NAVEX GLOBAL™

The Ethics and Compliance Experts

OVERCOMING 4 CHALLENGES OF HOTLINE REPORTING

Most companies provide employees with a formal system to ask questions about policies or to raise allegations of wrongdoing. Data from these systems can help a company detect problem issues or locations early and can tell a company a great deal about its culture and risks. However, attempts to turn the data from a reporting system into clear and useful information can present several challenges. These include:

SO MUCH DATA...BUT WHAT DOES IT ALL MEAN?

How many reports is the right number for a company of a given size? Is the fact that 50% of the helpline contacts received by a company are submitted anonymously a good thing or a problem? Should a company in a certain industry be getting so many HR-related reports? Data without context serves no real purpose. But what sort of context is there for this kind of information?

DEMONSTRATING PROGRAM EFFECTIVENESS

What, if anything, does a company's Helpline data say about the effectiveness of its ethics and compliance program? If a lot of reports are received related to a certain kind of issue, does this mean employees have a good grasp of the issue, or does it mean that they are grasping at straws? Was the company's training effective in educating employees about what should be reported and when? Does the fact that very few of the reports received by a company were substantiated mean that few violations are occurring?

REPORTING MEANINGFUL & ACTIONABLE DATA TO LEADERSHIP

Many Boards of Directors and senior company leaders want to know how their company's helpline data measures up. What's the best way to package the data and present it to the board? What metrics are most telling? What's the best way to use the data to bolster support for the ethics office's current strategic initiatives?

COMPARING PROGRAM PERFORMANCE TO PEERS FOR CONTEXT

Many Boards of Directors, senior company leaders, and ethics officers also want to know how their company's helpline data demographics compare to those of their peer companies. How do ethics and compliance officers answer this question? Where can a company find information about the kinds and frequencies of issues being submitted to other companies in their industry and across industries? Is it more important to compare your company to others in its industry? Does the size of the organization and geography also matter, and if so, how much?

RECOMMENDED APPROACH

One solution can help address all of these challenges: benchmarking. There is no "right" number of total reports or reports about a specific issue type. Every organization and industry faces different risks, which is reflected in the variety of concerns raised by its employees. The most useful data analysis provides "context" for the reviewer and allows the organization to focus on identified potential problem areas. Context is often best conveyed through comparisons, trend analysis, or benchmarking against both internal and external data sources. Such analysis looks for significant changes in data over time or deviations from both internal and external norms.

Comparing a company's data to internal historical results can highlight trends which might be indicative of cultural shifts or gaps in training. Robust external benchmarks help companies narrow the scope of their data reviews and provide the context companies need to assess the health of their reporting systems. Finally, a good set of benchmarks can offer insight and foresight, helping company leaders understand where a program's strengths are and where added resources are most effective.