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Employee Hotlines: Improving organizational wellbeing

BY ERIC MANN

With all the recent media attention surrounding the #MeToo movement, it's more important than ever to ensure that employees have a safe space to discuss unethical behavior in the workplace. One of the most important lessons from this movement was the acknowledgement that it is often difficult for victims to speak up. If there's a culture of general acceptance of destructive behavior, even those who may be opposed to it will find it difficult to know where to turn.

Employee hotlines are a simple, inexpensive, and effective step employers can take, not only to help employees speak up in cases of harassment and discrimination, but also to combat illegal actions, such as fraud and the never-ending risk of embezzlement. In overlooking hotlines as a tool for keeping the lines of communication open, employers are missing one of the most effective tools for detecting problems, deterring problems, and defending against accusations. In the Forum on Corporate Governance and Financial Regulation, Harvard Law School stated, "It is more crucial than ever that companies have effective whistleblower hotlines as part of their corporate compliance programs…."[1]

Hotlines are an extremely practical and inexpensive solution to what are often complex problems. They often are able to put an end to small problems before they become major ones, which can end up saving a company a significant amount of time and money. Because they act as deterrents, hotlines also mean that employees are less likely to behave in unethical ways: "Having an independent hotline available to employees can help alert the company to and reduce the possibility of inappropriate or illegal company actions"[2]

In addition to stopping problems and deterring employees from creating them in the first place, hotlines also act as insurance if employees decide to take legal action, because hotlines are a verifiable, reasonable measure that employers have taken to ensure employees have access to protection against harassment. In a legal situation, if employers can prove that they have provided this option to employees, whether or not the employee makes use of it, can be a part of what helps determine whether or not the employer is at fault. The Society for Human Resource Management points out that "The hotline should be available 24 hours a day, and by being available year-round, it can increase the likelihood of early detection and response to discrimination or harassment claims, which can significantly limit liability."[3]

Employee turnover decreases when there's a hotline that promotes ethical behavior, and the employer's reputation is enhanced. Many businesses are adopting this practice, and the Society for Human Resource Management agrees that "…it is generally recommended that all organizations implement some type of whistleblower system for reporting wrongdoing."[4] Yet making them effective within an organization can be a challenge, particularly if there is some resistance or if the hotline is not well known to employees. Below are some steps to successful implementation.

Characteristics and functionality

Hotline service providers often offer a variety of features, some of which may not be necessary or beneficial for the organization deciding to implement them. Therefore, it's up to HR, Compliance, or whoever is implementing the service in the company to decide what features would be best suited for their organization. The biggest benefits that hotlines offer to organizations are the ones that are intrinsic to their existence—detection, deterrence, and defense. Additional features, such as case management, might be great for larger companies, but smaller companies may decide that this feature isn't worth the expense.

As Jonathan T. Marks writes in *Fraud* magazine, "When organizations properly devise anonymous hotlines, they can be powerful tools for detecting fraud and abuse."[5] What things do employers need to factor in to make sure their hotline is effective? Firstly, anonymity and accessibility are two key features to consider when implementing a hotline. Although internal hotlines are ostensibly less expensive, employees might have a more difficult time trusting that their complaints will remain anonymous. Therefore, their hidden costs can in fact make them pricier. Any savings gained from implementing an internal service might be offset by the potential costs of underreporting. Additionally, it still takes internal resources to maintain them, so while the costs aren't as visible up front, they may in fact be more expensive to operate than external hotlines.

Once a hotline is in place, the first step in making it accessible is to make employees aware of it. This often comes in the form of annual training videos, links on the company

website, posters, wallet cards, emails, and desktop links. It's crucial to maintain employee awareness of the hotline through reminders, both to refresh the memory of existing employees and inform newer ones. As Harvard Business Review points out, "The board should ensure that the company has a well-publicized reporting system, so employees can report (anonymously or confidentially if they choose) ethical and compliance concerns."[6] An employer may also choose to disclose the hotline to clients and vendors as well, to expand the network of individuals who may have potential issues to report.

The hotline should be set up so that there are several easy, accessible ways for employees to provide information. A web portal, email, texting, a toll-free number, fax, and regular mail options give an individual who has decided to take this step a number of different ways to get in touch, depending on what they feel most comfortable with. Hotlines are often most successful when the process is interactive, and there's another person on the end of the line who is able to ask follow-up questions and gather more detailed information.

Generic web forms and automated voicemail inboxes often end up with incomplete information; however, interactive web reporting is an excellent option for those who might feel safer typing out their concerns, or those who want to have time to articulate exactly what they want to say without feeling pressured or rushed. An additional consideration is the number and types of languages available to employees who decide to report. In many areas of the U.S., this might mean providing both English and Spanish options; however, this might differ depending on the area or company. Hotlines should also be set up so that they are available 24/7, because most reporting is done after hours.

