ETHICO

Ethics and Compliance Hotline

2022 Benchmark Report

Healthcare Edition

2022 Benchmark Outline

Introduction

The core of our efforts as Ethics and Compliance (E&C) professionals must be centered on ensuring a safe workplace and promoting a strong ethical culture of honesty and integrity. After the first wave of COVID-19 hit organizations in 2020, E&C teams in healthcare handling issue intake braced themselves as employees, patients, vendors, and many others filled their intake channels with messages, questions, allegations, and fears over the events of the pandemic.

By 2021, the initial shock of COVID-19 had worn off, but E&C teams still had to contend with new patterns in issue intake as pandemic-related concerns redefined risks. Although these teams grew more efficient in grasping the risks, a gap remains between efficient intake and effective resolutions. There has never been a better time to set up a plan for agile, continuous improvement.

Analyzing issue intake and case management performance is a critical step in continuous improvement for your E&C program in general, and for the organizational culture you are driving in particular. There is always room for improvement regardless of how successful your current E&C efforts are.

This benchmark report is designed to cut through the noise and help E&C leadersin healthcare focus on actionable comparison points to drive improvement.

"Although these teams grew more efficient in grasping the risks, a gap remains between efficient intake and effective resolutions."

Comparing your performance to a broad set of results helps ensure that you're:

• Generating suitable ROI of your program

• Substantiating an appropriate proportion of your cases

• Following up on cases quickly enough

• Creating appropriate awareness around intake channels

• Driving a Speak Up/Listen Up culture that generates the positive impact more developed programs generate

• Sufficiently training your people and refreshing your policies

• Maintaining a level of agility necessary to respond to unforeseen risks

With four years of anonymized customer data and a sample of approximately 100,000 reports taken from over 500 healthcare organizations in 2021, we explored the following metrics: Issue Days Open, Reporting Channel, Issue Anonymity, Issue Categories, Issue Severity Level, Issue Validity (Substantiated vs. Unsubstantiated), Reporter Type, Issue Sequence (Original vs. Follow-up Calls), Reporter Awareness, and Average Reports per 100 Employees.

Proper case management and incident reporting solutions are core to nearly every professional intake program, so we aren't surprised hotline reporting is still the top reporting channel. Furthermore, it's been on the rise, particularly through COVID-19 — up from 60% in 2018 all the way to 68% in 2021. If that growth is surprising, read on to learn why.

We hope you find this benchmark report to be a useful tool for examining your E&C program by looking for ways to improve your employees' experience and your organization's performance.

Thank you for trusting us to help you make the world a better workplace.

How We Calculated Our Metrics

Our analysis includes data from organizations that generated greater than 10 reports during each measurement period. The dataset used for this report consists of a sample of approximately 100,000 reports taken from over 500 healthcare organizations in 2021.

Throughout the report, you will see references to comparable "Traditional Comparison" standard values. "Traditional Comparison" refers to the Navex Global 2022 Risk & Compliance Hotline Benchmark Report[1] and is presented to show a multi-industry comparison point to the range of performance data available.

In statistical analysis, "statistical significance" is extremely, well, significant. With bigger sample sizes, you're less likely to get results that reflect randomness. While the Traditional Comparison report contained a sample of over 1.4 million total reports, over 10x our dataset, this size difference is not statistically relevant at these population sizes. Comparisons between the Traditional Comparison datasets and Ethico datasets are statistically valid.

Considering the dataset sizes another way, a statistically significant sample from a dataset the size of the Traditional Comparison report (approximately 1.4 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 6.25x larger than that. Given that the two datasets both represent large pools of the same general activity and have the same basic steps applied to retain statistical accuracy (i.e., removing clients with fewer than 10 reports during the year), we postulate that the respective datasets have a similar degree of aggregate and specific normalcy.

Throughout this report, we tend to use aggregated raw ratios (as opposed to averages of averages) and untrimmed data as the basis for our reported benchmarks. We found this approach paints a more conservative and authentic picture of performance, preserves outliers, and doesn't create unnecessary data smoothing. Additionally, for the most important metrics with skewed datasets, the resulting mean values were relatively more conservative than the related medians.

