior leaders or high performers are downplayed, or quietly dismissed**; issues are **'resolved off the record'** without documentation, accountability, or corrective action; and financial settlements are used in place of systemic remediation.

Over time, these practices can create a dangerous silence **where people feel unheard and disengaged with an erosion of trust, productivity** and overall morale.



Consequences of **failure of systematic grievance redressal** are rarely immediate, but they are almost always severe, ranging from **financial losses, penalties,** and multi jurisdictional regulatory scrutiny to shareholder lawsuits questioning **governance and oversight; leadership exits; reputational damage** erosion of public trust, stock price volatility and **public whistle-blowing through social media**.
In recent times, these exaggerated outcomes have played out **across sectors** including but not limited to **aviation, manufacturing, technology, gaming, and financial services**. Thus, demonstrating that weak grievance handling is not merely an HR issue but a governance failure.

What ultimately emerged during **regulatory probes, court proceedings, or public disclosures was not lack of policy framework,** but a **failure to operationalise policies with independence**, rigour, and authority. This resulted in institutionalised blind spots, where early warning signals were visible to employees but **remained unseen or unacknowledged by the organisation** and its leadership.



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Common expressions of employee grievances

Over the past 17+ years, our employee grievance and whistle-blowing hotlines have received a significant volume of complaints across functions and levels. Analysis of these cases indicates the emergence of recurring and systemic patterns linked to workplace conduct, people management practices, and Human Resource governance. A review of selected case excerpts below highlights common themes in employee concerns, reflecting broader cultural and managerial challenges rather than isolated incidents.

1

Perceived unfairness in talent management and promotions:
The complainant reported against human resources department, stating concerns regarding unfair promotion practices including external hiring preference. The complainant informed that tenured employees were consistently overlooked for promotions while external candidates were appointed to key positions, resulting in dissatisfaction among internal staff and multiple resignations, including their own.



2

Pay, confirmation, and employment security grievances:
Concerns included delayed and withheld salary payments, denial of job confirmation despite satisfactory performance, and harassment over minor leave requests. Such grievances often escalate quickly due to their tangible financial and emotional impact, exposing organisations to legal, regulatory, and reputational risks.



3

Bias and lack of objectivity in performance management:
Grievances highlighted biased performance evaluations, as complainant believed that rating were being awarded based on leadership appeasement than merit.



4

Unrealistic targets and fear-based management practices:
It was also reported that employees were assigned unrealistic performance targets, accompanied by threats of termination if those targets were not met, leading to increased stress and anxiety. Such conditions increase the likelihood of mental health complaints, constructive dismissal allegations, and whistle-blower escalation—particularly where targets lack objective benchmarking.



5

Poor managerial conduct and leadership deficits:
Concerns were raised regarding poor managerial conduct, where the manager was perceived as lacking leadership qualities, treating employees disrespectfully, and creating a demotivating work environment that prompted employees to seek opportunities elsewhere.



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What does a good grievance handling and whistle-blower system looks like?

Now that is established that the failure to keep the proverbial organisation's ear to the ground can lead to grave consequences and reputational damage, it is also observed that these scenarios are amplified when policies are not well supported with systems, independence is compromised, and internal influence remains unchecked.

