WHISTLEBLOWER HOTLINES:
INTERNAL vs. EXTERNAL

WHISTLEBLOWER
SECURITY

1455 Bellevue Ave. #300 | West Vancouver | BC | Canada | V7T 1C3
Phone: 888-921-6875 | Email: info@whistleblowersecurity.com

About WhistleBlower Security

Making Good Companies Better

WhistleBlower Security Inc. is a Canadian based global provider of customized ethics reporting services dedicated to safeguarding businesses against risk, and committed to promoting a culture of integrity, collaboration and transparency for our employees and clients. WhistleBlower's 24/7/365 hotline, reporting and analytic solutions are combined with advanced security and data management to equip organizations with the tangible tools that will deter and prevent ongoing fraud. For more information, visit whistleblowersecurity.com.

Share this eBook:

Contents

Share this eBook:

Introduction

Considering implementing a whistleblower hotline? This eBook provides the features and benefits of both an outsourced program and an internal system, taking into account budget, resources, implementation plan, training and report review, response and analytics. This is a question many organizations struggle with when about to launch an initial ethics reporting system.

What items should you be considering when getting ready to launch a whistleblower system? What other policies and codes need to be developed to support a whistleblower system? What types of reporting should you develop as a result of this program? How do you measure success? And how important is an anti-retaliation policy?

It takes many good deeds to build a reputation and only one bad one to lose it.

- Benjamin Franklin

In today's corporate environment, there are have been so many examples of fraud, negligence and abuse of power, that it has become the norm. Statistics from various reports document that 40% of people believe their businesses have a weak ethical culture although 62% were confident in their firm's senior leadership. Over 30% of those in various surveys said their managers don't display ethical behavior. These conflicting statistics demonstrate the organizational angst experienced by many companies.
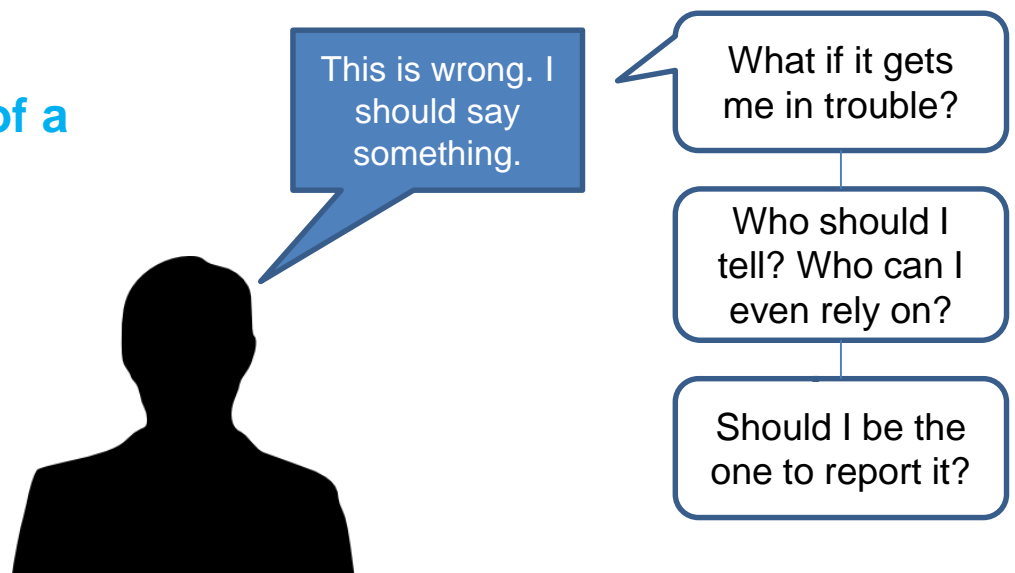
Share this eBook:

Introduction Cont.

There currently seems to be a paradigm shift happening in the corporate world where integrity and ethics are not only being mandated by regulators, but these standards of behavior are being embraced by organizations themselves. As part of this movement, policies, codes and processes are imperative to assist in educating and motivating the expected behavioral shifts.

Recent statistics also demonstrate that people want to come forward. Sixty-five percent of people who witnessed misconduct reported the wrongdoing but a worrisome 20% were retaliated against after doing so. And further, almost 15% of employees felt pressure to compromise their ethical standards in order to do their jobs.

Implementing a whistleblower system, along with a strong Code of Conduct can assist an organization in a number of ways. A whistleblower system protects both the company and the employee. The implementation and support of a strong corporate governance program can eliminate waste, loss and theft through identifying sources of corruption and dishonesty. The system also improves employee morale and engagement through management's commitment to providing alternative methods of reporting and dialoguing with the organization. It also limits the liability for directors and managers.

Inside the Mind of a Whistleblower

This is wrong. I should say something.

What if it gets me in trouble?