For example, "Reports per Employee" dataset has a positive skew, with the median value less than its mean value.
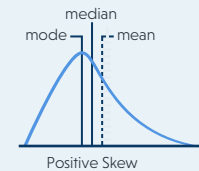
Assuming the purpose of benchmarking is to accurately measure performance and identify ways to improve, comparing your organization's actual reporting rate per 100 employees to the median rate of 2.2, rather than the average of 4.1 reports, would be less conservative in all cases.

[1] Penman, Carrie. (2022). *Benchmarking Your 2022 Hotline & Incident Management Program.* Navex Global.

Executive Summary

Results of the 2022 Healthcare Benchmark Report are encouraging because they continue to validate that a process that "puts people at the heart of compliance" generates superior results, especially amidst the hardships presented in 2021 by the Delta and Omicron COVID-19 variants, and the complex costs of the Great Resignation.

Many of the strongest performing organizations in this dataset use compliance and ethics strategically to create and reinforce positive organizational cultures, leading to sustainable crowdsourced risk management and superior organizational performance.

1 **Case closure time averaged 24.4 days (Traditional Comparison 42 days[1]) down 2.8 days from last year, with 80.8% closed in less than 30 days (Traditional Comparison 34%), a 3.4% improvement over 2020.**
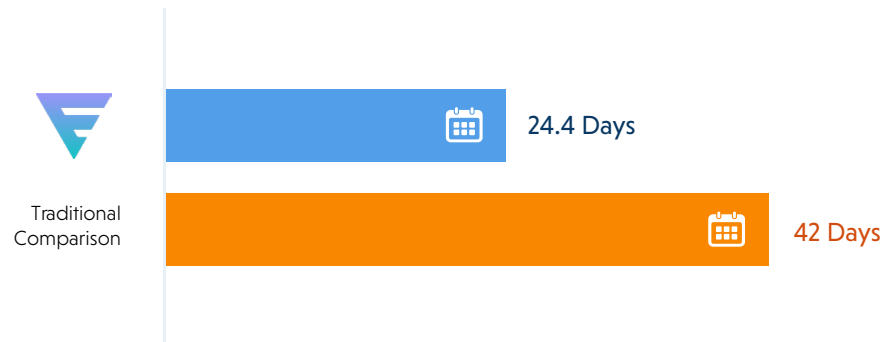
Case aging is a critical metric to assess the health of your program and investigation process. Healthcare organizations that focus on building an authentically ethical culture view intake as the start of a conversation, and they tend to place a relatively higher importance on driving down case closure time.

Beginning with good, substantive information at the start of an investigation, coupled with a commitment to investigation process excellence helps to drive this factor down.

Generally, the lower the case closure time, the better; best practice remains to aim for case closure times of less than 30 days. Organizations that can both maintain consistently low case closure times and communicate results back to reporters quickly reinforce their organization's Speak Up/Listen Up culture in meaningful ways. Failing to do so compromises credibility and leads to perceived behavioral duplicity in the eyes of stakeholders.

24.4 Days

Traditional Comparison

42 Days

Executive Summary

2 **Hotline still remains the most dominant intake avenue at 67.6%, down from 70% (Traditional Comparison is 30%).**

67.6%

Traditional
Comparison

30%
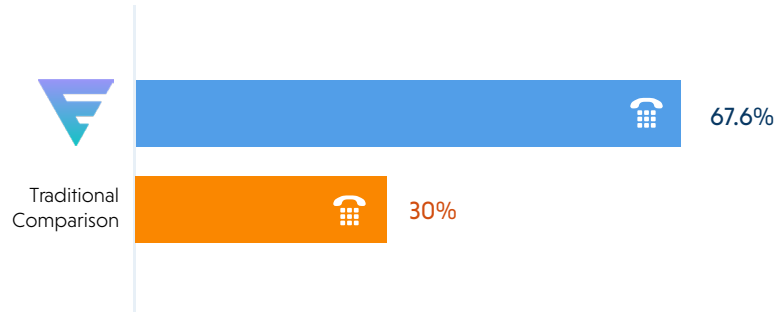
Patterns that started in 2020 with the pandemic and the Work From Home (WFH) environment for non-essential staff continued into 2021, with the reduction of in-office reporting causing the use of the hotline to fill the void. Hotline use rose to 70% at the start of the pandemic and dipped slightly to 67.6% in 2021 once workers began returning to the office.