An effective grievance system must be

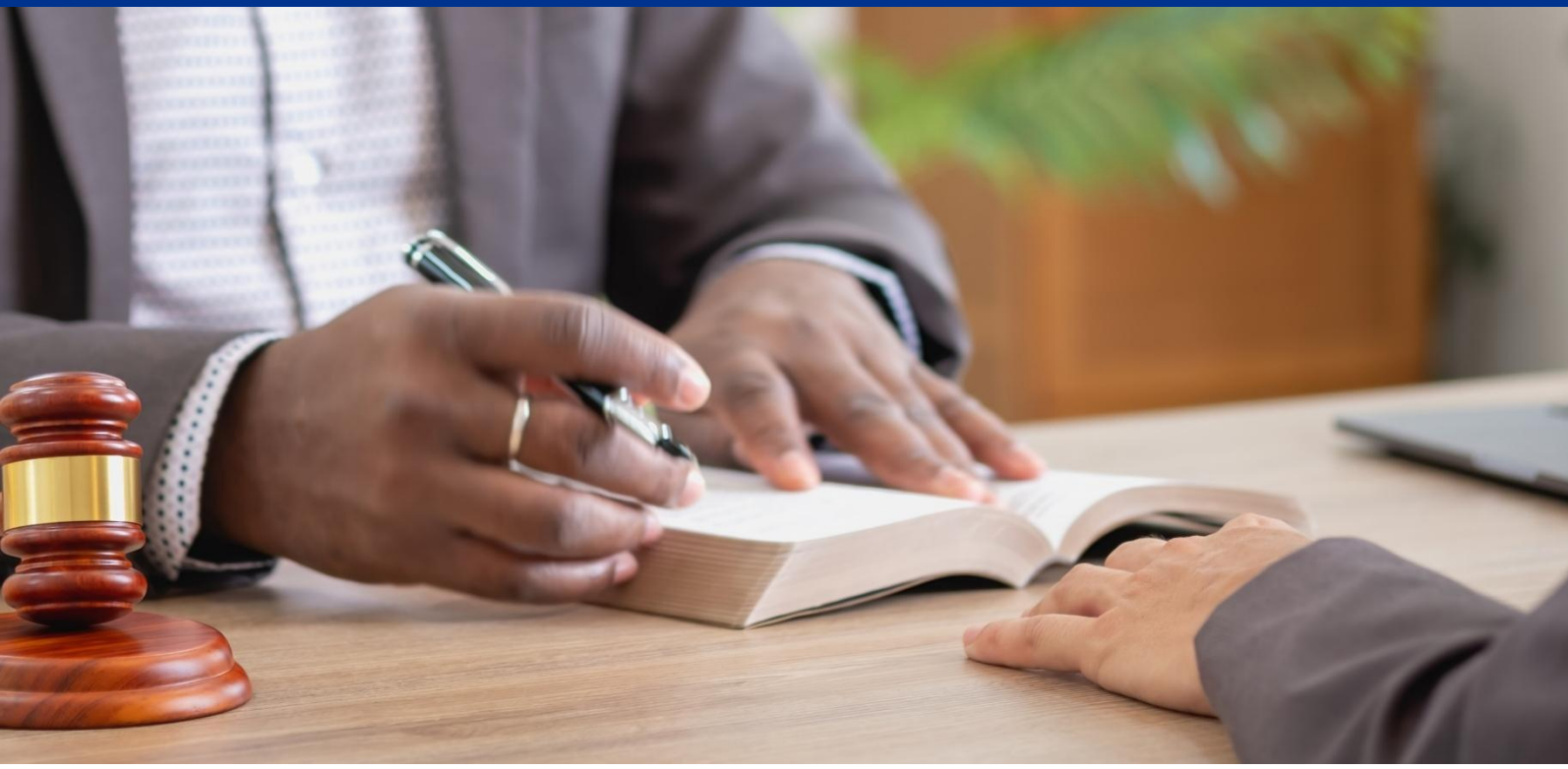
Independent, offer easily accessible channels of reporting and ensure consistent application of procedures regardless of role or performance.

It must be supported by robust investigation and documentation standards anchored in confidentiality, natural justice, and non retaliation,

Remain protected from managerial or leadership interference or influence

The human resources function sits at the core of grievance redressal, acting as a custodian of organisational integrity rather than merely an administrator of policy. Their role extends well beyond process compliance to shaping trust, fairness, and ethical conduct. For this reason, it is imperative that organisations provide safe, credible, and independent channels through which employees can raise concerns without fear of retaliation. When psychological safety is assured, issues surface earlier, transparency is strengthened, and ethical culture is reinforced—preventing risks that might otherwise remain hidden until they escalate.

Grievance redressal is an early-warning system for enterprise risk. When speaking up is institutionalised rather than feared, organisations demonstrate trust, ethical strength, and governance maturity—far beyond compliance.



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How KPMG would support whistle-blowing and employee grievance helpline services

KPMG provides 24/7 whistle-blowing and employee grievance helpline services with integrated case management platform

Operating the whistle-blowing and employee grievance reporting helpline

Multiple reporting channels available to complainants to report incidents (phone (toll free), email, web portal with QR code, chatbot and post box).

Multilingual capability - services offered in English, Hindi along with multiple Indian regional languages - Gujarati, Marathi, Tamil, Telugu, Kannada, Malayalam, Punjabi, Bengali, Odia, Urdu, Nepali and Assamese. We also support global languages like French, German, Spanish, Arabic and Portuguese.

Dedicated forensic professionals - Seasoned and trained forensic professionals who gather all relevant details from the complainants.

Integrated case management tool

HR or Ethics committee members are given access to our case management system which allows them to the following:

- Receive real time incident report along with the relevant documents.
- Plan investigation and request for additional information from complainants through the system.
- Track status of the progress of the complaint.
- Close investigation and provide feedback to complainants.

Assistance in creating awareness

- Design posters and other promotional collateral around whistle-blowing initiative.
- Conduct in-person or virtual workshop for the employees and other stakeholders.
- Develop eLearning on whistle-blowing and other related topics.
- Conduct annual refresher courses on whistle-blowing and other related topics.

Designing of complaint-handling framework and development/ review of whistle-blower policy

- Assist in designing a framework to handle the complaints received. This includes process flow, tracking mechanism, etc.
- Assist in defining roles, responsibilities and duties of various participants such as complainants, ethics committee, investigators and others involved in the process.

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