

Realising Value from Your Hotline Programme – *feedback from the 'Maximising Value' Groups*

GROUP TASK 1:

How can organisations increase the 'value' provided by their hotline programme?

Introducing a whistleblower hotline and incident management system is an essential tool – and in many cases a legal requirement - in helping organisations prevent unethical or unlawful conduct within the workplace. But implementing an effective and trustworthy reporting system is more than just a tick-box exercise. It should also support, and be supported by, a wider compliance programme that returns significant value to the organisation and its stakeholders.

GOING BEYOND THE 'CHECK THE BOX' APPROACH:

Speaking at NAVEX Global's customer forum held in London in March 2020, the BBC's Head of Corporate Investigations and Whistleblowing Lead, Katharine James, shared her views on the value of workplace whistleblowing. "Whistleblowing done well changes culture, builds value, and saves money," said James, highlighting the bottom-line returns her organisation – a publicly-funded broadcaster – has seen since it reviewed and revamped its programme in 2017.

BBC Non-Executive Director, Tom Ilube, offered an alternative perspective, suggesting that a "steady drumbeat" of internal reports acts as "pulse" that can indicate the overall health of the organisation.

New research from George Washington University¹ supports both viewpoints. In their analysis of NAVEX Global's hotline data, Professor Kyle Welch and University of Utah researcher Steve Stubben identified that an increase in whistleblowing can be an indicator of healthy workplace practices. What's more, the study showed that organisations with more reports faced fewer lawsuits, fewer government fines and lower amounts for imposed fines and lawsuits.

It's clear, then, that the definition of 'value' can differ even within the same organisation, but that real value can exist where corporate goals, culture, and leadership align. With that in mind, how can organisations begin to increase the value they realise from their hotline programmes?

1) Encourage more reports, not fewer

A steady flow of internal whistleblowing reports is beneficial, rather than detrimental, to the financial and cultural wellbeing of an organisation. Research shows there is a strong correlation between increased engagement with a company's hotline programme improvements to the organisation's financial performance¹. Increased reporting levels provide even more intelligence that can be used to target and address areas of internal - and external – risk. But where should you focus your efforts to ensure your hotline reflects best practice and generates a healthy drumbeat of valuable reports?

LISTEN TO AND UNDERSTAND THE EXISTING CULTURE

As part the NAVEX Global customer forum, participants were asked to consider a fictional scenario in which they were

transferred to another organisation with low hotline reporting levels. Their first task was how to increase reporting rates.

A logical starting place in such a situation might be to better understand the established norms and culture within the new organisation. That's because culture - be it workplace, organisational, team, or management culture – is a powerful influencing factor on whether people choose to speak up about workplace misconduct. There were several tactics that the delegates highlighted that could be used to achieve this:

- Conducting site visits and focus groups (at a range of levels)
- Confidential interviews with leadership and senior staff
- Review of recent employee surveys, or commissioning of new ones

Apart from the outcomes these steps may deliver, these activities are likely to be positively received and may create a more engaged and positive audience for a potential relaunch of the speak-up service. See the 'Recommendations' section below for more details on how to undertake these culture assessment activities.

BENCHMARK EXISTING ARRANGEMENTS AGAINST BEST PRACTICES

While every organisation's hotline programme will be different, the most successful tend to share a set of common best practices. A number of the best practices below were highlighted by the delegates. By benchmarking your own programme against these areas and against your peers where possible, you can identify possible areas for improvement that may benefit the success of your own programme.

» Best Practices for the Development and Management of an Effective and Efficient Hotline:

1. The hotline is perceived (and therefore positioned) as independent and credible. Tone from the top, communication and training, and visibility of its impact can all play an important role here.
2. The hotline is universally accessible and user-friendly. This may involve offering multiple reporting channels that are clearly branded, and available in all of the appropriate languages at all times.
3. Systems, tools and processes enable accurate, intelligent tracking, reporting and decision-making. This will help ensure cases are handled consistently, escalated quickly when required, and available for analysis at a micro and macro level.
4. Data can be analysed to rapidly identify broader trends. On-demand reporting tools integrated with hotline and incident management systems will help ensure trends and repeat issues can be identified and mitigated against.
5. People are educated on when and how to use the hotline. Awareness materials and structured, consistent training goes hand-in-hand with an effective hotline programme.
6. The hotline must comply with the relevant laws and regulations. While the very existence of a hotline system may be a legal or regulatory requirement, it must also comply with any applicable laws such as those relating to data privacy.
7. The programme has a clear 'owner' that possesses appropriate competence and authority. Defining appropriate accountability and leadership for your programme is critical to securing management buy-in and building trust.
8. The programme's purpose and outcomes are apparent to key stakeholders (including employees). Transparency breeds trust, so giving more visibility to hotline processes and results will likely have a positive influence on reporting levels.

TRAIN, EDUCATE AND COMMUNICATE

Training and communication should go way beyond a programme launch or awareness campaign, and extend right through to investigation and post-investigation phases. Ensuring people know about your service is one thing; taking that a step further to build trust and increase engagement will move your programme to the next level. Below are some examples of tactics used that were highlighted by the delegates in addition to some of our own recommendations.