Reporters continue to prefer the hotline to report complex issues. While we've seen a general increase in online reports over the last 5 years, the increase in hotline usage shows that in most cases right now — and especially in an emergency — reporters want to talk to another human being.

An empathetic, conversational approach that is flexible and able to respond to new day-to-day challenges reinforces the commitment to a strong employee experience and a strong employer brand. It shows that your organization respects their speaking up and is committed to providing intake channels that actually work. It also should provide better information to get your E&C team started, which saves investigation and follow-up time down the road.

3 **52% of all reports were substantiated (Traditional Comparison 43%) up 4% from 2020.**

52%

Traditional
Comparison

43%

Higher substantiation rates indicate that proper information is being gathered during the initial intake (hotline, in-office, or online), and that reporters understand the purpose of the intake process.

Findings from our multi-industry benchmark have shown healthcare organizations traditionally had a higher threshold for reports to be substantiated. In 2020, substantiation dropped to 48% as healthcare teams raised that threshold higher as workforces and community members struggled to keep up with policy changes. Knee-jerk anxiety of the pandemic spurred stakeholders to make reports which did not hold up under scrutiny.

The substantiation of reports rose to 52% as workforces and patients came to better understand changes to pandemic policies.

ETHICO

4 **Original issues as a percentage of total reports increased slightly to 77.8% in 2021 (Traditional Comparison is 67%).**

Original issues versus follow-up mix provides good insights into how reporters are experiencing your reporting intake, the quality of your investigation process, and how well your organization communicates back to the workforce.

Higher follow-up rates can sometimes coincide with more complex issues, but are often driven more directly by (and are highly correlated with) longer case closure time, lower case closure rate, and a general lack of communication back to the workforce at large.

E&C teams with good intake processes that also prioritize communication back to reporters tend to see lower follow-up rates, even while working remotely.

77.8%

Traditional Comparison   67%

5 **Only 28% of reporters decided to remain anonymous (Traditional Comparison 50%), a decrease of 3.5% from 2020.**
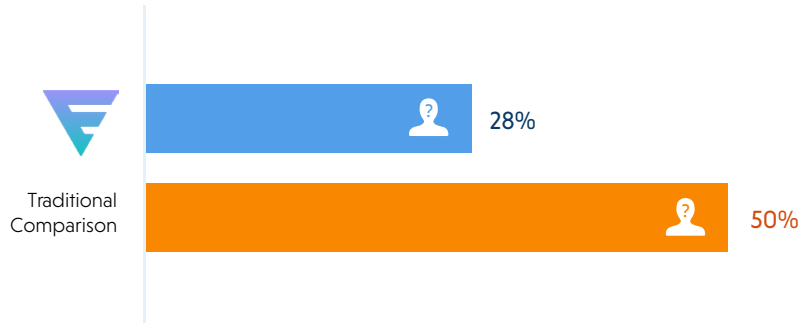
There has been a growing increase in the proportion of reporters willing to be identified which reflects changes in the workforce demographics as Millennials and Gen Zers, an often vocal population, begin to represent the majority of stakeholders.

Organizations should monitor and analyze their Anonymity Rate closely for an indication of high or low employee trust (or patient trust if your line is open for patient use). 39% of surveyed employees say they are not confident that their concerns will be addressed fairly, and up to 82% say they have experienced retaliation after reporting.[2]

Generally, lower anonymous rates are better, as it can indicate a relatively lower fear of retaliation. However, rates under 20% should cause concern, as that can indicate a lack of trust in the overall process.

28%

Traditional Comparison   50%

6 **Reporting rate of 4.1 aggregate reports per 100 employees in the 2021 sample (Traditional Comparison 1.3).**

Traditional Comparison — 1.3

4.1

[1]Penman, Carrie. (2022). Benchmarking Your 2022 Hotline & Incident Management Program. Navex Global.

[2]The Ethics & Compliance Initiative. (March 2022). The State of Ethics & Compliance In the Workplace. Global Business Ethics Survey Report.

[3]Van der Meulen, Rob. (2019, March 2). Gartner Says Just 41 Percent of Workplace Misconduct Is Reported. Gartner, Inc. Retrieved from https://www.gartner.com/en/newsroom/press-releases/

[4]Ethicsphere. (2022). "World's Most Ethical Companies". 2022 Ethics Premium. Retrieved from https://ethisphere.com/what-we-do/worlds-most-ethical-companies/

Your reporting rate is perhaps the single most important metric to measure cultural health.

