One way of stopping prank phone calls is to pick up the phone and immediately blow a whistle into the receiver as loud as you can. This can be a very effective technique when the phone rings late in the evening because young teenagers are playing phone pranks. Of course, this was before the prevalence of cell phones. But the action did the trick! If you’ve ever been on the other end of that call, you know it can be deafening to the person receiving the message. Take that analogy and consider what could happen when protocols aren’t in place to provide for whistleblower complaints in a discrete and transparent manner. That whistle blow may get much louder than anyone in your company may have anticipated.
Few if any professionals enter a position within a company with the goal to be a whistleblower. But in today’s complex and dynamic business world sometimes things just happen. And when those incidents occur, if there isn’t an appropriate outlet for reporting concerns or suspected wrongful behavior and if the company has not instilled a culture of openness, transparency and strong ethics, professionals can find themselves in a morale predicament. We know from studies of psychology and human behavior that the concept of right and wrong, good and bad, morale or immoral can often relate very strongly to an individual’s upbringing, social or economic status or even religious or personal beliefs. Most whistleblowers don’t call a hotline because they are furious with a company or want to get back at a particular person; they have an intrinsic belief that the observed behavior or actions was truly wrong. If the person has reached a point of feeling the need to call an anonymous hotline, then the potential issue may have already reached a peaking point higher than management may have ever anticipated.

As discussed during this webinar segment, the actual statistics around personal implications to whistleblowers can be daunting to anyone thinking of taking action. Information from a study of 233 whistleblowers identified:

- 90% were later fired or demoted
- 27% faced lawsuits
- 26% later sought psychiatric or physical care
- 25% suffered alcohol abuse
- 17% lost their homes
- 15% got divorced
- 10% attempted suicide
- 8% went bankrupt.

However, despite all of these disparaging statistics, only 16% of individuals within the study indicated they would not blow the whistle again. The reason is linked to their individual moral code or belief that what they were doing was truly “the right thing to do.” Ultimately, their sole purpose was not to “rat” on the company but to “right some wrong.”

So, let’s start back at the beginning. Why should we pay attention to previously reported or high profile whistleblower cases? In simplest terms, it is the same reason we have our school children study about history. Whenever human behavior is involved, peering into past scenarios can teach us a great deal about what concepts work and which don’t. Hopefully, we will learn from the mistakes of the past and take appropriate steps to prevent similar issues in the future.

Well, as my third grade teacher would say: “Someone isn’t paying attention!” Preventing future issues requires understanding the reason why an issue occurred, how it occurred and what could have been done to prevent it. Possibly, there are short-cut steps being taken in today’s fast past business environment.

Before you dismiss that possibility, ask yourself what you know about your own company’s whistleblower process. Answer a few of the questions below to begin to assess your program?

**How is the program communicated throughout the organization?**

- Is communication primarily managed through the company’s code of conduct? If so, how often are employees asked to affirm the code of conduct and in what manner does that affirmation occur?
- Are there posters throughout your corporate headquarters? If so, where are they placed?
  - Are they in strategic areas where employees would be able to quickly relay back to you where they saw one? Or are they in hallways, corners or behind doors?
- If the hotline process is posted on your internal web-site, is it in a place that is easily identified when signing onto your network?

**How often is there open communication by senior leaders about the hotline with employees?**

- Do managers openly endorse the program or reluctantly comply?
- Is there some unwritten code that is rumored regarding the hotline where employees may feel uncomfortable calling and reporting an issue?
- How does management communicate the protocol for investigating or following-up on issues that come through the hotline? Would an employee be able to recite that protocol?

**How and who manages your hotline?**

- If it is internally managed, how do you ensure
employee confidentiality? Remember, it is not enough just to state in a policy that the hotline is confidential, if actions are as loud as words, policy statements alone will go untrusted by employees.

- If it is externally managed, have you checked its effectiveness recently?
  - If you were to call the hotline, how effective is the representative in understanding the issue you are reporting? If you are calling about a financial issue, do they understand the concepts and terms you are using?
  - Do you have to continue to recite your concerns, explain terminology, and repeat names?
  - Is the call tape recorded and if so, is the caller informed that they are being recorded?
  - What type of facts and information does the representative ask for? Are they simply recording what you say or are they receptive enough to ask questions to help better explain and understand the full scope of the issue?

- How quickly do calls get communicated to the proper individuals within the organization for investigation?

Are calls received through the hotline taken seriously or viewed by managed as something that has to be administered?

- Would employees be able to relay any positive outcomes of the hotline?
- If you are in a role where you participate in the compilation of hotline results, are the calls of the kind and nature that reflect the true purpose of the hotline?
- How long does it take management to investigate or react to an issue?
- Are issues “always” resolved with no concerns? If so, do you have any concerns about how the issue was investigated?
- Who decides that an issue has been completely and thoroughly investigated? Is there a protocol for investigation?

How are the results of hotline issues reported to the Board and Audit Committee?

- Does the Board simply receive statistics of calls or are they informed of the substance of the issues?
- Does the Board ask the hard questions of management about reported issues?
- Does the Board have input into the investigation process?

All of these questions are important when assessing how effective or reliable your whistleblower hotline is. Be cautious of relying too heavily on statistics when assessing the effectiveness of your process. Statistics are only as good as the information collected and used to develop the statistics. If the hotline call is wrongly classified, improperly evaluated or assessed, or improperly handled and responded to, the statistics may have little or no meaning.

If you are a member of a company’s Board, ask yourself:

- What information is provided to you regarding the content and resolution of calls coming through the hotline?
- Are you satisfied with the reporting of just numbers?
- Are you aware of the facts behind more significant complaints? Are you satisfied with the investigative techniques?
- If not, ask yourself why.

Whistleblowers will continue to be a component of corporate America and part of the ongoing story of corporate governance practices. It is evident through recent legislations such as the Dodd-Frank act that regulators believe the existence of a whistleblower hotline is important. How effectively these hotlines will be are something that will continue to be debated in the corporate world. Companies can make a difference within their own procedures. To do this, they must understand the reason and importance of the hotline process to their own governance procedures. Executives must set the right tone and be open to the communication protocols that are established to provide the proper outlet for the flow of information.