Who should I tell? Who can I even rely on?

Should I be the one to report it?

Introduction Cont.

A strong corporate governance program can mitigate risk for both an organization's reputation as well as for financial sustainability. The introduction of such a program is also an important factor when treading into international business operations. The global reach of the Foreign Corruption Practices Act, and the UK Bribery Act mean that an organization and its executives can be liable for business practices occurring on another continent without their knowledge. Management truly needs to understand the ramifications of lack of ethics training, policies to support the Code of Conduct and the avenues of communication that are available to their employee base.

Prior to the introduction of a whistleblower system, a strong Code of Conduct needs to be developed. The Code needs to speak to the values of the organization; being written in straightforward and concise language and be clear and easy to understand.   The Code also needs to embed anti-retaliatory language that ensures the organization will protect any individual if they decide to come forward.

Most organizations should consider the development of two unique documents:

1. **A Code of Conduct**
2. **A Code of Ethics**

business value

Code of Ethics

Codes of Ethics, which govern decision-making, and codes of conduct, which govern actions, represent two common ways that companies self-regulate. They are often associated with large companies, and provide direction to employees and establish a public image of good behavior, both of which benefits businesses of any size.

The Code of Ethics: Sometimes referred to as a Value Statement, it behaves like the Constitution with general principles to guide behavior; outlining a set of principles that affect decision-making. For example if an organization is committed to protecting the environment and "being green", the Code of Ethics will state that there is an expectation for any employee faced with a problem, to choose the most "green" solution. It works on the basis of "treat others as you would like to be treated." When faced with ethical dilemmas or debatable situations, what's articulated in the Code of Ethics can help guide decision making.

Code of Conduct

The Code of Conduct: Provides the meat and potatoes to the Code of Ethics. A Code of Conduct applies the Code of Ethics to a host of relevant situations. A particular rule in the Code of Ethics might state that all employees will obey the law, a Code of Conduct might list several specific laws relevant to different areas of organizational operations, or industry, that employees need to obey.

The Code of Conduct outlines specific behaviors that are required or prohibited as a condition of ongoing employment. It might forbid sexual harassment, racial intimidation or viewing inappropriate or unauthorized content on company computers. Codes, along with other measures, have helped some organizations dig themselves out of scandals, and have helped many organizations build a healthier work climate and reputation.

> **The *Code of Conduct* outlines specific behaviours that are required or prohibited as a condition of ongoing employment.**

integrity

Similarities, Differences, How they work together

Both a Code of Ethics and a Code of Conduct are **similar** as they are used in an attempt to encourage specific forms of behavior by employees. Ethics guidelines attempt to provide guidance about values and choices to influence decision making. Conduct regulations assert that some specific actions are appropriate, others inappropriate. In both cases, it's the organization's desire to obtain a narrow range of acceptable behaviors from employees.

With similarities, comes **differences**. Both are used in an attempt to regulate behavior in very different ways. Ethical standards generally are wide-ranging and non-specific, designed to provide a set of values or decision-making approaches that enable employees to make independent judgments about the most appropriate course of action. Conduct standards generally require little judgment; you obey or incur a penalty, and the code provides a fairly clear set of expectations about which actions are required, acceptable or prohibited.

Bigger organizations sometimes have **both Codes in separate formats**, or they are sometimes combined into one general Ethics document that blends principles for the right action with a list of actions that are required or forbidden.
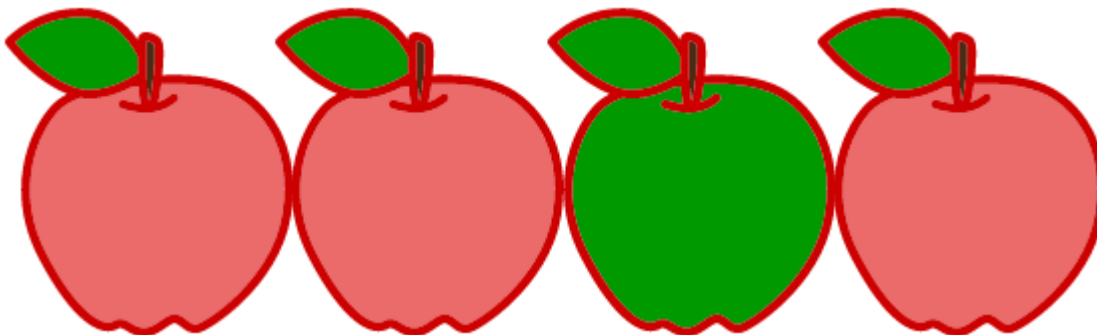
For The Smaller Business

Many smaller businesses can survive without a formal code of ethics or code of conduct; for example if a business has 1-10 employees, generally everyone is talking with each other and interacting with each other every day. So communicating appropriate behavior is much easier. However, as smaller businesses grow their employee numbers, ethical hazards and risks can increase, so having these documents can help shape cultural expectations about behavior, and they also serve as a solid marketing tool for potential business partners or clients.

