Company Hotline & Incident Management Benchmarking: How Does Your Program Compare?

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Introduction

Encouragement of internal misconduct reporting is on the rise for public and private businesses and organizations of all sizes, and whistleblower protection laws across the globe are being strengthened. See how employees are voicing their concerns today and what companies are doing to address them.

Reporting Channels

According to the Association of Certified Fraud Examiners 2018 Report to the Nation on Occupational Fraud and Abuse, less than half of organizations in the foodservice and hospitality industries had any sort of hotline established. Most of those businesses that currently provide a hotline are public companies which, by law, must offer an anonymous reporting channel to comply with Sarbanes Oxley regulations. Considering 90% of restaurants and 61% of hotels are small businesses, there is a significant lack of internal misconduct reporting options in the industry. However, reports made directly to state and federal agencies by hospitality workers are increasing and have placed the hospitality industry front and center of the media focus on workers rights and movements such as #MeToo.

2019 Benchmarks

Recent benchmarking statistics and a study from George Washington University[1] demonstrate that "more active use of internal whistleblower systems is associated with fewer and smaller amounts of government fines and material lawsuits filed against the organization."

Summary

In 2018 and 2019, there has been an increase in the number of reports alleging unethical or illegal conduct submitted by employees. This increase has been seen not through telephone hotlines, but other channels such as web, email, and open-door discussions.

Human Resources-related topics continue to be the majority of issues reported. Substantiation rates have increased, regardless of whether the reporter is named or anonymous. Retaliation claims continue to rise, with reports made primarily outside of the organization, rather than internally.