» Raise Awareness

- Boost awareness with a launch/relaunch campaign. Repeat and update your campaigns regularly, and run surveys to assess their impact.
- Communicate in your users' language, and take steps to avoid jargon or ambiguity.
- Use advocates or champions at a local level to give your programme a human face and everyday visibility.

» Educate Employees

- Educate colleagues on what the organisation expects of them. Bite-sized Code of Conduct training is a good place to start.
- Make sure employees know how to raise a report when they witness breaches of the Code of Conduct or other unethical behaviour. This training should also outline what will happen when a report is raised and investigated, and how reporters will be protected.
- Monitor reporting patterns and adjust training programmes to reflect endemic or emerging risks, or areas of concern.

» Train Management

- 'Tone from the top' is crucial in setting the standard for ethical behaviour. Try to help your leaders understand the purpose and processes underlying the programme - and the important role they must play in leading by example.
- Tone from the middle is just as (if not more) important than tone from the top. Training should ensure managers are equipped with appropriate skills, tools and knowledge to handle reports in a compliant manner with empathy and confidence.
- Ensure all managers know and understand their responsibilities in protecting those who speak up and preventing retaliation from occurring.

» Engage Reporters

- Make reporters feel valued by acknowledging receipt of every report and provide feedback promptly.
- Put processes in place that allow people to check on their report and, where possible, facilitate ongoing conversation with the investigator.
- Remember that the people that use your service will tell others about their experience, so do all you can to ensure their experience is a positive one – regardless of case outcomes.

RECOMMENDATIONS:

A company should consider conducting an ethics culture assessment in order to answer the following questions:

- Do employees believe that we have a culture of integrity?
- What can we do to build trust and credibility with employees so they will raise questions and concerns?
- Where are the potential pressure points in the organisation that could cause good people to make a bad decision?
- How do we engage our leaders in fulfilling their ethics and compliance responsibilities?
- How do employees perceive our business conduct communications and our training and hotline systems?

As highlighted by the delegates, information for culture assessments should be gathered using the following methods: interviews, focus groups and employee surveys. Interviews provide insight on leadership engagement and

support, focus groups provide both quantitative and qualitative information, allow you to dig deeper into employee opinions and examine location or job-specific issues. Most importantly, focus groups provide opportunities to understand the underlying reasons for employee perceptions. We recommend the following:

» **Focus Groups:** Understanding employee perceptions about business conduct and organisational culture is important for sound business and legal reasons. This is where focus groups can play a critical role. They enable you to learn about employee perceptions qualitatively, and to understand the cultural and attitudinal underpinnings of effective leadership efforts. They also provide the opportunity to do a “deep dive” into a location, function, risk area or business unit as needed. To ensure an effective and efficient process the following activities should be carried out:

- Messaging to the workforce and drafting invitations to participants
- Assisting in the participant selection process
- Planning the group size (8-12 is optimal) and the group’s composition
- Preparing the room layout and hospitality to put the participants at ease
- Scripting in advance the questions as well as likely avenues for discussion
- Designing post-focus group employee communications

» **Leadership Interviews:** Building and sustaining a best practice compliance programme to improve organisational culture requires a strong commitment from leadership at all levels of the organisation. Because of the importance of the role of leadership in defining and maintaining a strong organisational culture, understanding their perceptions using a structured interview process is critical. Each interview should be scheduled for approximately 45-60 minutes and be conducted by a senior independent consultant.

You will also need to determine the optimal list of interviewees and to schedule the meetings in a cost-effective and timely manner. Video interviews, though not ideal, will supplement when in-person interviews are not possible. You will also need to refine the key questions to ask your interviewees. These questions may vary depending on the interviewee’s position within the company. And, like a skilled musician, your interviewer should use the questions as a framework to explore the most fruitful areas rather than as a verbatim script.

- What are senior management’s highest priorities? Not just limited to business conduct and compliance but strategic/business priorities. Have priorities changed over the last few years? Are the reasons for the change in direction well understood by employees?
- How do employees know what to do when priorities conflict with the Code of Conduct, company policies or the company’s values? For example, how do employees balance customer satisfaction with cost savings?
- What do you personally do to make sure employees understand your commitment to the company’s values and your business conduct priorities?
- Are there areas where incentives or other pressures might tempt good people to engage in behaviour not in the long-term best interests of customers, co-workers, or the company?
- Every company has problems; the important thing is to identify them early on. Is this an environment where people feel free to raise concerns? If not, why not?
- Are risks being adequately addressed? If you worked as the Chairman of the Audit Committee, what would you be most concerned about?

» **Culture Surveys:** Employee satisfaction surveys should include culture specific questions as they can be very eye opening. Try asking your HR department for the data related to your team from the last employee satisfaction survey, or ask to repeat the survey with only your team.

You also want to make sure that your culture matches your organisation’s strategic initiatives. The list below provides some employee culture survey questions useful to gauge how your company’s culture is impacting your compliance programme and business as a whole. Also make sure you compare completion rates with previous surveys to identify whether employees are concerned about a particular current issue or if they are a generally engaged population.