Either way, whatever type of Code an organization chooses to employ, it's critical that it is treated consistently in every instance of wrongdoing. The Code needs to apply to every employee from the ground up, and no matter how small the violation, appropriate discipline needs to take place. For example, if your Code stipulates that theft of company property is prohibited, and an employee takes home one pack of post-it-notes from the supply inventory, that's theft, and should be treated as such.

Once a Code has been established, the consideration of whether to use a third party provider or create an internal mechanism needs to be considered.

small
business

Implementing a System – Considerations/Options

Tips are the best method to detect fraud with over forty percent of fraud being uncovered through an employee tip, according to the ACFE. In fact, the impact of tips is probably underestimated by the fact that so many organizations fail to implement adequate reporting systems. The lesson remains, the better you are at collecting and responding to fraud, the better you will be at detecting it and limiting losses.

In estimating the amount of activity the system will need to support, a good statistic to consider is that two to five percent of the employee population will use the system annually. The volumes varies from organization to organization and is dependent on a myriad of variables including; corporate culture, promotion and training, confidence in management's commitment, current issues facing the company and past behaviors and reactions.

For further analysis of whether to outsource or build out an internal system, consideration needs to be given to cost effectiveness; availability of the hotline; regional/national/global needs and logistics; training, promotion and responsiveness, and the ability to continue anonymous communication with the whistleblower is a key element.

> " Any system is better than none
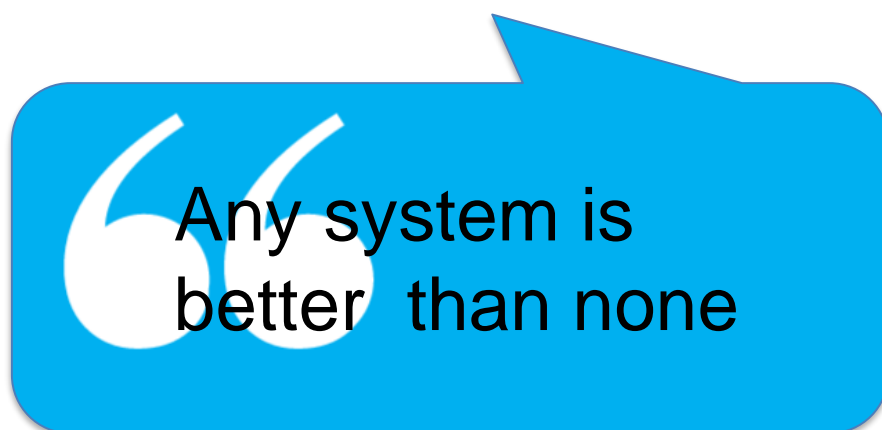
Share this eBook:

Considerations/Options Cont.

If an organization is considering the implementation of an internal system, there needs to be special attention paid to ensuring the confidentiality and anonymity of the whistleblower. In-house systems do not always provide the same level of confidentiality as an external system and this can provide detrimental results. The lack of sophisticated design and expertise can also be a detriment but with careful planning, resources and implementation, an internal system can suffice.

Voicemail is a feature that should be avoided when using an internal system. The lack of anonymity or confidence in who is listening to the message, could severely prohibit the use of the line. Live agents are a much better solution, and providing the service 24/7/365 is also a key component of a strong system. If an organization can provide this internally and ensure confidence in their ability to protect the callers anonymity, it will enhance the internal solution significantly.

The ability to create a comprehensive back-end incident management system with cataloguing and built-in filters is also a benefit that only an outsourced provider can offer. The back-end reporting system facilitates real-time reporting and analytics resulting in better oversight and transparency.

Other considerations for an internal system include translation/interpretation requirements, marketing and support material development and production, complication of duties if employees are not specifically assigned to manage the system and in-house operations being hampered by employee vacations, sick time and other duties.

Implementation / Launch of a Whistleblower System

Regardless of whether an organization chooses to build an in-house solution or outsource, implementation priorities should include:

- Code of Conduct Development
- Communications Planning & Strategy
- Train, train and re-train
- Senior Management Engagement – **Walk the Walk!**

To launch a whistleblower system, the team needs to address the following tactics to ensure a successful introduction:

- Code of Conduct and/or Ethics Developed, approved and bought into by senior and mid-management
- Identify Outsourced Provider or Internal System
- Toll-free lines set up – preferably 24/7/365 live agents
- Scripting for the call
- Web portal development – case management system (hopefully more sophisticated than an excel spreadsheet)
- Email method set up
- Responsive workflows
- Anonymous dialogue workflows
- Communications plan
- Training
- Marketing & Promotion materials development & production
- Language requirements
- Any cultural sensitivities identified and planned for

Share this eBook:

Outsourced vs. Internal

Much consideration should be given to the decision to partner with a third party ethics reporting and hotline provider or to implementing an internal system:

- Cost
- 24/7/365 capabilities
- Trained agents
- Case Management system with anonymous dialogue capabilities
- Development and production of marketing materials
- Ability to provide appropriate resources to an internal system
- Translation/Interpretation capabilities

There are benefits to both solutions. An internal system can be an easy one to set up on an ad-hoc basis. An organization can create an internal email box or a voicemail message center to intake reports. This at least provides a first step in putting some processes in place. However, voicemail again can make the caller nervous and concerned.