Using a single hotline may be preferable to multiple hotlines for different issues, This is less confusing for employees; however, it's important to give consideration to what issues the hotline is meant to cover and to communicate the range of these potential issues to employees. If employees know that the hotline is there for safety issues as well, for example, the company now has the added benefit of potential savings of lower Workers' Compensation costs and fewer fines, in addition to screening for harassment and fraud.

One of the additional features that hotlines offer, "case management" usually refers to the added feature of storing and tracking data such as reports, investigation notes, and evidence. This feature is often more useful for larger companies that benefit from the ability to access graphs and other analytics that give them a large-scale picture of trends in reporting. Trending allows them to make changes to specific facilities or identify problems that can be solved with additional training or precautions. Case management also can include ongoing communications between reporters and investigators, which is helpful in establishing trust and credibility. *Fraud* magazine identifies case management as an important tool in the face of fraud or unethical behavior:

> It's equally important to correctly capture the information of an alleged fraud or breach. Use a case management tool to track incoming allegations or complaints, document follow-up actions and communications, record investigations, store closed cases, and provide other data or metrics."[7]

When the hotline is put in place, guidelines should be established as to who should be involved and when. For example, when a report comes in, two members of the management team should be notified, to help maintain integrity and prevent an issue from being overlooked or ignored. HR, Accounting, IT, or an Audit Committee might all be departments that need to be involved next, depending on the nature of the claim. The plan of action doesn't need to be complicated, but it does need to be established clearly beforehand, so each person is aware of their responsibilities.

The importance of implementation cannot be understated; put in place correctly, hotlines can have immediate, significant benefits for employees facing discrimination or harassment and for employers who are victims of fraud and theft. The American Institute of Certified Public Accountants hails tip lines as "one of the most effective tools organizations possess for detecting and preventing fraud."[8]

Acceptance

Change often comes hand-in-hand with resistance, even if it's for the benefit of all involved. Implementing a hotline may involve overcoming skepticism and resistance from both management and employees. Concerns from management often take the form of worrying that the hotline will be used to make untrue allegations, and employee concerns often take the form of worrying about being the target of exaggerated or unfounded complaints, or of being "watched." However, this is rarely the case. If proper investigation and follow-up actions are taken, a hotline is more likely to clear up anything that is a misunderstanding before it gets out of hand. A hotline report is only the first step in a series of responses to an accusation.

Hotlines send a message to both employees and management that the company has a vested interest in behaving in an ethical manner. In order to establish trust with management, it's important to communicate the benefits of a hotline and address concerns before introducing the new system to employees. Management should present a united front of approval and positivity in order to help establish employee trust. Once management is on board, a senior member of staff should introduce the hotline and make sure to address employee concerns.

It's important to make it clear that the hotline will be anonymous, and that an employee's phone number and IP address won't be tracked. Additionally, it's a good idea to clarify that the hotline is not an impersonal replacement for face-to-face interactions to address issues, only an additional option for those who may not feel comfortable doing so for any reason. It may provide an additional sense of security to employees to let them know who has access to filed reports, because they may have concerns about identifying information in an anonymous claim. Finally, make sure employees understand the anti-retribution policy, and that they will not be retaliated against in any way for filing reports.

Summary

Trust in the new system will ultimately come with time. Once management and employees see the success of a hotline that solves a workplace problem, they will be more likely to see it in a positive light. *Fraud* magazine identifies whistleblowers as a constructive force in identifying company problems:

> Whistleblowers are the single greatest source of information in uncovering fraud or misconduct. You'll free them to speak out if board members and management take the lead in implementing and maintaining a formal fraud risk management program, which includes a sound hotline reporting program.[9]

A hotline's ability to detect interpersonal problems can be significant as well, and can add actionable value to an anti-harassment policy, protecting vulnerable employees:

> Without a robust process that employees can trust, an anti-harassment policy has little value…Consider offering anonymous reporting services from an independent third party, similar to the hotlines public companies provide for whistle-blowers."[10]

A strong defensive stance against unethical behavior is an offensive stance as well, making employees think twice before committing harassment or fraud. In the long run, a business with a hotline in place will retain employees, because it sends the message that employee concerns and the reputation of the company are valued. Implementing a hotline usually only takes a few hours, and the costs are nominal. As the Association of Certified Fraud Examiners says, "Managers and owners of small businesses should focus their anti-fraud efforts on the most cost-effective control mechanisms, such as hotlines."[11] The rewards are great. It's an elegant solution for creating an ethical business environment, and an excellent way to make sure that everyone's voice is heard. ■

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ENDNOTES

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