- Do you agree with the organisation's values?
- Do you feel comfortable to speak up about unethical or corrupt conduct within the workplace?
- Do you feel the organisation has a positive culture?
- Do you believe in the work that we do?
- Do you understand and support the organisation's mission and vision?
- Does the culture support the mission and vision of the organisation?
- Do the leaders of the organisation contribute to the positive culture of this organisation?
- Have you witnessed or experienced any form of employee retaliation?

2) Position the hotline within a broader risk and compliance context

Your hotline should not exist in isolation. Instead, it should form one pillar within a broader strategy that aligns with your Code of Conduct, supports the maintenance of a healthy corporate culture and enables the business to better identify and manage risk. What steps can organisations take to achieve a more integrated approach?

ALIGN THE HOTLINE WITH THE REST OF YOUR COMPLIANCE PROGRAMME

During the customer forum, delegates were invited to consider how they could use a hotline programme to highlight what compliance controls and activities they might implement next within the scenario outlined for the discussion.

Most importantly, as a key part of an overall risk and compliance programme, a hotline should align with the other respective programme elements to form a robust, holistic approach. The delegates discussed the following:

» **Code of Conduct:** Your Code of Conduct has the potential to help mitigate organisational risk, and align employees and third parties to common best practices and regulatory expectations. It's also an easy way to communicate your organisation's goals and values. Because the hotline enables people to report breaches of that code, it should feature prominently within the code itself. This means providing information about:

- what should be reported through the hotline
- how to report concerns
- what will happen when a report is made

When events of reported misconduct show a repetitive pattern, it can be a key indicator of a weaker culture and a need to revamp and/or recommunicate the code. Use intelligence gathered through your hotline to ensure your Code of Conduct remains effective and relevant and make sure you review and benchmark your code on a regular basis.²

» **Reporting and Analytics:** The intelligence provided by your hotline can be invaluable. Even with relatively low reporting rates, patterns, risk 'hotspots' and previously unknown business risks can be quickly identified. However, coupled with data from other areas of the business, you can build up a more complete picture that can inform and drive action and recommendations across all areas of your risk and compliance strategy. This can be achieved by:

- Utilising incident management software that:
 - enables the direct entry method of issues reported by means other than the telephone or web hotline channels (e.g. open door policy), for complete and centralised management of issues
 - facilitates detailed reporting, including the ability to segment reporting according to report source, location, business unit, etc.

- Comparing and overlaying reporting data with data from other business area, such as:
 - HR (e.g. sickness rates, staff churn, grievances, etc)
 - Customer services (e.g complaints)
 - Other popular metrics from your compliance programme and the wider business³

» **Training and Policies:** Formalised policies set out the specific rules of conduct for an organisation, whilst meaningful and effective training can help bring those policies to life. Having explained to employees and other stakeholders exactly what is expected of them in a workplace context, it makes sense to also acknowledge that sometimes policies are breached and best practice may not always be followed. This provides an opportunity to position your hotline within an appropriate context. Below are two examples mentioned during the forum of how you can align your hotline programme with your training and policy management activities:

- Integrate reporting facilities into your online training and policy sharing/attestation process. When you ask your employees to refresh their knowledge of a key policy or training area, it provides a moment at which they can directly relate organisational expectations to the workplace around them. Providing integrated, immediate access to a reporting facility can encourage the submission of reports you may not otherwise receive, and demonstrate the relationship between your policies and a better understanding of what to report on.
- Make use of real examples. It can be difficult to bring policies to life and ensure colleagues engage with them. But one way you can do this is by using real-world examples that your audience will recognise and respond to. Your hotline can provide vital insights on the types of risks present within your business that may result in a policy breach, so use these insights to tailor your training and policies so that they truly resonate with stakeholders.

RECOMMENDATIONS:

Regulators are looking more closely at compliance programmes and requiring leaders to create and maintain a culture that actively promotes compliance. While guidelines⁴ lay out the framework businesses should follow when they are designing their compliance programmes, creating an effective, and defensible, programme requires companies to go beyond a list of written rules. As well as using the traditional approaches, such as providing annual training and introducing a hotline, companies also need to measure and analyse compliance data so they can continually improve on their results and be more proactive by taking the necessary actions before something unethical or illegal happens.

Use hotline research¹ and external benchmarking⁵ to relate your own hotline results to your business goals to demonstrate programme value. Use high-quality data sources to assess your current culture of compliance and to identify areas for improvement. These sources of information include anonymous reporting, pulse surveys, reputation analysis, management communications, group discussions, facility visits and scores, exit interviews, internal interviews and focus groups, as well as feedback from external stakeholders, such as contractors, suppliers and customers.

APPENDIX:

- 1) [Evidence on the Use and Efficacy of Internal Whistleblowing Systems](#)
- 2) [Benchmark your Code of Conduct against others in your industry](#)
- 3) [2018 EMEA & APAC Ethics and Compliance Programme Benchmark Report \(page 31\)](#)
- 4) [US Sentencing Commission Guidelines 2018](#)
- 5) [GRC Insights – KPI & Compliance Benchmarking](#)

