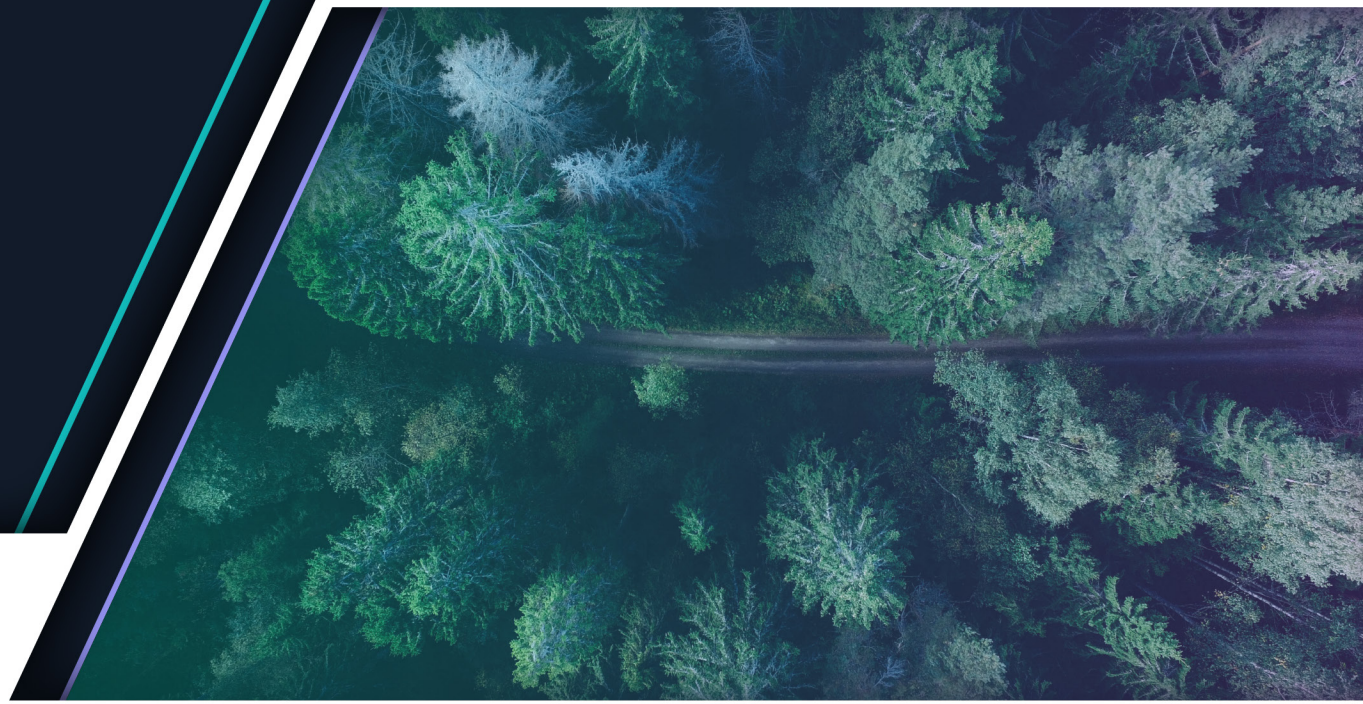
2023 BENCHMARK REPORT

HOTLINE & INVESTIGATION MANAGEMENT



ETHICO

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Letter from Leadership

The 2023 Benchmark Study reveals important insights into the state of Ethics and Compliance within our organizations. It is clear that the role of Ethics and Compliance professionals in ensuring ethical standards are met is more critical now than ever before. It is no longer sufficient to rely on basic practices, policies, and processes. Instead, we must strive to raise the bar to meet the higher expectations of employees and the ever-changing landscape of the modern workplace.

The past few years have brought about a significant shift in employee expectations, and the Great Resignation phenomenon is evidence of this. Employees are leaving organizations that do not align with their values and purpose, and they expect their organizations to be a force for good in the world. Honesty, belonging, and the ability to contribute to a noble purpose have become table stakes. Organizations that demonstrate transparency, fairness, and inclusion are attracting the best employees who want to work for companies that uphold their values -- and naturally driving better business outcomes as a result. The ROI on Integrity has never been clearer.

But to meet these higher employee expectations, every Ethics and Compliance team must ensure that the foundational elements within their program are in place and running smoothly and properly. Compliance must have a seat at the table, investigators must be consistently trained, and leaders must be leveraged throughout the organization to promote key values. Speak Up processes should be clear, feel safe, regardless of the channel and be focused on the “client” -- and documentation should never be neglected. When these basic elements are running smoothly, we have the opportunity to drive real change within the organization, not only risk, and improving the Ethics and Compliance program in meaningful ways, but improving the culture of our workplace and ensuring that our organization’s values are not just words on paper.

Every year, we gather data from our community, analyze it, and present insights we’ve found along with an honest and candid assessment of the state of Ethics and Compliance. While there are bright spots in the data, the time has come for us to step up and become the strategic levers and trusted advisors within our organizations. One out of three employees has changed jobs in the last 18 months. Engagement is lower than ever and yet retaliation is higher than ever. It is crucial we help create an authentic culture of integrity to foster trust, belonging, and transparency for everyone within our organizations if we want to reverse these trends.

This year's Benchmark Study highlights the need for change in the state of Ethics and Compliance within organizations. We can’t merely live up to higher expectations placed on us by today’s employees -- we must surpass them. The importance of Ethics and Compliance professionals has never been more crucial than it is now, and it is up to us to lead the charge forward.

It's time to reassess our current state, visualize our desired future state, and start taking the steps today to make that dream a reality. We are so close. Small tweaks to what we are doing already will have an outsized influence on our impact. But it takes action. And it takes boldness to drive the change we want to see.

To do this, we need to consistently crowdsource risk intelligence at scale and create a culture of transparency and inclusion to meet the higher expectations of employees: expectations that are not changing or going away.

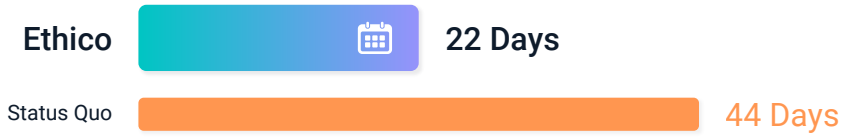
We are humbled to be a part of this community that we've all built together. It is unique and special and meaningful and true.

The impact we can have is massive. We can change the world together. We can provide a positive workplace culture built on integrity that values the employee experience by living out our commitment to transparency, fairness, and inclusion. Let us take action and drive the change we want to see in our workplaces and our world.

Ethico Leadership

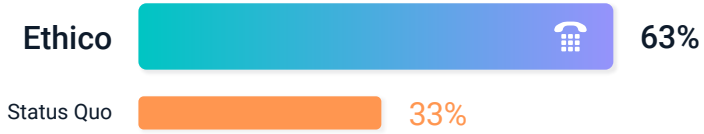
Executive Summary

01 **Case closure time averaged 22 days (Status Quo Comparison 44 days) down 1.7 days from last year, with 84.2% closed in less than 30 days (Status Quo Comparison 33%), a 2.7% improvement over 2021.[1]**



Driving a "Speak Up" culture means recognizing that issue intake is the beginning of a conversation. This means placing a high importance on case closure time, which is a critical metric to assess both the health of your program and your investigation process. Best practice is to close cases in fewer than 30 days on average. Complex investigations, while rare, should not be closed just for the sake of closing, but fully investigated even if it means taking longer.

02 **Hotline remains the most used intake avenue at 63%, down from 76.5% (Status Quo Comparison is 33%).**



Now that more workers are in-office and can again report issues in-person, hotline usage has returned to its historical levels at 63% of all traffic. While still the dominant channel, the prevalence of hybrid work environments last year showed the importance of offering omnichannel intake options to gather reports. In 2023, organizations should not simply aim to offer one, or even two, avenues of reporting, but rather make reporting easy and accessible for all types of employees.

03 **51% of all reports were substantiated (Status Quo Comparison 43%) holding steady from 2021.**

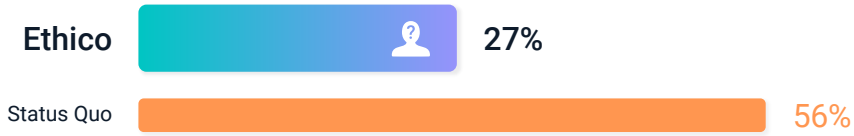
When reporters understand the intake process and what they should report, and better information is gathered during intake, substantiation rates increase. Lower rates can indicate problems with how information is gathered (e.g., too robotic) or with how your process defines substantiation. This metric is negatively correlated with the anonymous rate.

Executive Summary

04 Original issues as a percentage of total reports decreased slightly to 85% in 2022 (Status Quo Comparison is 67%).

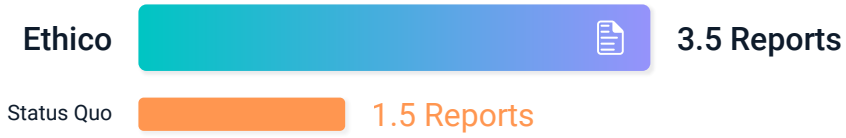
Teams that provide employees with clear expectations about the reporting process, humanized intake built on empathy, and good communication back to reporters tend to see lower follow-up rates. This metric provides good clues into how reporters are experiencing your program.

05 Only 27% of reporters decided to remain anonymous (Status Quo Comparison 56%), a decrease of 1% from 2021.



82% of employees experience retaliation after reporting.[2] While Millennials and Gen Zers are relatively more vocal, this statistic indicates that they still prioritize self-preservation. An intake process that is humanized and transparent makes reporters feel safe, and safe reporters are willing to be identified. Overall, your anonymous rate can give clues about intake quality as well as general employee trust.

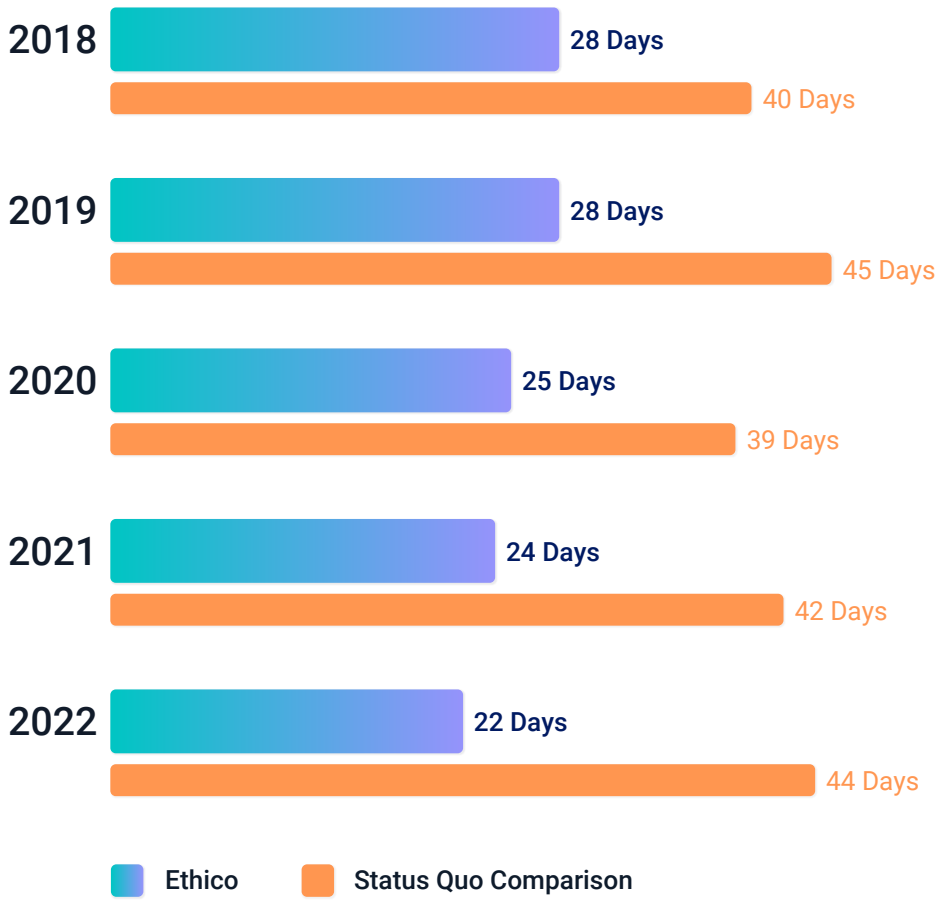
06 Reporting rate decreased from 3.9 to 3.5 aggregate reports per 100 employees in the 2022 sample (Status Quo Comparison 1.5).



Your reporting rate and how it trends is an important metric to monitor to gain insights into program effectiveness and cultural health. The Ethical Culture Report showed that respondents were more willing to report workplace misbehavior, and yet they actually reported less of it.[3] This was corroborated by our own findings where reporting rates fell slightly from last year.

[1]Penman, Carrie, (2023). 2023 Risk & Compliance Hotline & Incident Management Benchmark Report. Navex Global.
[2]The Ethics & Compliance Initiative, (March 2021). The State of Ethics & Compliance In the Workplace. Global Business Ethics Survey Report. Retrieved from https://www.ethics.org/global-business-ethics-survey/
[3]Ethisphere, (February 2023). 2023 Culture Report. Retrieved from https://ethisphere.com/2023-culture-report/

1. Issue Days Open



Average Number of Days to Close a Report

Case closure time is a key performance indicator for all workplace investigation teams. Teams need to ensure that identified risks are handled appropriately, and reporters want to know that their issues are taken seriously and acted upon.

Through the Great Resignation, we saw a two point drop in average days open. Ethico clients averaged 22 days to close a case, approximately 2x faster than the status quo (44 days).

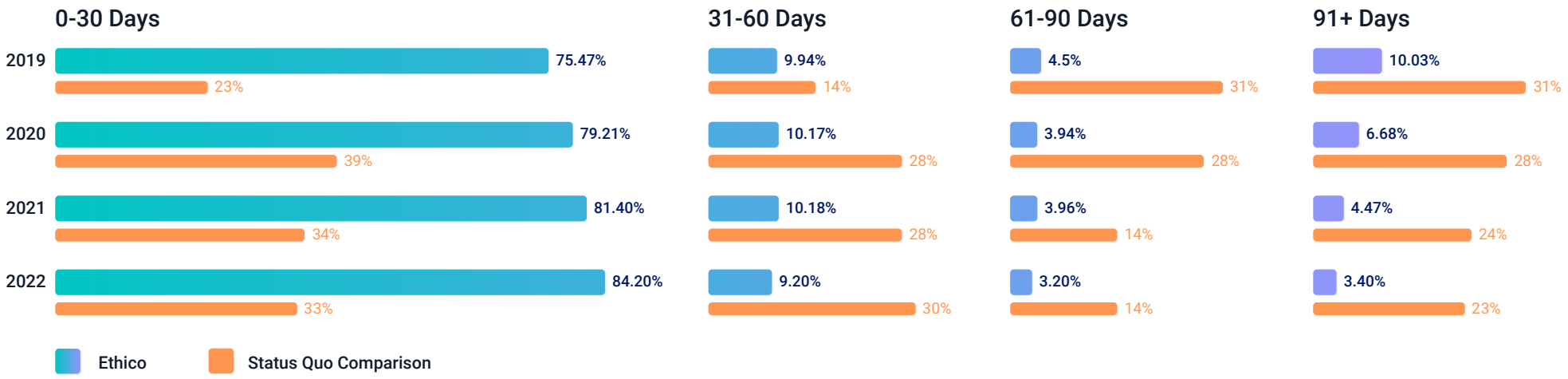
When too much time passes between report and resolution, reporters can lose trust in their organizations. Additionally, companies can open themselves up to increased regulatory and legal risk when cases are not addressed as soon as possible following a report. Remember that 84% of whistleblowers try to report internally before going “outside” the organization, which means that many external reports may have been preventable if addressed internally in a timely manner.

Since 2018, Ethico-enabled teams have reduced average days open over six points, driven primarily by improved tech features that eliminate manual work. Increased automation of busy-work leads to better ROI on spend and improved messaging to reporters that concerns are respected and taken seriously.

[1]Ethics Resource Center, (2012). Inside the Mind of a Whistleblower. Corporate Compliance Insights. Retrieved from www.corporatecomplianceinsights.com/wp-content/uploads/2012/05/inside-the-mind-of-a-whistleblower-NBES.pdf.

1. Issue Days Open

Trends in Case Closure Times



2022 showed significant improvement in the case aging profile. The 0-30 Days bucket increased three points from 81% to 84% (status quo down to 33%), while the 91+ Days bucket dropped another 1.1% to 3.4% (status quo at 23%).

Given the challenges posed by the Great Resignation, this drop in case closure time, and associated shift in aging proportions, is significant.

The key to improving this metric is to set a baseline and focus efforts on continuous operational improvement. A materiality-based approach to the process itself will uncover opportunities to improve your investigation process and send the intended messages back to your workforce.

1. Issue Days Open

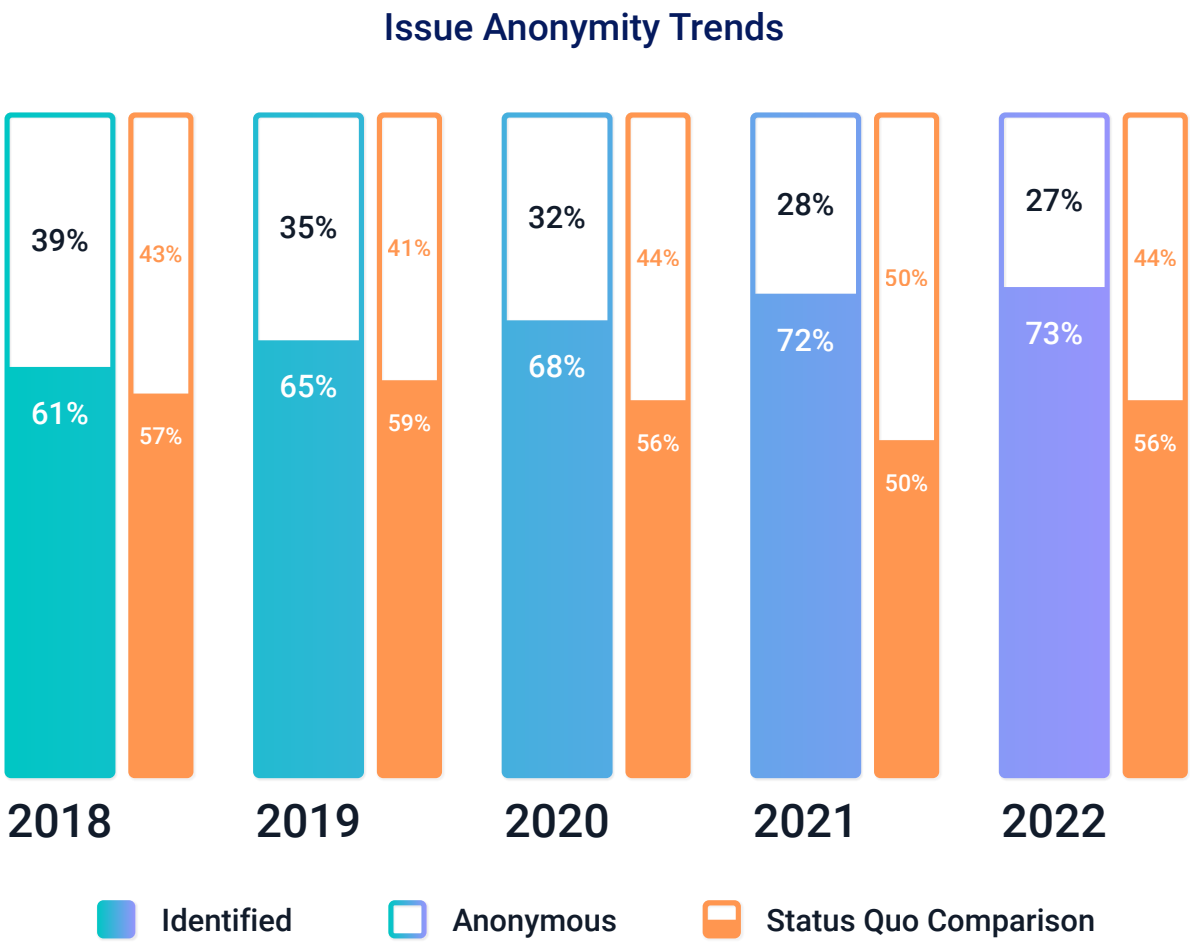
Think About

- How can you minimize the time to close your organization's cases?
- What are the benefits of reducing the time to close cases for your organization?
- How can quick case closure and effective communication benefit your organization's culture?
- How can the quality of intake be improved to minimize case closure times?
- What are the benefits of conducting weekly or daily team reviews of open cases?
- How can auditing categories and utilizing smart workflows and automation impact case closure times?
- How can you demonstrate to employees that cases are being closed in a timely manner? How can you prove that results are communicated back consistently?
- What anecdotal stories can you share with the workforce, perhaps through town halls or through managers, that show people their concerns are taken seriously?
- Where could you provide communication (perhaps in the form of an infographic) about your reporting and investigation process?
- Can you nest investigation Objectives and Key Results into broader company-wide initiatives?
- Which areas present the biggest opportunities for reducing case closure times?

Issue Days Open Rate $= \dfrac{\text{Total Days Open}}{\text{Total Cases Closed}}$

Determine the number of days each issue is open and sum all the days. Divide the total sum of all days open by the total number of cases closed.

2. Issue Anonymity



Issue Anonymity remains a critical metric to monitor as it provides an aggregate glimpse into the workforce's level of corporate trust. More employee ownership and a lower fear of retaliation tend to generate lower anonymous rates.

Since 2018, we have seen a significant decline in anonymous reporting rates, falling from 39% down to 29% last year, a 12% improvement.

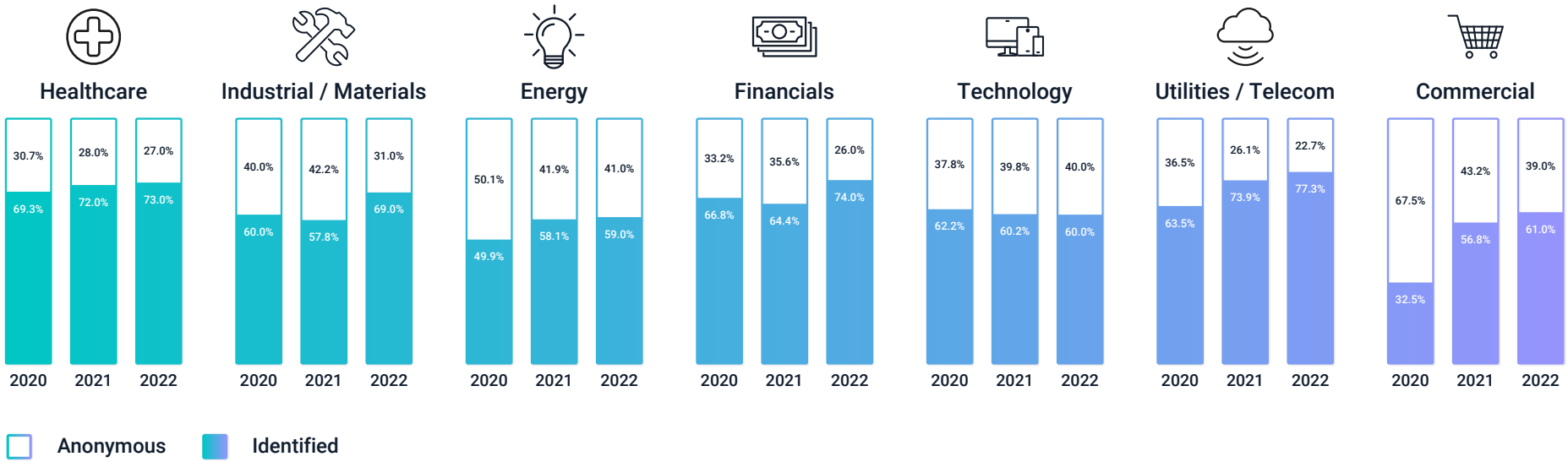
Organizations with high anonymous rates often see lower employee engagement, and relatively higher employee turnover rates.

Anonymous rates in the 40-50% range can indicate opportunities to increase the level of trust within the organization. One of the easiest places to focus is the intake process itself.

Taking steps to preview the process for potential reporters, while meeting them with an intake process that is flexible, empathetic, and humanized, tends to build trust quickly. Higher trust leads to better reporting rates, higher substantiation rates, and better cultures.

2. Issue Anonymity

Issue Anonymity Trends by Sector



All industries saw a similar trend of increased identified reporters over the past three years, save for the Technology sector, where the trend has remained flat at approximately 40% since 2020. We believe this is due to disproportionately more technology companies remaining in a WFH environment.

Anonymous reporting offers helpful clues about how the workforce is engaging in your Speak Up program. Campaigns to show a concerted effort to combat retaliation, along with stories of Upstanders who spoke up and were not retaliated against, can help build the foundational trust necessary to crowdsource risk intelligence at scale.

Anonymous Rate = $\frac{\text{Total Anonymous Issues}}{\text{Total Issues}}$

Identified Rate = 1 - Anonymous Rate %

Divide your number of anonymous issues by total issues to get your anonymous reporting rate. Subtract the anonymous reporting rate from 1 to get your identified rate.

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2. Issue Anonymity

Think About

- Have you checked your organization's Anonymity Rate? How do you feel it reflects on your corporate culture?
- If your Anonymity Rate is significantly higher than the one-in-three stable trend, what should you examine?
- What are some methods to gain insights from employees regarding trust issues in an organization?
- What are some key incremental improvements you can make to quickly address trust issues?
- What aspects of the reporting process, issue intake, and case management processes can you rethink to drive improvements?
- What factors contribute to a lack of trust in your organization, and how do they affect reporting?
- As E&C professionals, what is our responsibility regarding Speak Up/ Listen Up culture? How does success tie into the Anonymity Rate?
- What other indicators within your case management system can you triangulate Anonymity Rate with?
- How can triangulating the Anonymity Rate with other indicators help generate anecdotes that can be leveraged to improve trust in your organization? Here are some examples:

1. *Total Issues:*

A low number of overall reported issues combined with a high Anonymity Rate could suggest that employees are hesitant to engage and prefer to remain anonymous, indicating low trust in the reporting process.

2. *Sensitive Issues (severity or category):*

A high number of reported sensitive/severe issues along with a high Anonymity Rate may indicate a strong culture of reporting and an environment where employees feel comfortable reporting anonymously, leading to early detection of difficult issues, especially if the reporting rate per capita is relatively high.

3. *Turnover (the Great Resignation Effect):*

Given the current climate where a significant number of employees are actively seeking new jobs and toxic cultures are a major contributor to high industry-adjusted attrition rates, comparing your organization's trailing three-month turnover rate to your industry and historical averages can provide valuable insights into your cultural health.

4. *Anecdotal Cultural Indicators (cooperation with and trust in the E&C team):*

Compare your metrics to your perception (or a rough sampling of employee sentiment) of trust in your process. While less objective, this can help you form assumptions to monitor and measure against.

2. Issue Anonymity

BREAKING DOWN THE NUMBERS

Avg. Days to Close Issues
Submitted Online

Anonymous	Identified
25 DAYS	23 DAYS

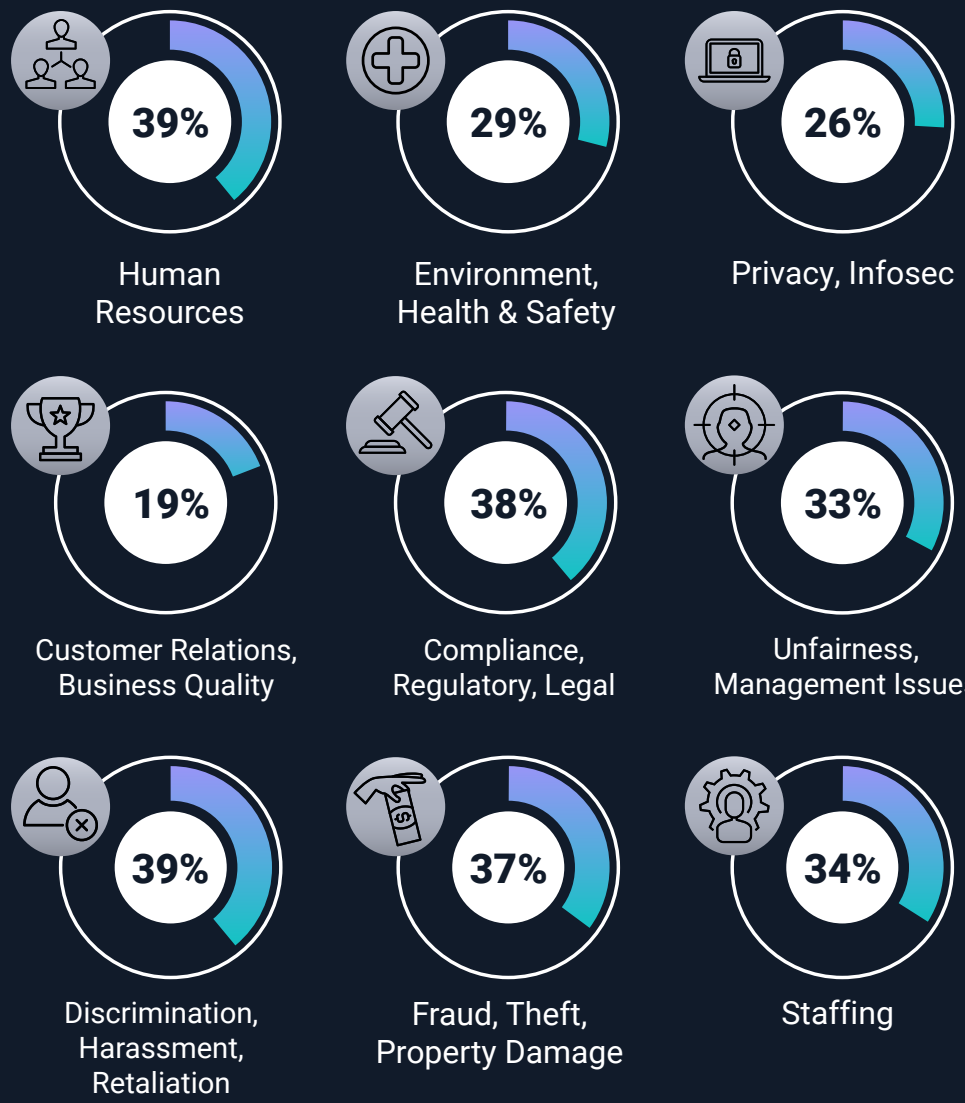
Avg. Days to Close Issues
Submitted In-Office / In-Person

Anonymous	Identified
27 DAYS	22 DAYS

Avg. Days to Close Issues
Submitted by Hotline

Anonymous	Identified
24 DAYS	22 DAYS

Anonymity Rate
Based on Issue Category



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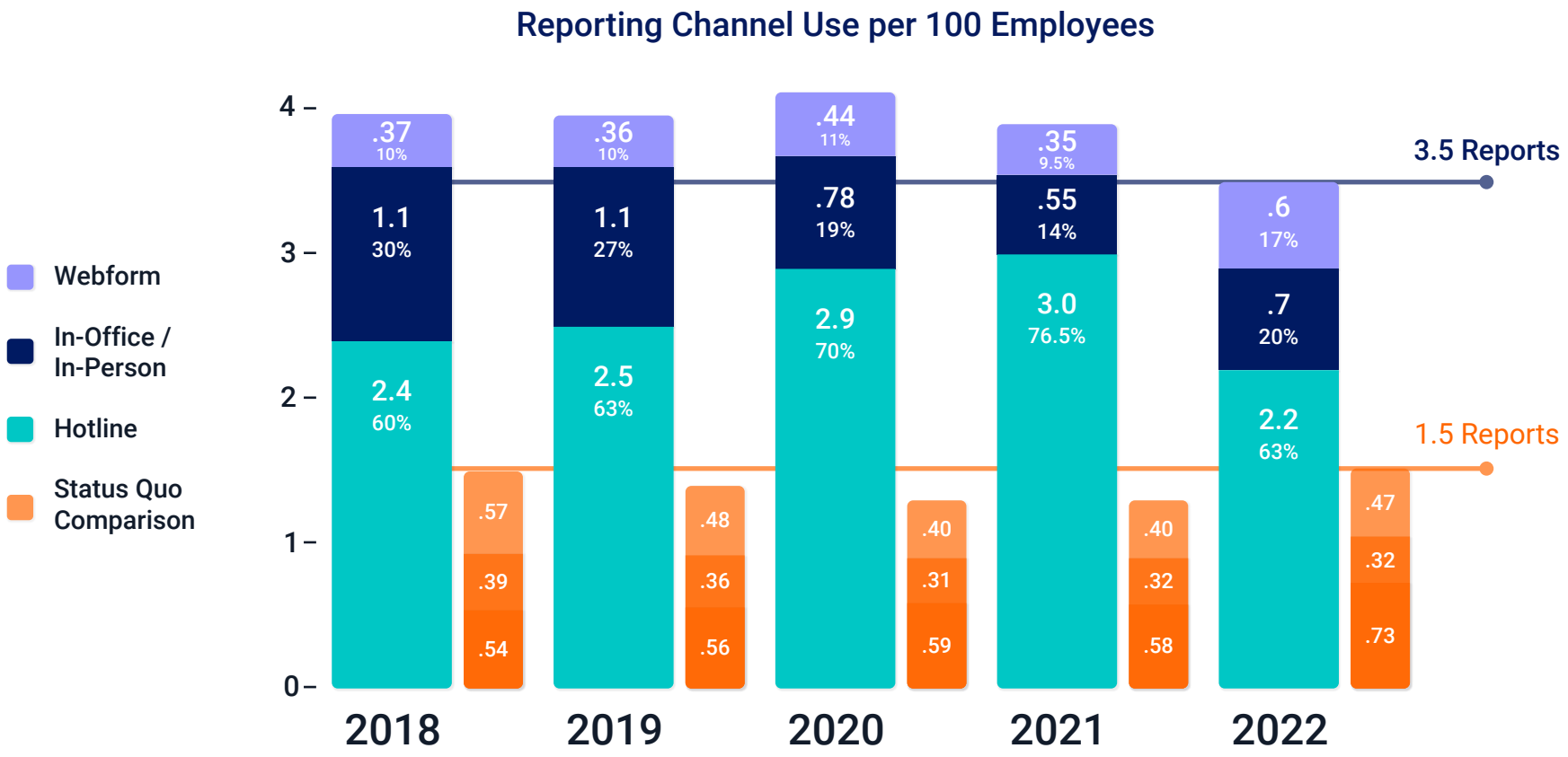
3. Reporting Channel Use



Evaluating your reporting channels on an ongoing basis helps to identify where additional resources might be needed to drive improvement and increase program effectiveness.

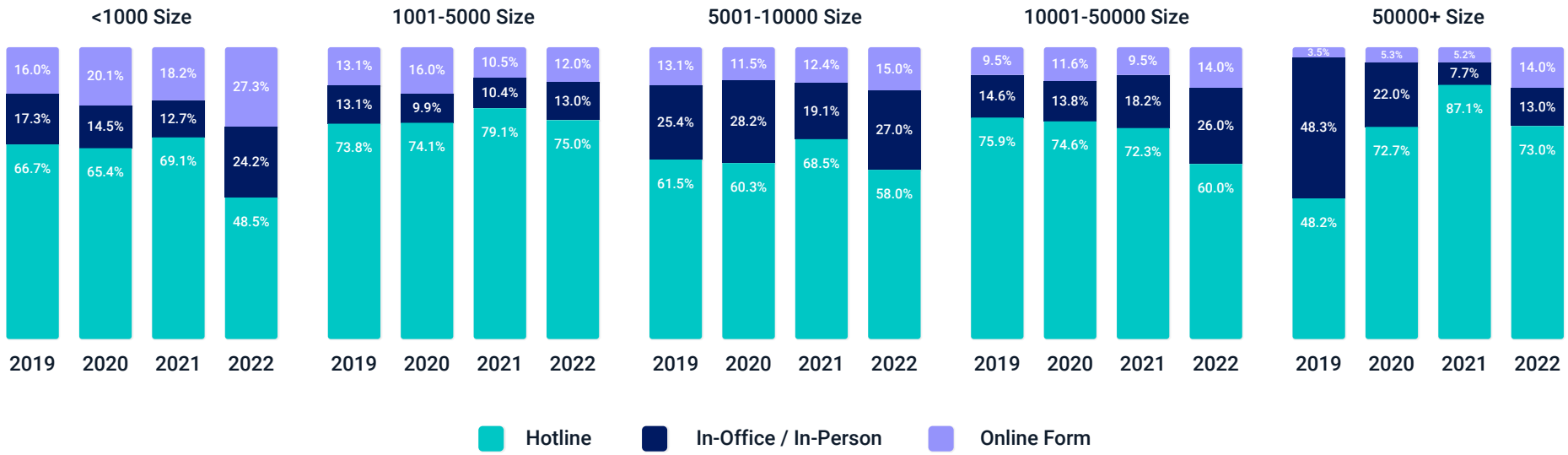
A myriad of factors are at play here. More businesses transitioning to either full hybrid or predominately back in-office, coupled with a generational shift that is gaining momentum, has led to interesting shifts in the data.

In-office reporting had a meaningful increase from 14% to 20% of all reports as employees returned to work. 2022 also saw a significant increase in the proportion of web reports, up to 17% of all reports, underscoring the importance of optimizing the mobile experience.

While proportionately reverting to historical levels, Hotline remains the most significant channel for intake, accounting for 63% of all reports.

3. Reporting Channel Use

Reporting Channel Use by Company Size



Consider your omni-channel approach to issue intake and try to find areas that might be impediments for people to speak up. Common impediments include:

- Is the hotline laden with call trees or are calls answered live?
- Are managers trained on empathetic elicitation and to submit reports to your team on behalf of other employees?
- Do people have to download an app to report? Or are pages web-enabled? Are web forms flexible and dynamic?
- Is your anonymous hotline intake flexible and human, or rigid and robotic?

Anecdotally, credible campaigns to fight retaliation or to refresh a Speak Up program (e.g., accompanying a transition to a new provider) tend to result in meaningful shifts in reporting rate with the largest increase coming through the hotline channel.

When considering your own data, remember your best benchmark is your own prior data. This is why it is essential to gather key metrics year over year, which will allow you to demonstrate your program's improvement to leadership and make necessary adjustments. Tracking metrics such as changes in constraints, workforce composition or set-up, and industry-specific challenges can provide valuable insights.

3. Reporting Channel Use

Think About

- What are some strategies you can use to increase the proportion of reports through your hotline? Have you ever tested your intake experience? How can round table discussions or surveys with identified callers provide useful insights into changes in your reporting channel results?
- Would it be helpful to make courteous communication back to identified reporters a policy of your investigation team? How can you ensure that the "customer" experience is in line with your expectations and your organization's standards by revisiting your directives and general call process?
- Have you analyzed your awareness campaigns to optimize messaging and imagery? How have you altered your awareness plan to account for the "New Normal" if you are in a WFH scenario? When was the last time your posters were updated? When did you last update your awareness strategy and content schedule?
- Are there any simple ways you can drive toward a new culture where crowdsourced risk management is the norm, such as Speak Up/ Listen Up campaigns, images below email signatures, or working with IT Security to place a Speak Up/Listen Up screensaver on everyone's computer?

Reporting Channel $= \dfrac{\text{Cases by Intake Method}}{\text{Total Cases}}$

Generate your list of cases over the last year and code each one based on the intake channel. Sum all cases by channel and divide each total by the total number of cases.

Compliance 3.0: Apart from the Business, Or a Part of the Business

In recent years, the Department of Justice has consistently emphasized the importance of companies being able to demonstrate that they are tracking the effectiveness of their compliance programs. To accomplish this, Ethics & Compliance (E&C) teams must be seamlessly integrated with the business, with proactive policies and controls that encourage employees to behave ethically.

Since the passage of the Foreign Corrupt Practices Act (FCPA) in 1977, compliance programs have undergone significant changes in structure, accountability, and performance evaluation. The Federal Sentencing Guidelines (FSG) and the Sarbanes-Oxley (SOX) Act played a vital role in shaping compliance programs, as well as ongoing guidance to organizations from the Department of Justice (DOJ). These developments have given rise to three distinct compliance models: Compliance 1.0, 2.0, and 3.0.

Compliance 1.0, which was dominant in the 1990s, focused on defensiveness, with the primary goal “of keeping the boss out of jail.” Compliance 2.0 emerged after the introduction of SOX and the 2004 FSG amendments, emphasizing efficiency with the introduction of software tools and data-heavy dashboards. Now, we are heading toward Compliance 3.0, which focuses on program effectiveness and becoming trusted advisors who drive ethical behavior.

Despite the evolution of compliance programs, some professionals and programs still operate within a Compliance 1.0 framework, while others may be in a transition phase between frameworks. The challenge for E&C professionals is to convince executives who prioritize quantifiable and value-based metrics of the function's value, particularly given the abstract nature of many of the concepts underpinning compliance programs. It can be difficult, for example, to articulate the value of a Speak Up/Listen Up culture in financial terms. As a result, some programs prioritize efficiency and cost-cutting goals, potentially undermining their effectiveness (i.e., “The 2.0 Efficiency Trap”).

Compliance 1.0 : Check the Box

- Check the box initiatives
- Perceived as a “necessary evil” and/or “the office of no”
- Focus is on keeping executives out of jail and protecting the bottom line from federal penalties

Compliance 2.0 : Efficiency-focused

- Software integration and efficiency focused initiatives
- Viewed as “cost center" that hinders productivity
- Reactive, rather than proactive
- Not data-driven, lacks integrated data analytics
- Often works in a siloed department, excluded from major strategic decisions

Compliance 3.0 : Effectiveness-focused

- Viewed as Trusted Advisor & Revenue Protector
- Reporting information and insights, proactively seeking and mitigating risks
- Strategic lever capable of boosting organizational productivity and reputation
- Focus on work-culture and employee engagement initiatives
- Reinforces a self-sustaining culture of integrity
- Combats turnover, burnout, and disengagement

Compliance 3.0 Apart from the Business, Or a Part of the Business (cont.)

Although efficiency metrics and task completion can be used to demonstrate value, they may not capture the true risk-based focus that underpins Compliance 3.0. This approach is characterized by the integration of procedural efficiencies, demonstrable ROI, and tangible outcomes that benefit stakeholders. In short, a Compliance 3.0 program is one that is effective, achieving its objectives and driving ethical behavior.

However, possessing a Compliance 3.0 mindset does not guarantee a 3.0 E&C program. Building such a program requires significant effort, collaboration, and support from executives, the board, HR, strategy, and other departments working together to drive a culture of integrity. Compliance 3.0 is not only about implementing policies and controls but also about embedding them within the company's culture and behavior.

Regulatory guidance is often less definitive and prescriptive than professionals would like. Nevertheless, the message that demonstrating effectiveness is critical comes across loud and clear. If you can't prove a program's effectiveness, the assumption by regulators is likely to be that the program will not be effective should a compliance or ethics issue ever arise. The challenge for E&C professionals is to strike the right balance between efficiency and effectiveness, recognizing that the latter requires a broader perspective and a more holistic approach.

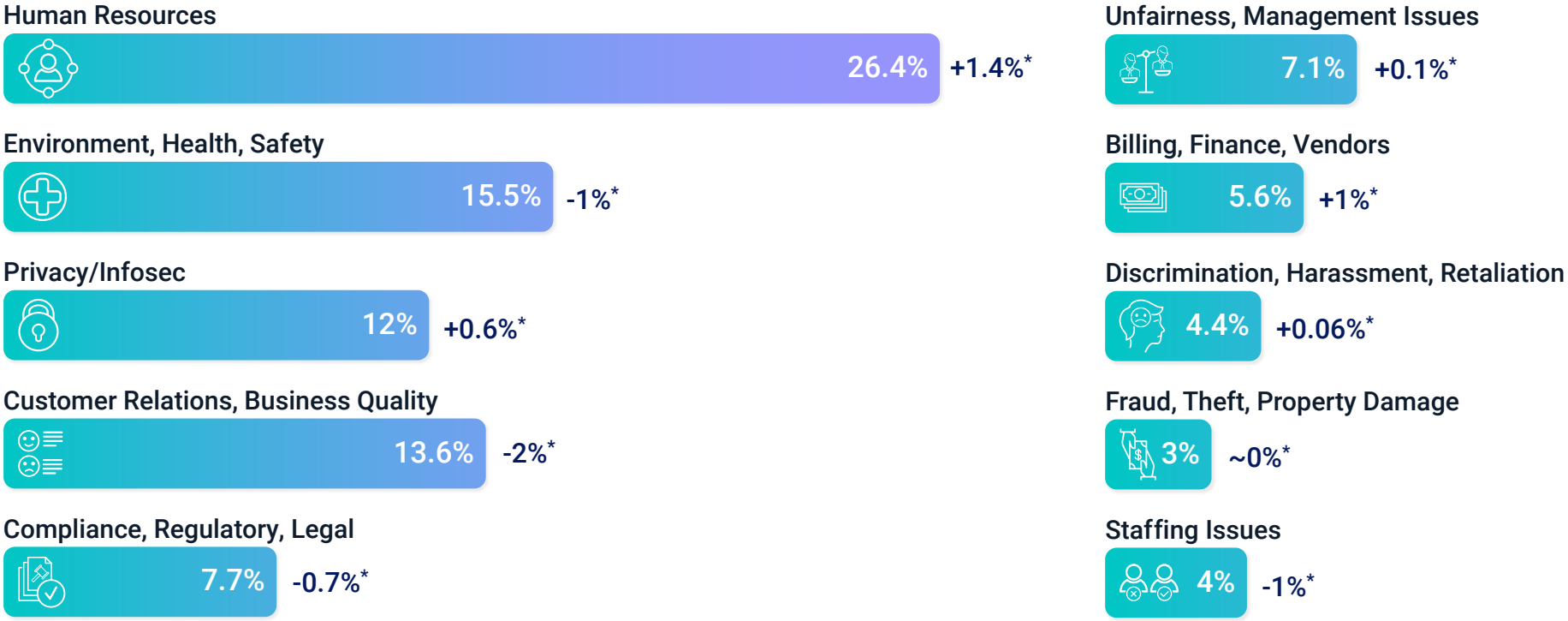
Compliance programs have evolved over time, and three distinct models have emerged. While Compliance 1.0 was dominant in the 1990s, Compliance 2.0 emerged after the introduction of SOX and the 2004 FSG amendments. However, Compliance 3.0 represents the latest phase, emphasizing effectiveness and the integration of policies and controls with the broader company culture. To build a 3.0 program, E&C professionals must collaborate with other departments and ensure that policies and controls are embedded in the company's culture and behavior. Ultimately, demonstrating effectiveness is critical to the success of any compliance program, regardless of the model being used.

While the guidance from the various regulatory bodies is often less definitive and prescriptive than many of us would like, one thing is clear: a program that can’t show its effectiveness is probably not effective.

4. Issue Categories

Categories of All Issues Taken in 2022

*Change since 2021



In preparation for the 2023 Benchmark, we revamped and standardized the way categories were tallied to accurately reflect the varied customization of client category sets. With this report, we aimed to separate out topics which might have fallen under other categories to offer valuable and insightful information.

Please note that a single hotline report may fall into multiple categories depending on its content. As a result, the percentages provided do not represent proportions of the total issues reported. Instead, they represent the overall concerns reported across all issues.

The largest fluctuations in 2023 were seen in Human Resources and Customer Relations, Business Quality. Human Resources issues increased to 26.4% of total issues, reverting back to 2020 levels. Historically, Human Resources issues have accounted for between ¼ and ⅓ of all reports and almost ½ of all employee-reports (44% in 2022).

4. Issue Categories

BREAKING DOWN THE NUMBERS

Out of all issues, what are **EMPLOYEES** mostly reporting?

HR ISSUES
44%

Unfairness, Management Issues
11.2%

Environment, Health & Safety
8.8%

Privacy, Infosec
10.3%

Discrimination, Harassment, Retaliation
7.5%

What are **CUSTOMERS** reporting?

ENVIRONMENT, HEALTH & SAFETY
30.5%

Customer Relations, Business Quality
27.1%

Billing, Finance, Vendors
11.4%

And **VENDORS/CONTRACTORS?**

HR ISSUES
35%

Compliance, Regulatory, Legal
14.9%

Environment, Health & Safety
8.1%

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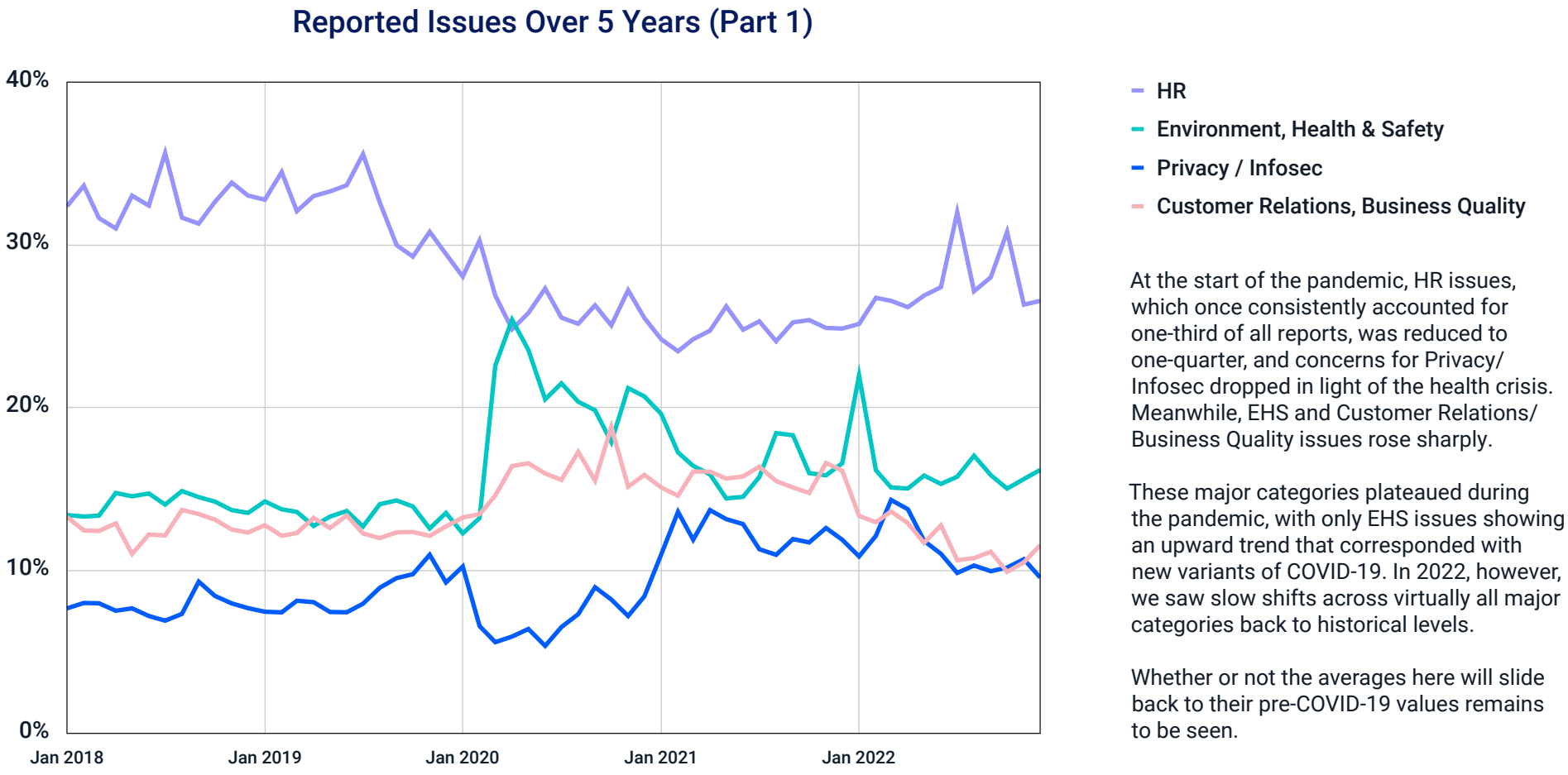
4. Issue Categories



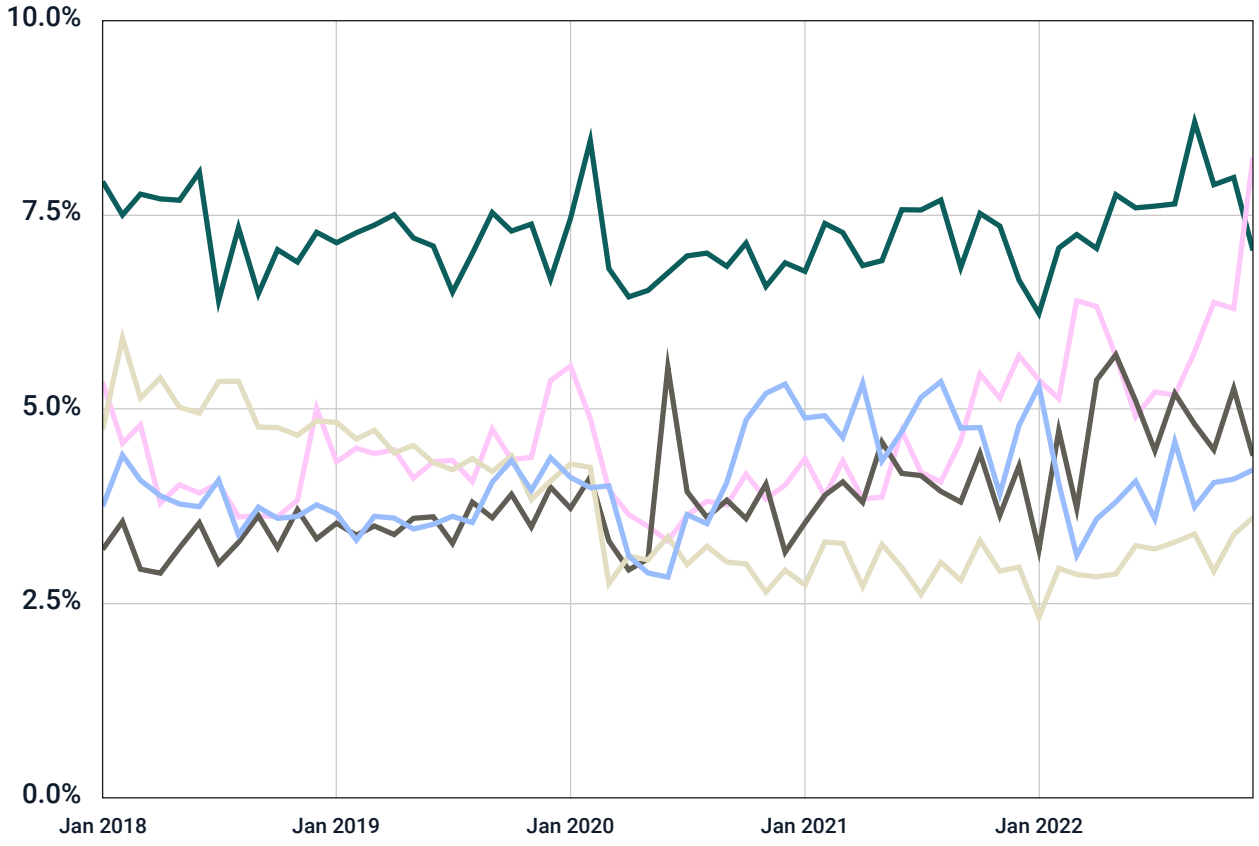
At the start of the pandemic, HR issues, which once consistently accounted for one-third of all reports, was reduced to one-quarter, and concerns for Privacy/ Infosec dropped in light of the health crisis. Meanwhile, EHS and Customer Relations/ Business Quality issues rose sharply.

These major categories plateaued during the pandemic, with only EHS issues showing an upward trend that corresponded with new variants of COVID-19. In 2022, however, we saw slow shifts across virtually all major categories back to historical levels.

Whether or not the averages here will slide back to their pre-COVID-19 values remains to be seen.

4. Issue Categories

Reported Issues Over 5 Years (Part 2)



- Mgmt / Unfairness
- Billing, Finance, Vendors
- Discrimination, Harassment, Retaliation
- Fraud, Theft, Property Damage
- Staffing

These less commonly reported issue categories saw only minor changes through 2022, but they were expected post-COVID-19 shifts.

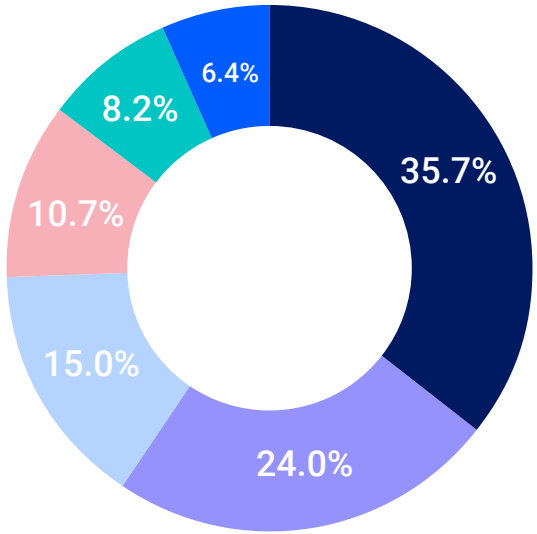
For example, issues of Billing, Finance, Vendors, which are closely tied to Customer Relations, rose as customers' grace for organizations' shortcomings during the pandemic evaporated.

Issues under the category of Discrimination, Harassment, Retaliation have been on the rise throughout 2022. This does not mean there are more instances of this, simply that fewer people were willing to tolerate this behavior.[1]

[1]Deloitte, (2021). Deloitte Global 2021 Millennial and GenZ Survey. Retrieved from https://www2.deloitte.com/global/en/pages/about-deloitte/articles/Millennialsurvey.html

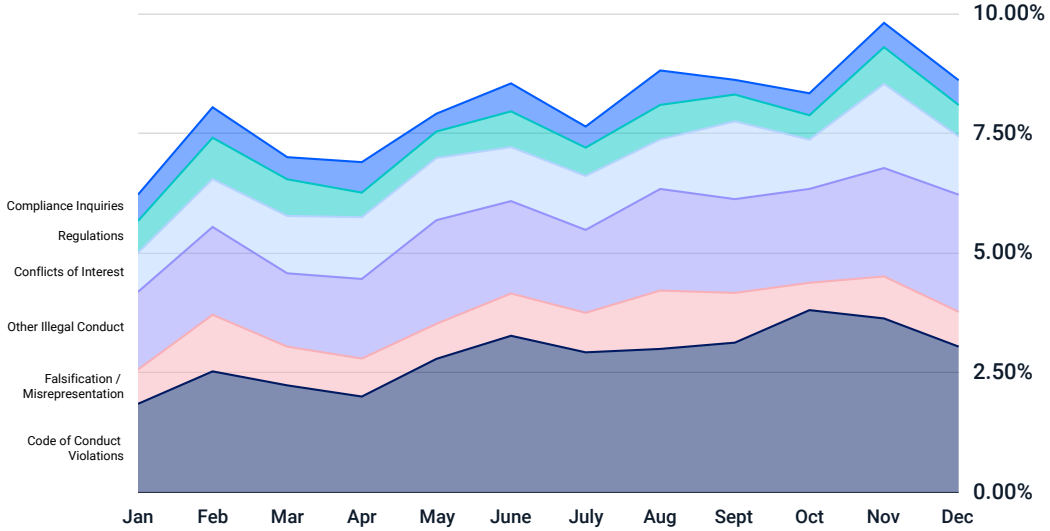
4. Issue Categories

Category Breakdown of Compliance, Regulatory, COI, Legal



- Code of Conduct Violations
- Legal
- Conflicts of Interest
- Falsification / Misrepresentation
- Regulations Related
- Compliance Inquiries

Trends in Reporting Compliance, Regulatory, Legal, COI



The Compliance, Regulatory, Legal category, which accounted for 10% of anonymous reports in 2022, is a composite of many different compliance or legal issues, excluding Privacy/Infosec and Fraud, Theft, & Property Damage.

Almost 75% of reports in the Compliance, Regulatory, Legal category were related to one or more of three areas: Code of Conduct violations (35%), Conflicts of Interest (15%), and Other Illegal Conduct (24%).

While still depressed slightly relative to historical levels, this category continues to see a steady upward trend as more organizations shift to in-office and modified hybrid working environments.

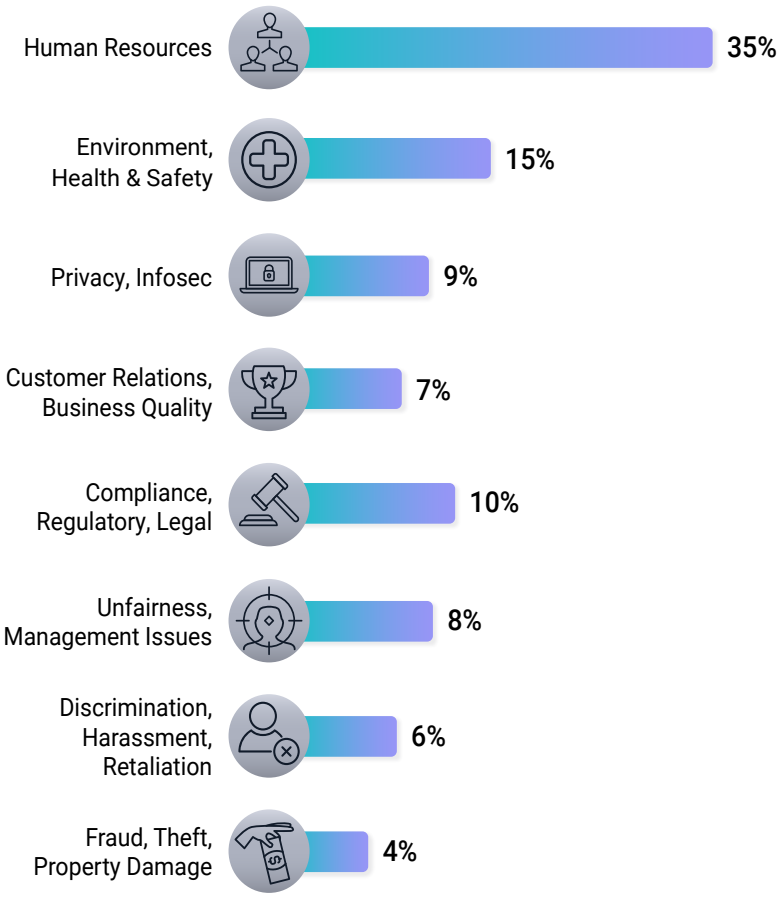
4. Issue Categories

The chart at right shows the percentage of issue categories for anonymous reporters. Interestingly there is a nine point jump between identified and anonymous reporting rates for Human Resources (26% compared to 35%, respectively). This differential is driven primarily by the fear of actual retaliation, which is estimated to be about 80% for those who speak up.[1]

A strong concentration of risk intelligence resides in this bucket. The better you become at crowdsourcing this intelligence from the workforce the more effective your program will be. Focusing on education/training, transparency, and storytelling can help activate the human sensors in your organization in leverageable ways.

[1]The Ethics & Compliance Initiative, (March 2021). The State of Ethics & Compliance In the Workplace. Global Business Ethics Survey Report. Retrieved from https://www.ethics.org/global-business-ethics-survey/

Makeup of Major Issue Categories From all Anonymous Reports in 2022



4. Issue Categories

Think About

- Are there spikes in new concerns that correlate with external events impacting your business?
- Have new sites or populations joined your workforce (due to acquisition or Great Resignation)? If so, how are you leveraging them to crowdsource risk intelligence?
- When have you updated your categories last? Have you ensured that historical data is updated also?
- How can comparing category splits across different periods help identify root causes for changes in reporting?
- Are there any spikes in new concerns within the context of external events impacting the business?
- Why is it important to keep category updates infrequent and thoughtful when comparing to prior periods?
- How can normalizing historical data with the new categories help increase comparability across periods?

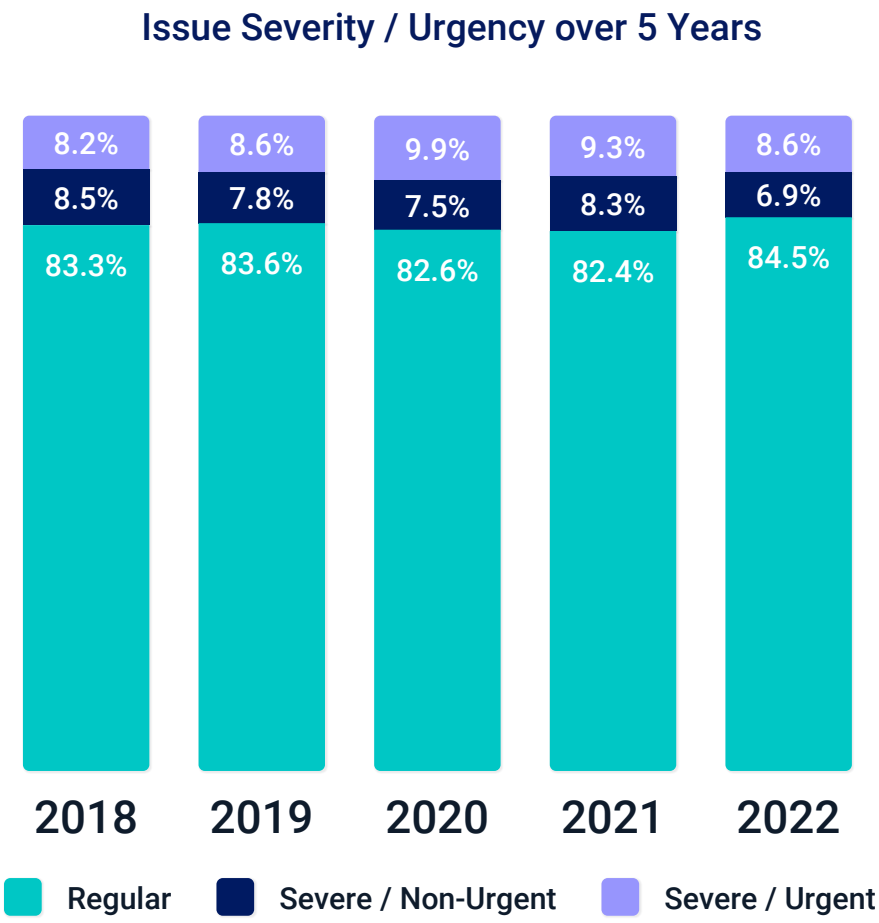
Issue Intake By Category $= \dfrac{\text{Issue Category}}{\text{Total Cases}}$

Aggregate all reports/issues over a specific time period and assign consistent categories to each issue. Your case management system or data warehouse should contain this information.

Once categories are assigned to each case, determine the number of instances in each category and divide by the total number of cases in the measurement period. This will give you your proportion of cases by category.

Repeat for other equal measurement periods to compare trends over time.

5. Issue Severity



Severity Level I
(Severe and Urgent)

This is the highest priority of a reported issue, as it is both a serious and imminent threat to a person, property, or environment, or one that has just occurred. Best practice is to make immediate direct notification to coordinators upon termination of the call.

Severity Level II
(Severe, but not Urgent)

The second-highest priority of a reported issue, defined as a serious situation that requires prompt attention, but does not require immediate action. These calls are typically ongoing situations like drug and alcohol use, workplace violence, or patient care issues that are not occurring at the time of the call but could have serious business and/or legal ramifications if ignored. Notification to the client coodinator(s) upon termination of the call is made.

Severity Level III
(Everything Else)

Calls that do not require immediate action, but must be addressed in order to properly understand and mitigate risk and to build a culture of trust and understanding among personnel. These follow the standard digital (e.g., email or case management system) notification procedures.

In 2022, Severe Issues (Severity Level I and II) fell from a combined 17.6% in 2021 to 15.5%. The two-thirds of the decline year-over-year was driven by a 1.4% drop in Level II (defined as “Severe, but not urgent”) down to approximately 7%.

The “Everything Else” Issues (i.e, not severe) accounted for 84.5%, approximately 1% higher than the historical average of 83.3%.

Out of all metrics analyzed, this metric has exhibited the highest degree of statistical stability, which increases the confidence interval of comparison across periods.

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5. Issue Severity

This graph shows the proportion of Severity I and Severity II reports by sector (i.e., excluding “Everything Else" category). Healthcare has the highest severity rate compared to other sectors by far with 17.4%, while the least severe sector was Utilities, with 2.5% severe issues.

During 2022, Healthcare (-1.6%), Finance (-3%), and Commercial (-5%), all showed declines in severity rates back to historical levels.

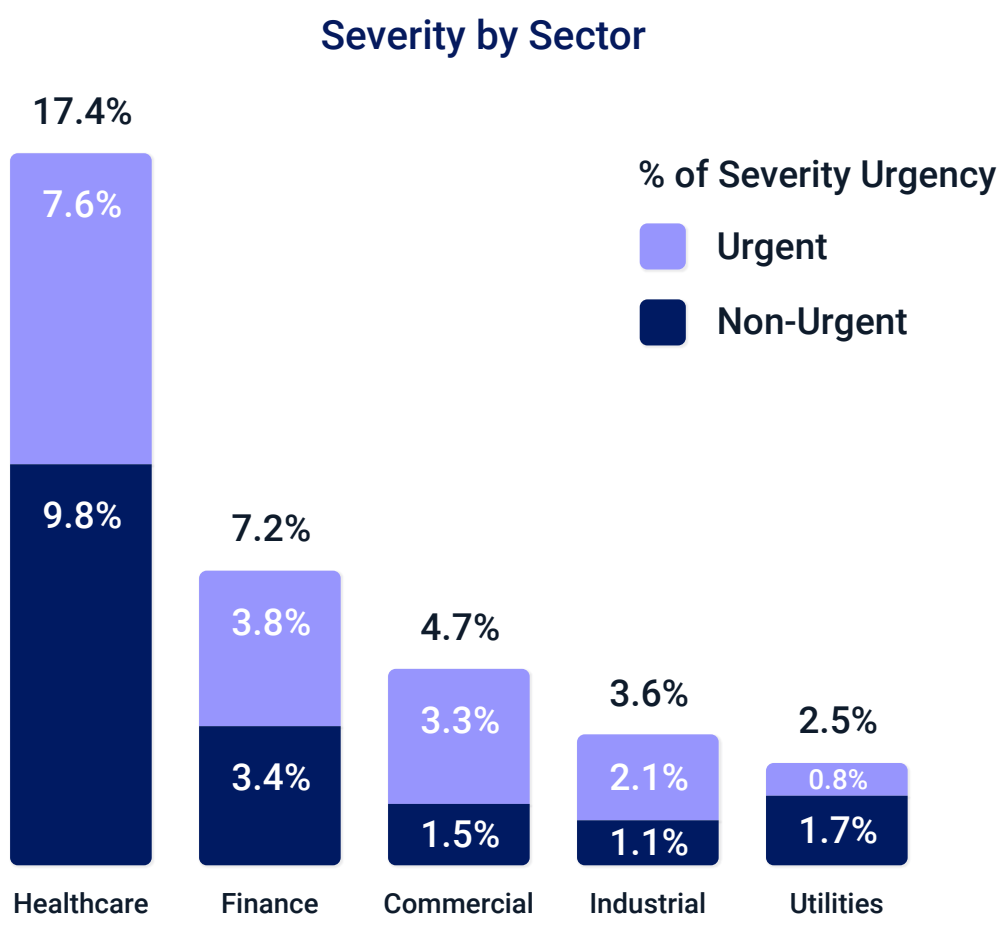
Healthcare
Hospital Systems, Pharmaceuticals, Biotech, Life Sciences, Senior Living, Rehabilitation

Finance
Commercial Banking, Investment Banking, Real Estate, Investment Trusts, Insurance

Commercial
Consumer Goods, Retail, Logistics, Food Services, Hospitality, Professional Services

Industrial
Manufacturing, Materials, Chemicals, Construction, Aerospace, Defense, Technology

Utilities
Water, Power, Government, Public Services, Telecommunications



5. Issue Severity

If your organization's aggregate severity rate is higher than 20%, consider the following questions:

1. **How is your hotline used?**

Can you describe the purpose of your hotline? If it's solely for reporting severe incidents, then naturally, your severity rate will be higher. However, this may also result in a lower reporting rate, which is undesirable. It's worth considering whether the severity rate varies depending on the reporting channel used. For example, less serious issues may be reported more frequently online.

2. **How do you categorize reports?**

Have you recently conducted a review of your process for identifying and handling "Severe" reports, and how responsive is your vendor in implementing changes? It's possible that some issues were wrongly categorized as "Severe," leading to an inflated severity level. To verify that the categorization is accurate, it may be useful to examine a few recent "Severe" reports as a sample and evaluate their categorization.

3. **Are there deeper operational problems?**

Assuming that your reporting rate is normal and your severity categories are well-defined (meaning you believe that the severity levels assigned are appropriate), then a high severity rate often indicates a systemic issue within your operations that requires a case-by-case approach. This is usually handled by specialized teams in their respective areas. The Ethics and Compliance team can support the resolution and outcome of these situations by providing an appropriate response, relevant training, and implementing adequate process and policy changes.

Think About

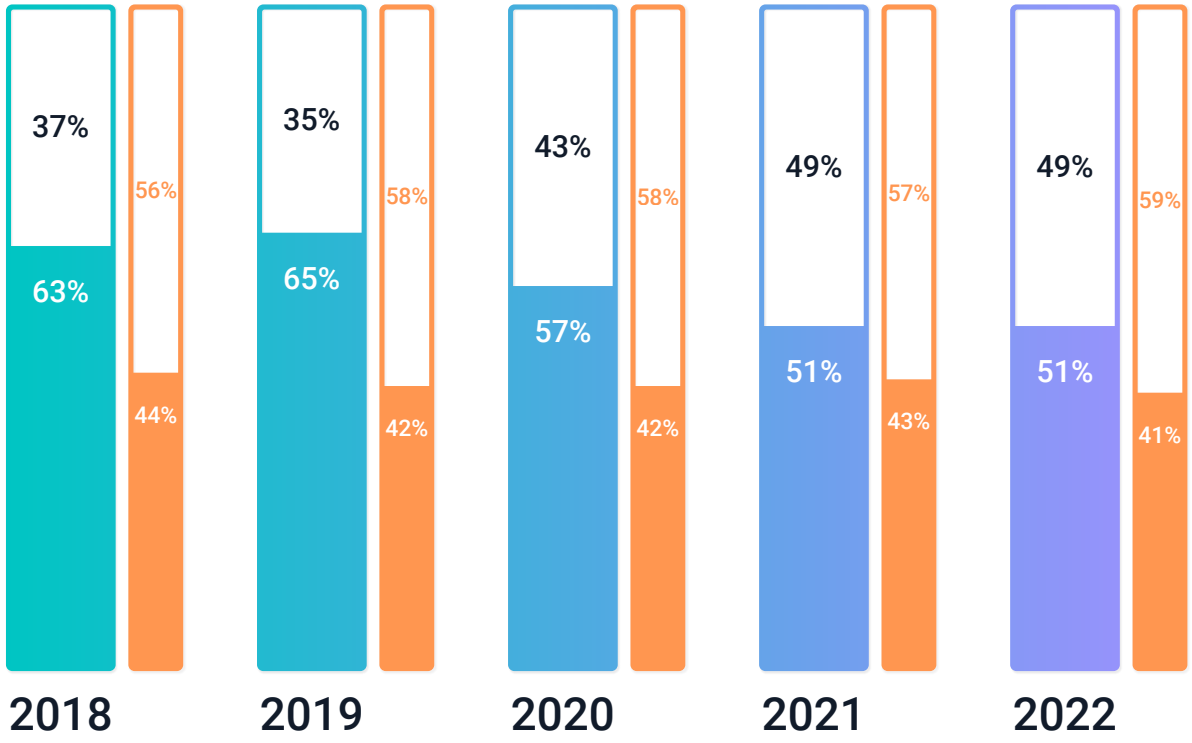
- How can you reduce the rate of severe cases, all else equal?
- How can you help improve operational quality to reduce severe case rate?
- How can you leverage your tools to crowdsource quality improvement ideas? How would this change your program's "brand" in your organization?
- How can you improve front-line participation in ideation to drive greater buy-in?

$$\text{Issue Severity Level Rate} = \frac{\text{Total Severity Level Type}}{\text{Total Issues}}$$

Aggregate all of your reports over the time period to be analyzed and apply a severity level to each. Sum each severity level type and divide each total by total issues to get your percentages.

6. Issue Substantiation

Issue Substantiation Trends over 5 Years



- Unsubstantiated
- Substantiated
- Status Quo Comparison

Issue Substantiation refers to the validity of reports once they have been reviewed or investigated. It's important to track this metric as it indicates the overall quality of reports from reporters and the effectiveness of your investigation operations.

Analyzing this metric can help ensure that reports are being investigated and resolved properly, and that employees are aware of which incidents are worth reporting.

Substantiated Case Rate = $\frac{\text{Total Closed Cases - Unsubstantiated Cases}}{\text{Total Closed Cases}}$

Unsubstantiated Case Rate = 1 - Substantiated Rate %

Divide your number of substantiated cases by the total number of closed cases. Exclude open cases to eliminate noise from your results.

Repeat the process for the previous period (e.g., quarter, year) to analyze internal trends and areas to improve.

6. Issue Substantiation

Since 2019, the percentage of substantiated issues has decreased, finally stabilizing at 51% in 2021 and 2022. This is one of the few metrics that have not reverted to historical averages in the New Normal. There have been several factors influencing this, not the least of which is the Great Resignation. Up to one in three American workers changed jobs in the previous two years, with 68% leaving due to "not believing in their organization's values." This lack of belief can be caused by many factors, including not having a voice within one's organization.

Other factors for the decline include a net decrease (vs. historical levels) in in-office/in-person reporting due to hybrid/WFH environments, a higher proportion of unsubstantiated reports, and the difficulty of some investigators to substantiate while working from home themselves.

To improve your substantiation rate, it's important to focus on consistently building trust in both the reporting process and the organization's genuine desire for employees to speak up.

Educating employees about the types of incidents to report and how/where to report them are actionable best practices to systematically improve your substantiation rate. To achieve a high rate of substantiation, you need a healthy starting point where meaningful and verifiable issues are reported with sufficient information gathered from the initial report, as well as a robust investigation and follow-up process.

Disparities in substantiation rate may also be explained by differences in company size. It's important to keep in mind that substantiation rate tends to decline by company size until reaching an inflection point among extra large organizations. As companies grow, substantiation rates may decline due to: difficulty gathering thorough information upon intake, more issue reports with minimal information, and relatively smaller teams. For instance, while the average reporting rate is 3.5 reports per 100 employees, large companies had a rate of 2.1 reports. As with all statistics, context is key to understanding the whole story.

Think About

How does your substantiation rate compare to the benchmark?

- Has it changed from prior years, and if so, why?
- If your rates have declined, what are the likely root causes?
- Is the problem on the intake side, the investigation side, or the employee education side?

If your investigations are prompt, and cases are closed quickly (<30 days, 80% of the time), are there opportunities to improve the reporting side?

- Would an awareness campaign to educate employees about the purpose of the hotline and reporting process help?
- Are there success stories you could share in company newsletters?
- Can you involve other leaders and culture champions to promote the Speak Up/Listen Up program in various ways?

If cases take more than 30 days to close most of the time, where can you improve your investigation process?

- Can you increase oversight of the process (whether it is distributed or centralized) and consider providing additional training to investigators?
- Are there specific, measurable, achievable, relevant, and time-bound (SMART) goals for case closures?
- Are there plans to collaborate within your team to achieve those goals in the next quarter to drive improvement? Would outsourcing some or all investigative work be an option to increase capacity?

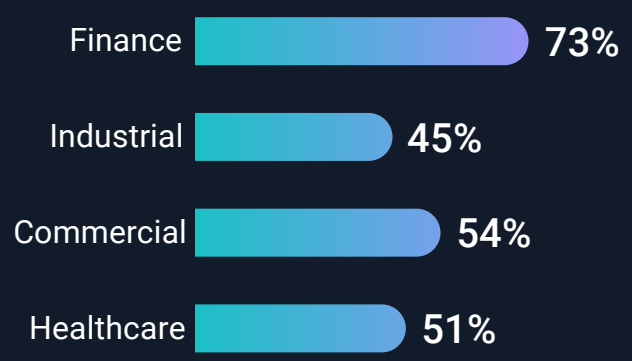
6. Issue Substantiation

BREAKING DOWN THE NUMBERS

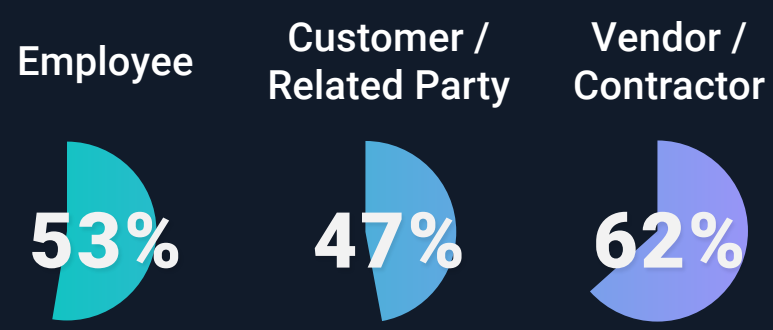
How likely is substantiation for issues which take more time to resolve?

0-30 days | 31-60 days | 61-90 days | >90 days

What % of issues were substantiated **within each business sector?**



What is the substantiation rate for **different types of reporters?**



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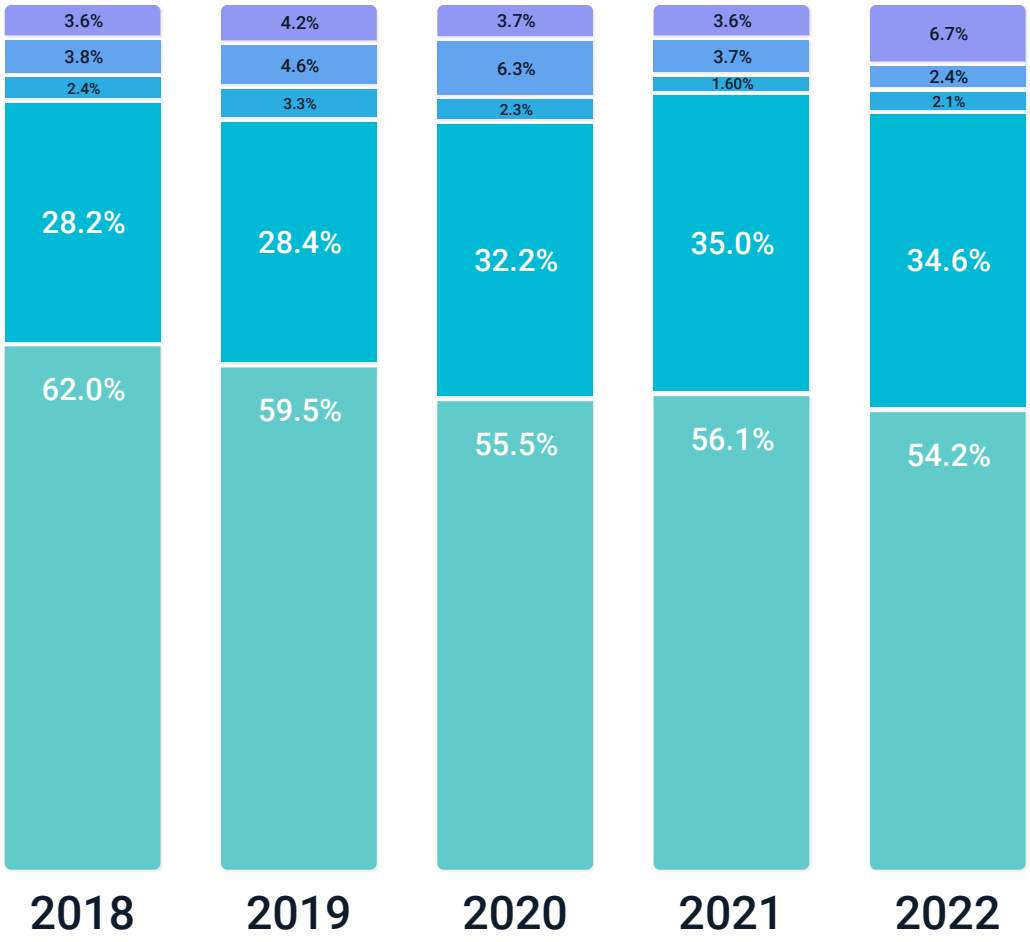
7. Reporter Types

Composition of Reporters over 5 Years



- Other
- Anonymous / Withheld
- Vendor / Contractor
- Customer / Related Party
- Employee

The Reporter Type reveals the affiliation between the reporter and the organization. Historically, employees have made up the largest proportion of hotline reporters. 2022 showed 54% of total reports coming from this group. However, the Customer/Related Party category saw a significant increase in 2020, and then stabilized at approximately 35% over the last two years.

It's important to note that the distribution of reporter types will depend on how your intake channels are used and promoted both internally and externally. Analyzing trends over several comparable periods (yearly or quarterly) can provide valuable insights on how to enhance the issue intake process. Remember that reports from anyone can help achieve organizational goals, so it's crucial to consider ways to encourage reports from non-employee groups if the opportunity arises.

7. Reporter Types

Think About

- How is your hotline being used and where do the reports indicating risk come from?
- When attempting to establish relations with customers or the community, what trends should be sought among reporter types, and how can awareness be heightened in those areas?
- If the metrics do not meet the benchmarks, what opportunities exist to develop external awareness?
- Similarly, if employees are the primary source of reports revealing internal risk, what is the significance of low metrics?
- What steps can be taken to increase employee education, awareness, and training?

$$\text{Reporter Type Rate} = \frac{\text{Sum of Reporter Type}}{\text{Total Reports}}$$

Categorize issues by reporter type. Sum each category and divide by total reports.

7. Reporter Types

BREAKING DOWN THE NUMBERS

For each business sector, who are **the people submitting issues?**

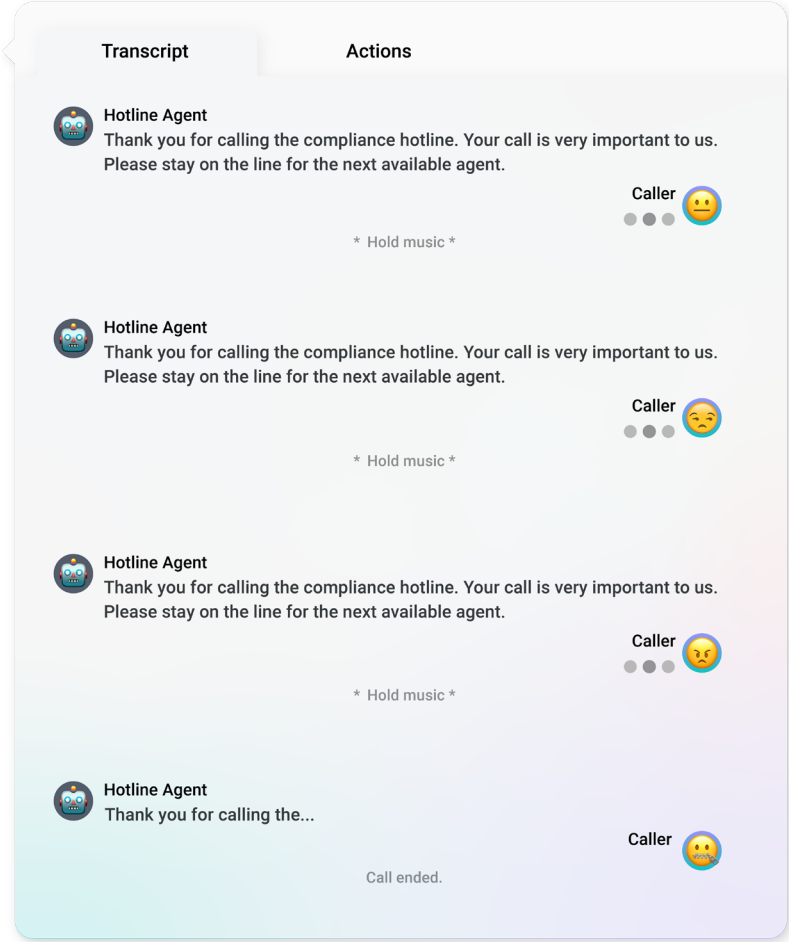
	Healthcare	Commercial	Industrial / Materials	Financials	Technology	Utilities / Telecom
Employee	56%	83%	93%	57%	92%	94%
Customer / Related	42%	15%	1%	25%	6%	5%
Vendor / Contractor	2%	1%	8%	18%	2%	1%

What % of reporter types are submitting issues in these categories?

	Human Resources	Environment, Health & Safety	Privacy, Infosec	Customer Relations, Business Quality	Compliance, Regulatory, Legal	Unfairness, Management Issues	Billing, Finance, Vendors	Discrimination, Harassment, Retaliation	Fraud, Theft, Property Damage	Staffing
Employee	93%	32%	69%	15%	69%	87%	21%	92%	45%	36%
Customer / Related	4%	67%	30%	83%	28%	12%	76%	7%	51%	63%
Vendor / Contractor	3%	1%	1%	2%	3%	1%	3%	1%	4%	1%

Fewer Issues — More Issues

Hello? Hello?
Why Abandonment Rate Matters



An abandoned call occurs when a caller disconnects before speaking to a human. It is not common for vendors to provide information on the Abandonment Rate. However, monitoring this metric can help determine how many people hang up before speaking to a human representative when calling your hotline.

Reporting compliance violations is a difficult task for most individuals. They must overcome their fear of retaliation, being treated dismissively, and being identified, even if they choose to remain anonymous.

What message does it send to an upstander who has summoned the courage to Speak Up when their call is not answered by a human, but instead by a call tree? What message does it send when they hang up because they were sick of waiting? How does that impact the culture you are trying to build?

To reduce the Abandonment Rate and encourage individuals to report violations, it is essential to have a reporting process that eliminates obstacles and connects people with other human beings as quickly as possible. Statistically, people are more likely to remain on the line when a live person answers the phone, even during peak call volume.

Long hold times, call queues, and automated call trees all contribute to higher Abandonment Rates, which lead to an increased risk of missed reports and risk of employees feeling unheard. To improve reporting and provide a voice to stakeholders, it is crucial to keep the Abandonment Rate as low as possible.

What's Your Abandonment Rate?

A graph depicting the Abandonment Rates of inbound call centers can be used to compare your Abandonment Rate with others. To determine your rate, you will need to request it from your vendor (every inbound call center tracks this).

If your reporting rate is low, it is important to investigate whether the Abandonment Rate is causing the issue. Addressing high Abandonment Rates can lead to an increase in reporting rates of up to 25%.

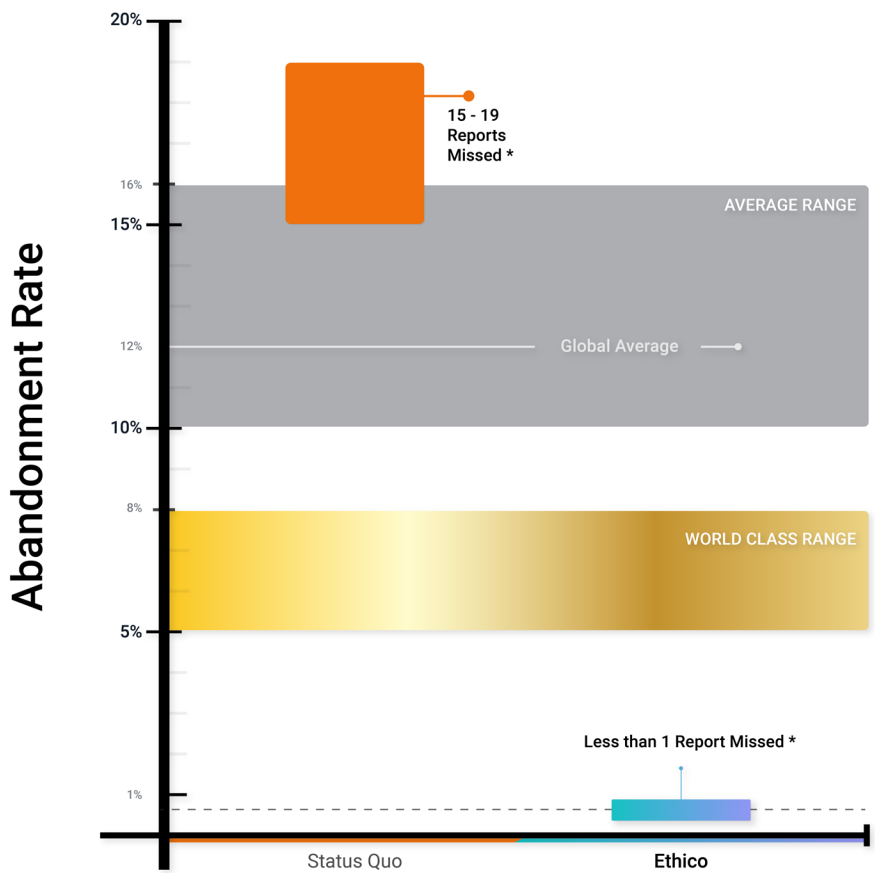
Given that more than half of employees witness "reportable misconduct" each year, there is a significant need to encourage more reports. With a low status quo reporting rate of less than 1.5 reports per 100 employees, every report attempted by an employee should be investigated thoroughly.

Ultimately, missing a report due to high Abandonment Rates is comparable to a fish jumping off the hook as you reel it into the boat.

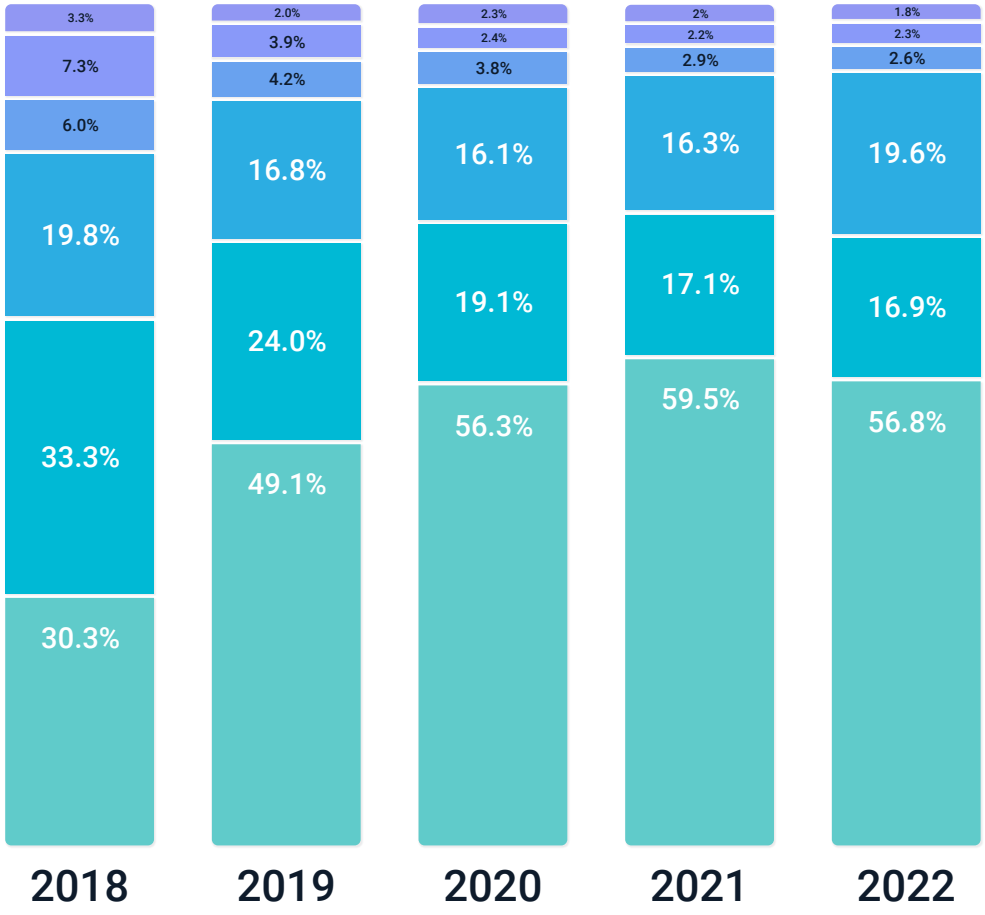
This graph shows an overview of Abandonment Rates among different types of inbound call centers.

To find out how your Abandonment Rate compares, ask your vendor for it.

Abandonment Among Hotline Services



8. Reporter Awareness



Other Company Communication
Training / Orientation
Printed Materials
Code of Conduct / Policy
Word of Mouth / Referral
Internet

Where Reporters Learned about the Channel

It is crucial to monitor Reporter Awareness to determine which efforts are driving engagement from employees.

By evaluating the sources and types of awareness against a benchmark, you can identify successful engagement paths and areas where you may be missing opportunities for information and collaboration among employees.

It's important to track and compare Reporter Awareness to ensure that your employees are aware of the resources available for reporting. The graph on the left shows how reporters became aware of your resources.

The data points reveal a clear trend toward the effectiveness of digital awareness channels, with the Internet increasing from 30% in 2018 to almost 60% again in 2022. However, Word of Mouth has reverted back to approximately 20%, coinciding with the return to the office.

Interestingly, the grouping of a) Training/Orientation, plus b) Code of Conduct, plus c) Other Company Communication accounted for 16.6% in 2018. This group dropped to a combined 6.7% in 2022, a drop of almost 10 points.

8. Reporter Awareness

The 10 point drop of Training/Orientation, Code of Conduct, Other Company Communication along with a drop of 16 points from Printed Materials over the same time period went into the Internet reporting channel. Stakeholders are more likely to either talk to a friend or search online for the reporting resources rather than check company materials when deciding to make a report.

This presents an opportunity to create a web portal to drive awareness, share resources, and provide inroads to your reporting system.

Reporter Awareness Rate $= \dfrac{\text{Channel}}{\text{Total Cases}}$

Identify all issues reported by channel and sum the total reports per channel. Divide the channel total by total cases.

Think About

What awareness methods might you be falling behind on, and how have they changed over time?

- Are these changes due to a cultural shift or an opportunity to engage a previously neglected portion of your workforce?
- What results do employees get when they Google your organization's name and "ethics hotline"?
- How can you refresh your awareness materials and strategy to continue driving reporting rates higher?

Is a high level of word-of-mouth awareness enough to foster a culture of trust, or should you use other means to promote reporting?

- Are there ways to incorporate behavioral psychology to promote reporting, such as promoting second-hand reporting?

Have you considered a web-based Ethics Portal that is accessible to all employees?

- How can you share access to this portal effectively, such as through social media, email signatures, and company-wide communication?
- How can you adapt your awareness strategy to drive reporting in a remote or hybrid work environment?

8. Reporter Awareness

BREAKING DOWN THE NUMBERS

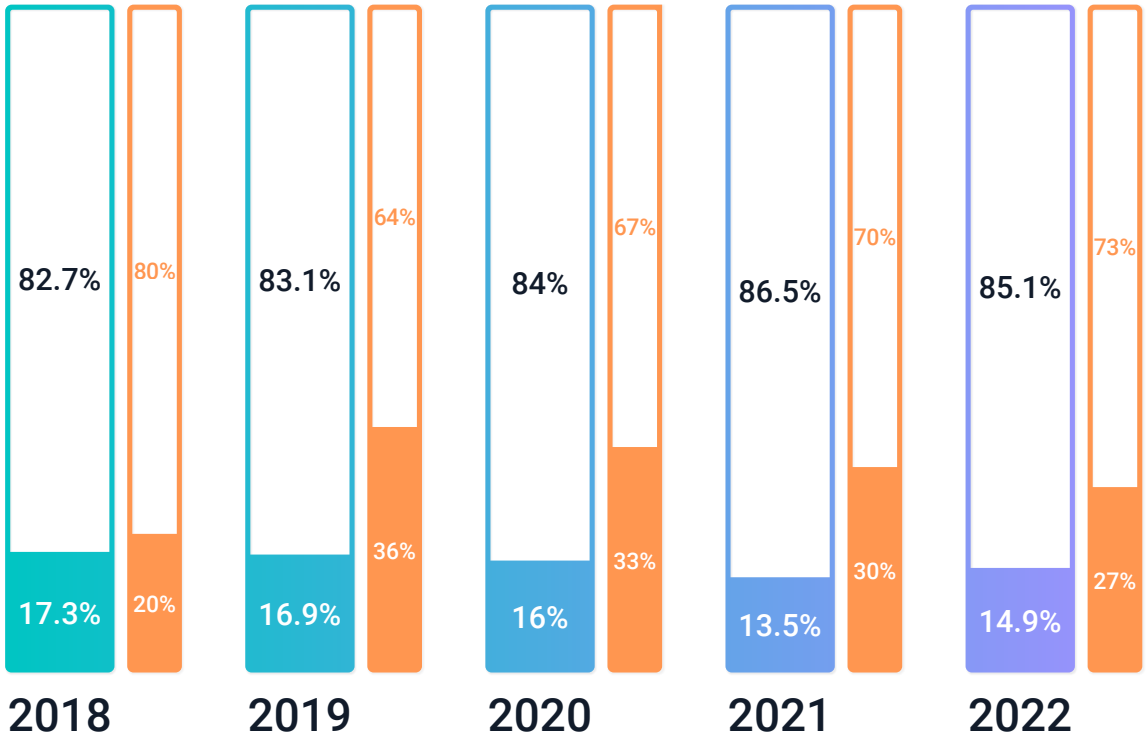
How do people from different business sectors
learn about reporting channels?

	Healthcare	Commercial	Industrial / Materials	Financials	Technology	Utilities / Telecom
Internet	53%	40%	36%	37%	56%	34%
Printed Materials	16%	22%	28%	14%	19%	5%
Word of Mouth/Referral	18%	27%	23%	32%	16%	54%
Training/Orientation	5%	6%	5%	5%	3%	6%
Code of Conduct/Policy	4%	3%	5%	9%	3%	1%
Other Communications	4%	2%	3%	2%	3%	1%

Fewer Issues — More Issues

9. Issue Sequence

Issue Follow-Ups over 5 Years



- Reports without Follow-Ups
- Reports with Follow-Ups
- Status Quo Comparison

It is crucial for case managers to make follow-up calls in order to communicate with callers, receive reports about repeat issues, and gather additional information to resolve the caller's concerns. In 2022, Follow-Ups reverted back toward historical levels, accounting for 15% of volume, up 1.5% from the prior year.

The number of follow-up calls submitted on a specific concern tends to indicate the complexity of the case as well as the level of distress of the reporter, as complex cases often take longer to resolve and people may become impatient.

However, follow-up calls may also be necessary if there is insufficient information gathered during the initial report or if the caller lacks trust in the reporting process.

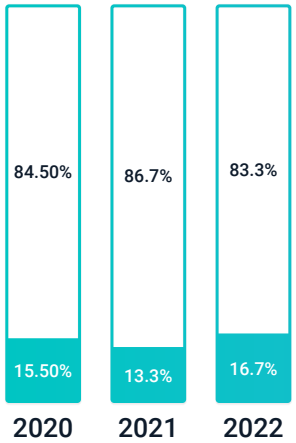
To address this issue, having a smart intake method that gathers sufficient information during the initial report and using smart workflow technologies can significantly reduce the need for follow-up calls, improve substantiation rates, and speed up case closure times.

We did not find a statistically significant difference between anonymous and identified callers in terms of follow-up rates, so we did not break these out separately.

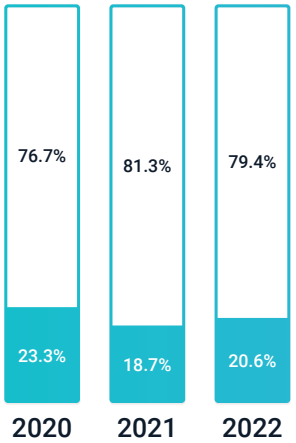
Typically, as case closure duration decreases, follow-up rates tend to decrease as well. This is because a lower follow-up rate is usually an indication that cases are being resolved quickly and that sufficient information was gathered during the initial intake call.

9. Issue Sequence

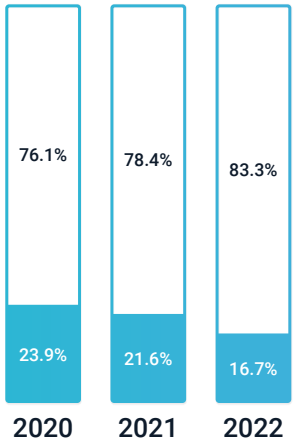
Issue Follow-Ups by Sector



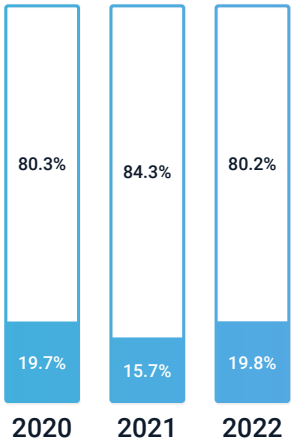
Healthcare



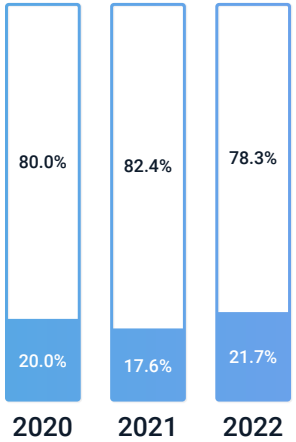
Industrial / Materials



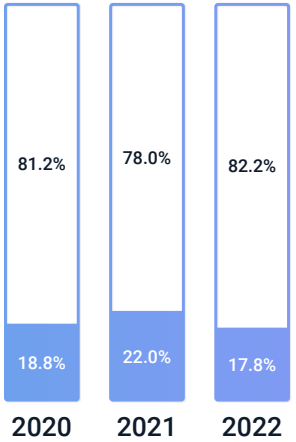
Energy



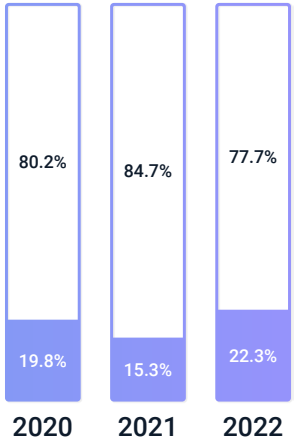
Financials



Technology



Utilities / Telecom



Commercial

Reports without Follow-Ups

Reports with Follow-Ups

The average follow-up call volume for all sectors in 2022 was approximately 15%, which is a slight increase over 2021's findings. Commercial and Technology had the highest follow-up rates at 22.3% and 21.7%, respectively. Healthcare, Industrial/Materials, and Financial all had proportionate increases in follow-up rates back to historical levels.

9. Issue Sequence

Think About

What is your organization's current ratio for follow-up issues?

- How does it compare to the previous year?
- How does it compare to a typical year, such as 2019?

If your follow-up rate exceeds 20%, what does it indicate about your organization's case closure time or communication with reporters?

If callers are repeatedly following up with additional information, what steps can you take to determine the cause?

- Is it a trust issue or an initial intake issue?
- Is an overemphasis on speed and efficiency potentially causing an initial intake issue?
- How can you strike a balance between efficiency and empathy in the intake process?
- What impact would this have on your Speak Up culture?

$$\text{Original Issue Rate} = \frac{\text{Total Calls - Follow-Up Calls}}{\text{Total Calls}}$$

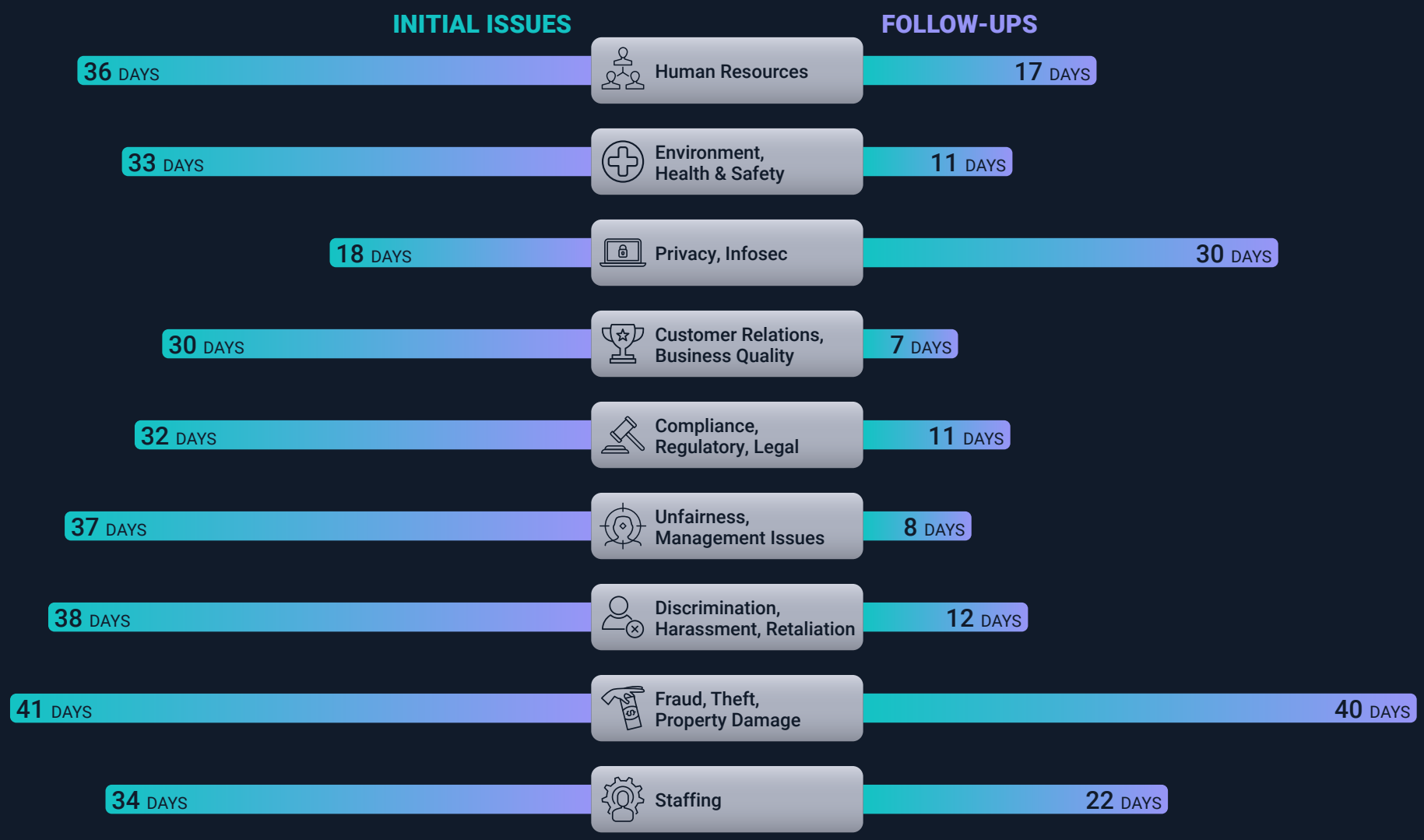
$$\text{Follow-Up Rate} = \frac{\text{Follow-Up Calls}}{\text{Total Calls}}$$

Subtract your follow-ups from total cases and divide by total cases to get your original issue rate. Find the number of cases where a caller returned to the system to follow-up on a report. Divide this number by your total cases to find the follow-up rate.

9. Issue Sequence

BREAKING DOWN THE NUMBERS

The **average days to investigate** inital issues compared to follow-ups for each type of category.



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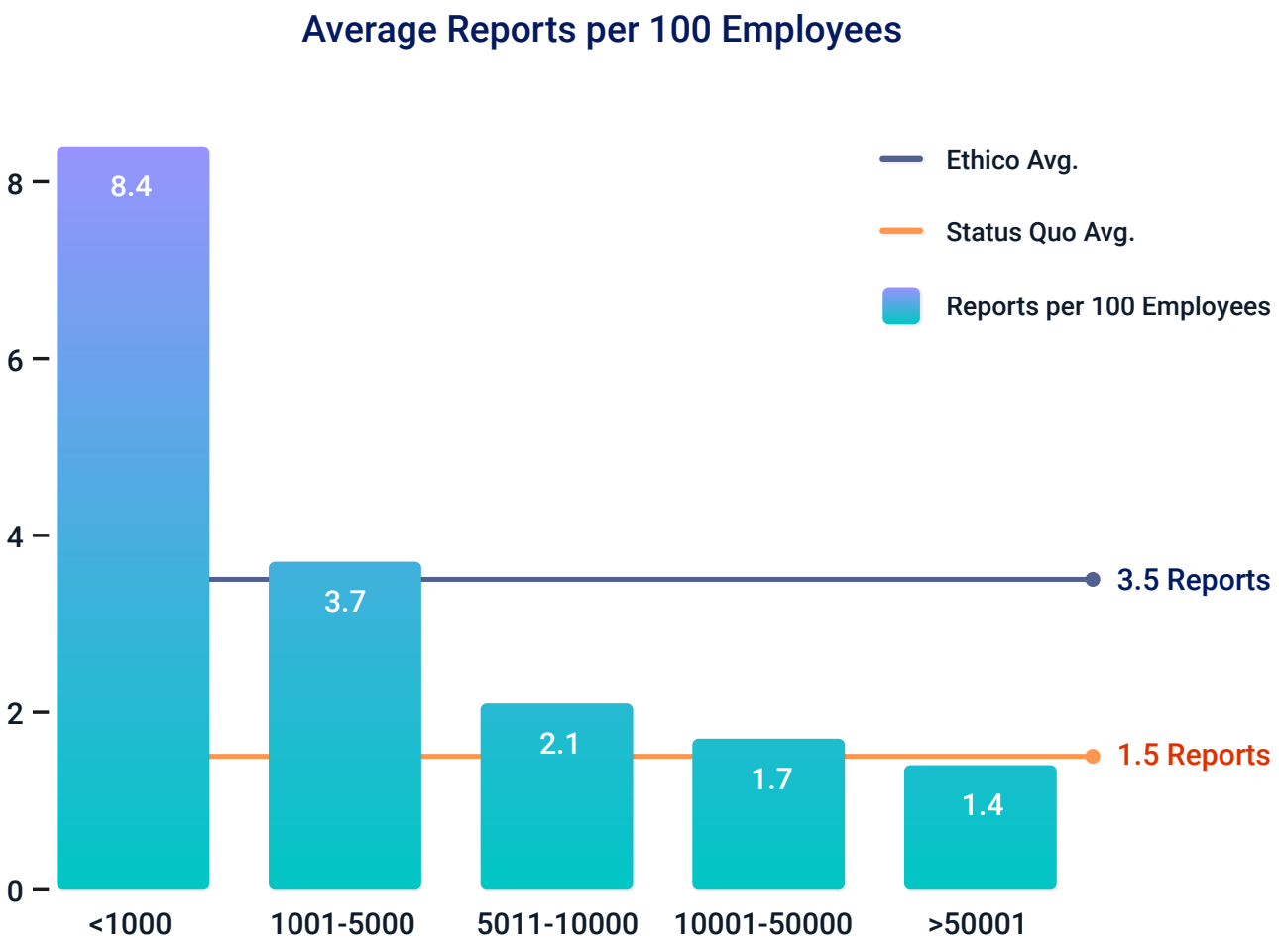
10. Average Reports per 100 Employees



It is widely accepted that the more employees speak up, the better an organization performs. More reporting generally means fewer fines, fewer material lawsuits, and positive cultural externalities, such as higher engagement and lower employee turnover.