Getting The Word Out

Once the system and supports have been set up, the next phase of the launch begins, which is just as integral as the system itself. The system must be launched with support of the C-suite team and middle management. The Code must be introduced, reinforced and the system should be seen as a tool to support the integration of the Code into the culture of the organization.

Training the staff through lunch & Learn sessions, role playing, e-training, corporate intranet and newsletter is essential for both awareness and to demonstrate a sense of commitment on behalf of the organization. Sanitized cases are also an excellent vehicle to demonstrate when there is a breach and how to address it.

Have managers teach compliance, company values, and good ethics decision-making to their direct reports. The best way for managers to learn those things is to teach them, and the best way for employees to learn is to be taught by their own managers. This means an enduring effort, not one-time classes. Take the opportunity to discuss ethics in regular staff meetings throughout the year. Such teaching involves managers and employees in discussion of ethics issues in a safe, training environment, and it opens the door for safe discussion of real ethics issues in the future in their normal working environment.

Leaders must take responsibility for ethics: It is imperative for senior executives to incorporate into their everyday planning and communications the unambiguous message that ethics, integrity and compliance are at the core of their corporate culture. For training, specifically, group discussions led by internal managers is most effective, not only in imparting information, but in ensuring that management at all levels is seen to view these issues with the utmost seriousness.

Getting The Word Out Cont.

Use a **performance evaluation** and management process that looks toward helping employees succeed in the future more than toward documenting weaknesses perceived in the past, that tracks and builds on the ethics training and mentoring being conducted by the manager, and that is designed to focus managers on coaching employees to success throughout the year… because that builds trust.

Provide occasional **feedback surveys**, especially for managers, because people need to know how others generally perceive that they live up to the company's values.

Time for Feedback

The Reality of Retaliation

The mere perception of **retaliation** is enough to deter reporting of misconduct. Where trust is high and perceptions of management and peers are more positive, retaliation is far less prevalent.

There are many techniques used against those who speak out. Some include: ostracism; harassment; spreading of rumors; threats of reprimands, dismissal, etc.; referrals to psychiatrists; censorship of writing; blocking of appointments; blocking of promotions; withdrawal of financial support; forced job transfers; denial of work opportunities; formal reprimands; legal actions; dismissal; blacklisting; putting in danger; and physical assault.

A zero tolerance policy must be implemented and adhered to. The anti-retaliation policy should include a definitive statement that the organization will not tolerate retaliation by anyone and should include definitions of retaliation with clear examples; describe how someone can file a complaint in the case of retaliation; and a list of the consequences or actions that will be undertaken in the event of a policy violation.

Employers should not promise confidentiality for employees who make retaliation complaints. Rather, the organization should share that complaints will be disclosed on a need to know basis.

Employers should train all employees on the policy and ensure that both line staff and mid-management are clear on the policy. Litigations have increased significantly in this area and it is imperative for the organization to ensure all staff understands the ramifications.

Summary

An ethics reporting system protects both the **company** and the **employee**, and having something in place where employees can come forward to report wrongdoing is better than having nothing at all. Being able to speak up in confidence under the protection of a hotline and policy ensures a culture of integrity, empowerment, improved employee morale, and the management's commitment to transparency.

Share this eBook:

BUILD AN ETHICAL WORKPLACE

THE WHISTLEBLOWER ADVANTAGE

- Comprehensive services provide everything you need to implement your ethics reporting program

- Oversight into your operations, wherever they are in the world

- Limit exposure to risk | protect your organization and your employees

- Certification to ensure your team is educated, protected and secure

- Education to provide tools to support your employees

- Assessment and Consulting to enable you to define your needs for reporting, education and training

- Enhance relationships and encourage transparency within your organization

Share this eBook:

GET IN TOUCH!

WhistleBlower Security supports your efforts to create a more transparent, accountable and ethical work environment.

Learn about the customized service platform we can provide for your business and how to become **WhistleBlower Secured™**

GET IN TOUCH WITH US!

Call
1-888-921-6875

Email
info@whistleblowersecurity.com

WhistleBlower Security © 2015

Share this eBook: