



**Is There a Case for Employee
Tip-lines for All Organizations?**

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The new reality for organizations since the Enron, Tyco, Global Crossing and WorldCom scandals that really started breaking out in 2002 is how to get a handle on the ethical dilemmas that are causing entire firms to collapse at worst, or lose their position in the markets they serve as a result of wrongdoing in financial accounting and reporting. While many of these issues have surfaced in publicly traded companies where the pursuit of stock options and a rising share price has led to improper and illegal financial reporting, there is considerable evidence in other organizations that there is serious under reporting of other harmful issues including workplace harassment, abuse and bullying.

Public firms within the purview of the Security and Exchange Commission (SEC) have been implementing Sarbanes-Oxley Act provisions including the establishment of an internal compliance officer and/or employee tip lines.

While some firms might argue that the legislative provisions are costly and onerous requirements for publicly traded companies, there is an equal body of support from institutional investors and individuals who feel more comfortable buying shares than they did in 2002. They appreciate that not only is there more openness and transparency that there are mechanisms in place for employees to report wrongdoing that were not in force pre-2002.

For whatever reasons, whistleblowers have not fared well career-wise after reporting wrongdoing. Whether it is due to our discomfort with "tattletales" in general, or whether it is the individual who we tend not to like is less clear than the evidence that suggests whistle blowing is a career-limiting move which it has proven to date from our experience.

There are several schools of thought as to why some young children barrage their kindergarten or primary school teacher with tales on classmates. One argument suggests it is an attention seeking device while others suggest that it is a young student wanting to determine what's okay and what is not. Regardless, some teachers have gone so far as to implement a "Tattle Box" requiring informants to write out the complaint, sign their name to it, and then be ready to read out the complaint when the teacher schedules a tattle tale session.

Short of physical violence, these teachers seem not to want to know and this has prompted another set of issues where parents are taking matters into their own hands and calling the police when a grade 5 girl gets an unwanted kiss from a classmate and the teacher say's 'sort it out yourselves'. Many of us recall how standing up to bullies lead to finding a new school friend and we may have told this same story to our children when all of a sudden your grade 5 son doesn't want to go school anymore.

More importantly than a simple 'kiss and tell' incident is the issue of psychological abuse by a group of students who pick on a single student who feels helpless and then commits suicide. Schools are starting to struggle with the notion that they have to find ways to have issues such as this reported as it can be an early warning sign of a real tragedy in the making including suicides or a student bringing a gun to school and shooting teachers and students indiscriminately. These incidents are causing schools to rethink their model for dealing with issues of abuse and harassment.

Very similarly, it is time for organizations and businesses in all sectors to rethink their approach to harassment, abuse, violence and other unethical conduct including fraud. Studies show high rates of under reporting incidents that do not involve violence are becoming more common leaving behind demoralized workers and lost productivity and all of the problems that occur in stressful workplaces. The argument for employee tip lines grows even stronger when organizations look at their rates of absenteeism, stress leave and turnover. One of the more compelling breakdowns of statistics is comparing absenteeism rates between divisions, departments and work teams or incidents of work place injuries. In our experience high absenteeism and injury rates should lead to organizations asking themselves these questions: What is wrong in this work unit that workers are actually finding ways to get sick or hurt so as not to have to come to work? Experience shows high absenteeism in absence of widespread influenza rates correlate significantly with poor supervisory skills as do workplace injuries.

The irony is that the high rates of workers' compensation charges to organizations have forced many businesses to adopt stringent safety requirements, procedure manuals and training to stem the drain from costly injury occurrences. Businesses often include managers and employees on safety committees and work jointly to ensure a 'safety first' mentality exists in the workforce. The payback from these efforts includes lower compensation charges and fewer lost days of work as a result of injury, not to forget productivity gains.

Our research shows that unethical conduct and even some fraud has also gone unreported as employees were not sure who to go to or who would take them seriously and protect them from repercussions.

Although we are not advocating a stringent, rules-based system such as required for workers' compensation claim control and injury reduction, it is time that organizations took steps to ensure that their organization is not home to toxic work environments and workers are not suffering at the hands of other employees or abusive bosses or that fraud and other unethical conduct is going on unreported causing loss of confidence on the part of all stakeholders and loss of public image when events reach scandalous proportions.

The establishment of an employee hotline or tip line is not an indictment of an organization but rather can serve as a signal to all stakeholders both within and outside the firm that the organization takes employee well being and ethical conduct seriously and is proactively taking steps to prevent problems before they arise. The presence of an employee tip line can be like a 'seal of approval' for a company showing both employees, managers and customers alike that this firm cares about the ethical conduct of its employees at all levels and not just in their published values and commitments statements.

Employee tip lines to be successful must be accompanied by clear lines of authority to the executive level. There must be an organizational champion with executive level authority to resolve issues and ensure action is taken on complaints. Secondly, there must be clear, consistent communication as to what is in and out of scope for the system. Other policy issues that must be addressed include ensuring that employees know that they will not be disciplined for reporting if the report turns out to be in error, unless of course, there is a clear case of malicious intent on the part of the person reporting situations through the hot line.

The use of independent services to handle the telephone and online complaints seems to reassure employees that their names can be kept anonymous. Often the external service and the unnamed employee can engage in helpful dialogue on the incident through the offices of the independent service provider. Employers often gain sufficient confidence with the system that they agree to let their names be known to management.

Some firms narrow the tip line to wrongdoing and fraud and leave out the harassment, abuse and bullying which they will fear will inundate the line. Our experience shows that fears of overwhelming numbers of complaints will swamp the resources have proven unfounded when organizations establish these reporting mechanisms.

If there needs to be a case made for employee tip lines research need go no further than 'Googling' workplace harassment studies to find the significant numbers of under reporting of abuse and bullying. Alternatively, research into the success of firms who have brought in compliance officers and tip lines to better comply with SEC rules for US traded firms will find a large number who have concluded that it has been good business implementing these measures.

At eeVoices we believe that it is good business to have an employee tip line and we are offering this as one of our main product lines.