In 2022, reports per 100 employees across various company sizes averaged 3.5 reports, ranging between 1.4 and 8.4 reports. Although there was a slight decrease of 0.4 in reports per 100 employees year-over-year, the median reports in aggregate only fell from 1.8 in 2021 to 1.75 in 2022.

As a rule, the reporting rate tends to decline as an organization grows in size since larger organizations usually have a higher degree of policy standardization and available on-demand guidance. In contrast, smaller ones tend to rely more heavily on the flexibility of competent intake channels.

The overall decrease was driven primarily by reversion to historical levels offset by a somewhat prevalent WFH environment across many industries.

10. Average Reports per 100 Employees

Think About

- What are some ways to encourage a Speak Up culture in your organization?
- Is it possible to force a Speak Up culture from the top down? How can you engage middle managers to reinforce the message at scale?
- What factors can contribute to a genuine Speak Up culture based on trust? How can employee awareness be increased to drive higher reporting rates?
- What are some ways to simplify and streamline the reporting process to minimize call Abandonment Rate and utilize smart Internet reporting?
- How can your organization preserve the safety of reporters? How can you communicate that safety?
- What are some ways to follow up with reporters in a timely manner?
- How can an organization credibly fight retaliation head-on?

There are several common reasons why employees may be hesitant to speak up about concerns in their workplace.

1. Fear of retaliation
2. Belief that management won't take action
3. Lack of awareness about reporting channels
4. A difficult or unpleasant reporting process

However, it's important to note that a high volume of calls to a company's reporting hotline or other reporting channels can actually be a sign of a strong and healthy work environment. When employees feel comfortable speaking up and reporting issues, it can lead to greater engagement, lower turnover rates, and improved overall performance and productivity.

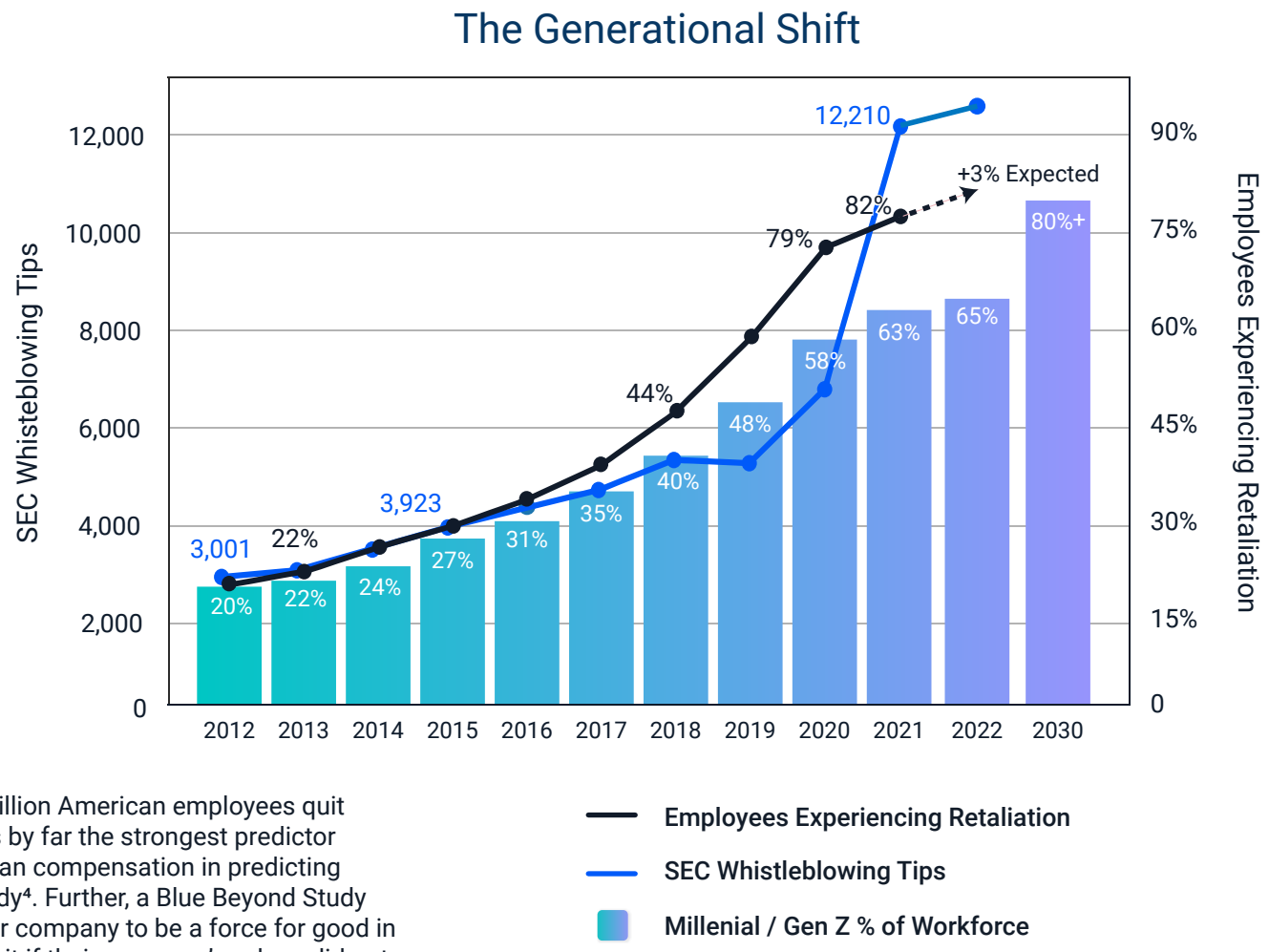
Reports per 100 Employees $= \dfrac{\text{All Reports}}{\text{Number of Employees}} \times 100$

Run a report from your case management system that aggregates all your reports, then divide by your effective number of employees over the year. This is your reporting rate. Multiply by 100 to find your number of reports per 100 employees.

Millennial & Gen Zers:
Why You Should Be Paying Attention

In today's corporate setting, creating a strong culture of integrity goes beyond empowering stakeholders to speak up. It requires an organization to actively listen to its employees[1]. As younger generations, specifically Millennials and Gen Zers, become a larger part of the workforce and assume more leadership positions, fostering a Speak Up/Listen Up culture is becoming integral to the success of an organization.

However, retaliation rates have skyrocketed to over 80% in the last couple of years, as found in the Ethics & Compliance Initiative report[2]. The high correlation between retaliation rates and the proportion of Millennials and Gen Zers in the workforce, whose values prioritize accountability and authenticity, has coincided with a 57% increase in SEC whistleblowing tips from 2020 to 2021[3]. By 2030, these generations will be over 80% of the workforce, and they increasingly demand alignment in purpose between themselves and their work.



And they vote with their feet. A record 50.5 million American employees quit their jobs in 2022. A toxic corporate culture is by far the strongest predictor of attrition and is 10 times more important than compensation in predicting turnover, according to a recent MIT Sloan study[4]. Further, a Blue Beyond Study showed three in four respondents expect their company to be a force for good in the world, and over half would be willing to quit if their company's values did not align with theirs[5].

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Millennials & Gen Zers: Why You Should Be Paying Attention (cont.)

To build an authentic culture of integrity, organizations must start by addressing retaliation head-on. Campaigns must be launched to directly attack and reduce retaliation rates, which currently exceed 80% overall, and even 20% retaliation is considered too high by most E&C professionals.

Humanizing the Speak Up/Listen Up infrastructure is key to encouraging a more vocal workforce. This can be achieved by offering intake systems that are more relatable to employees across all intake options, including in-person, hotline, web, and text. Leveraging technology can increase investigation efficiency and speed up case closures. Refreshing the organization's code to embody its unique values is important. Breaking down silos and collaborating with other leaders in the organization is also necessary.

As we face a unique time in the history of Ethics and Compliance, it is our duty to lead the charge in driving more ethical workplaces that authentically align with our organizations' purposes. Even small incremental changes to an organization's foundation can have an outsized impact on the type of environment employees choose to work in every day, whether virtually or in-person. By meeting the demand for "alignment in purpose," organizations can create a stronger, more cohesive culture of integrity.

[1]Deloitte Global, (2023, March 30). The Deloitte Global 2022 Gen Z & Millennial Survey. Deloitte Touche Tohmatsu Limited. Retrieved from https://www.deloitte.com/global/en/issues/work/genzmillennialsurvey.html

[2]The Ethics & Compliance Initiative, (March 2021). The State of Ethics & Compliance In the Workplace. Global Business Ethics Survey Report. Retrieved from https://www.ethics.org/global-business-ethics-survey/

[3]Albert, Helen M, (2022). Whistleblower Program: Additional Actions Are Needed To Better Prepare For Future Program Growth, Increase Efficiencies, and Enhance Project Management. Office Of Inspector General Office Of Audits, Washington, D.C., pp. i-37

[4]Sull, Charles, et al. (2022, January 11). Toxic Culture Is Driving the Great Resignation. MIT Sloan Management Review, Massachusetts Institute of Technology. Retrieved from https://sloanreview.mit.edu/article/toxic-culture-is-driving-the-great-resignation/

[5] Blue Beyond Consulting. Closing the Employee Expectations Gap: The Undeniable-and Promising-New Mandate for Business - Blue Beyond. Retrieved from https://www.bluebeyondconsulting.com/closing-the-employee-expectations-gap-the-undeniable-and-promising-new-mandate-for-business/

10 ways to address the retaliation problem in your workplace:

1. Set up a clear policy against retaliation prohibiting retaliation against employees who report wrongdoing or raise concerns.
2. Educate and train employees on the company's retaliation policy, reporting channels, and the protections they are entitled to.
3. Create a Speak Up culture of open communication where employees are encouraged to voice concerns and report wrongdoing without fear of retaliation. Provide examples. Bonus points if Speak Up Heroes can be celebrated in the communication.
4. Investigate claims promptly and thoroughly: Reports of retaliation must be taken seriously and investigated promptly. Be sure to communicate back to reporters when possible.
5. Ensure the confidentiality of whistleblowers is protected, and their identities are not disclosed without consent. Explain anonymous protections you have in place.
6. Whistleblowers must be provided with appropriate support, such as counseling, legal advice, and protection from retaliation. Make sure reporters know these resources are available.
7. Establish checks and balances to prevent retaliation, such as requiring all departing employees to engage in exit interviews. Follow up with Upstanders 30, 60, and/or 90 days after a report is closed to see if any retaliation has occurred.
8. Ensure the reporting process is transparent so employees understand the process for reporting concerns and how they are followed up on. Add an infographic about the reporting process and major investigation steps to your code or ethics portal.
9. Managers must be held accountable for any acts of retaliation, and be trained on how to handle reports of wrongdoing or retaliation. Remember, action beats policy any day.
10. Review policies and procedures, then make adjustments to fill gaps or weaknesses in the retaliation prevention policy. Stay interviews with anonymous reporting can reveal latent retaliation.

Methodology

Our analysis utilized data from 1,100 organizations that each generated more than 10 reports during each measurement period. The dataset used in this report is a sample of more than 180,000 reports taken from these organizations in 2022. To provide a comparison point for our analysis, we reference the "Status Quo Comparison" standard values, which are based on the Navex Global's 2023 Risk & Compliance Hotline & Incident Management Benchmark Report[1].

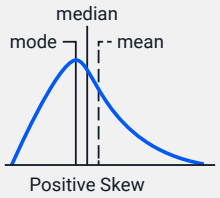
Statistical significance is crucial in our analysis. With larger sample sizes, we are less likely to get results that reflect randomness. While the Status Quo Comparison report contained over 1.5 million total reports, this difference is not statistically relevant at these population sizes. Comparisons between the Status Quo datasets and our Ethico datasets are statistically valid.

To put the dataset sizes in perspective, a statistically significant sample from a dataset the size of the Status Quo report (approximately 1.5 million) with a 99% confidence interval and 1% error rate needs to contain a little over 16,000 reports. Our sample size is more than 11.25 times larger than that. Given that the two datasets represent large pools of the same general activity, i.e., intake results from ethics and compliance hotlines across a large number of diverse customer organizations, and have the same basic steps applied to retain statistical accuracy, we postulate that the respective datasets have a similar degree of aggregate and specific normalcy.

Throughout this report, we use aggregated raw ratios, rather than averages of averages and untrimmed data as the basis for our reported benchmarks. This approach provides a more conservative and authentic picture of performance, preserves outliers, and doesn't create unnecessary data smoothing. For the most important metrics with skewed datasets, the resulting mean values are relatively more conservative than the related medians.

In our view, the purpose of benchmarking is to accurately measure performance and identify ways to improve. In all cases, comparing an organization's actual reporting rate per 100 employees to the median rate of 1.8, rather than the average of 3.5 reports, is less conservative.

For example, "Reports per Employee" dataset has a positive skew, with the median value less than its mean value.



Our analysis utilizes a robust dataset and follows best practices to ensure statistical accuracy. We provide a conservative and authentic picture of performance by using aggregated raw ratios and untrimmed data. Comparing an organization's actual reporting rate to the median rate is more conservative and more accurate in identifying areas for improvement.

[1]Penman, Carrie. (2023). 2023 Risk & Compliance Hotline & Incident Management Benchmark Report. Navex Global.

About Ethico

For over 25 years Ethico has provided a suite of corporate integrity solutions that help you crowdsource risk intelligence at scale, improve your bottom line, and reinforce your healthy culture.

From case management and conflicts of interest/disclosure software that really saves time, to issue intake and e-learning focused on the human element, to sanction monitoring and exit/stay interviews that promote a positive culture, and incident and third party risk management streamlined to make your life easier, we are committed to making the world a better workplace for everyone. Our clients trust us to listen to their employees and empower us to assist in the identification of unethical, illegal, and questionable behavior.

Ethico's ECOsystem has actually-integrated modules for each of your major goals. Next-gen workflows eliminate busy work and automatically prioritize your most important risks. Flexible analytics turn data into insights so you know what's working and what's not. This single integrated system, supported by our award winning customer service, gives your team the leverage it needs to reduce risk efficiently, crowdsource risk management at scale, and reinforce an authentic culture of integrity.

We have provided ethics, compliance, and human resources solutions to over 7 million employees across 50,000 locations in more than 150 countries. Our team of highly-trained, compliance-minded professionals has helped E&C leaders investigate nearly 10 million reports, using leading-edge tools that enable employees to report misconduct without fear of retaliation. Ethico makes ethics easy by empowering those who care most to Make The World A Better Workplace.

Ethico's ECOsystem Solutions

- Data Analytics & Reporting
- Awareness & Communications
- Case Management Software
- Third-Party Risk Management
- Omnichannel Issue Intake
- Ethics Portals
- Flexible Disclosure Forms
- Exit & Stay Interviews
- Incident Management
- HR & Compliance Training Library
- Sanction Monitoring
- Conflicts of Interest

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