Maintaining a single data repository for all report types from all intake channels is an obvious best practice at this point, but with 6 of 10 instances of workplace wrongdoing going unreported, "more reports" remain the greatest lever for driving cultural improvement.

During 2021, reports per 100 employees held steady at 4.1. This means that despite the normalization of pandemic conditions, the volume of reports remained mostly consistent. The surge in 2020 of reports was driven by complaints of unsafe working conditions and disputes caused by unclear COVID-19 policies. These complaints shifted in 2021 to disputes about vaccine mandates and later concerns about the Delta and Omicron variants.

However, reporting has remained high in an increasingly vocal workforce, 90% of which will be Millennial/Gen Zers within the next 5 years.

Per the Ethics and Compliance Initiative (ECI), 84% of workers report misconduct in organizations with the most effective compliance programs, compared to only 33% in those with weak or non-existent ones.[3]

Driving a Speak Up/Listen Up culture is a smart way to improve operational excellence across your organization. Remember, the most ethical companies continue to see significantly better performance than their peers, with the "World's Most Ethical Companies" outperforming the general peer group by approximately 25%.[4]

The Maturation of Compliance 3.0

Ever since the passage of the Foreign Corrupt Practices Act (FCPA) in 1977, and modern compliance programs as we would come to know them began to gestate, there have been many changes and shifts in how these programs are organized, who is responsible for them, and how they measure success.[1]

The 1991 Sentencing Commission Guidelines and the 1998 OIG Guidance have served as further watershed regulations on the path to defining how corporate compliance programs in healthcare operate.[2] What has emerged from this cycle of refinement are three distinct models or "mindsets" (or phases) driving E&C systems, referred to as Compliance 1.0, Compliance 2.0, and Compliance 3.0.

Historically, each of these mindsets was prevalent at one point in time before new legislation or other factors led those with a Compliance 1.0 mindset to move towards a 2.0 mindset, and then 3.0.

For example, the 1.0 mindset was very prevalent in the 1990s, until the 2004 Federal Sentencing Guidelines amendments nudged professionals in the direction of Compliance 2.0.[3]

Of course, this is not to say that there are no longer Compliance 1.0 programs. You probably know of some programs or professionals which are still living in this phase. Like any system of categorization, these models are not perfect and there is some overlap. For example, you might have a professional who talks in Compliance 3.0 terms, but works in a Compliance 2.0 program.

Compliance 1.0: Risk-focused

- Check-the-box initiatives
- Viewed as "necessary evil"
- Protective
- Focus is on keeping executives out of jail and protecting the bottom line from federal penalties
- Often subordinate to General Counsel or corporate lawyers even though this can create a conflict of interest

Compliance 2.0: Efficiency-focused

- Improvements to efficeincy valued (e.g., software solutions, dashboards)
- Viewed as "cost center"
- Fails to utilize data for actionable insights
- Backward-looking, reactive
- Often works in a siloed department, typically excluded from major strategic decisions

Compliance 3.0: Effectiveness-focused

- Strategic lever
- Viewed as Trusted Advisor & Revenue Protector
- Reporting information and insights, forward-looking
- Efficiency in the context of effectiveness
- Focuses on proactive culture-building initiatives
- Reinforces a self-sustaining culture of integrity
- Increases discretionary effort in workforce, lower turnover

The Maturation of Compliance 3.0 (cont.)

Going Beyond Efficiency Alone

As programs mature from a 1.0 to a 2.0 mindset, professionals find they must reconcile and justify the function of E&C to executives who think in quantifiable and value-based terms.

Abstract concepts such as a Speak Up/Listen Up culture can be difficult to express as a dollar value. Thus, compliance programs can fall into an efficiency abyss, trapped by value-based goals alone (e.g., localized cost-cutting).

Efficiency measurements and listing out all your complete tasks are the easiest ways to express value. While it appears more efficient, this is only an illusion. A 2.0 program lacks a true risk-based focus, and thus lacks the effectiveness of a 3.0 mindset.

Embracing Compliance 3.0

Compliance 3.0 is the fusion of procedural efficiencies with actual results for stakeholders, what is best known as effectiveness.[4] This sort of mindset can be seen both in the details and in the big picture of such programs.

For example, a 3.0 Code of Conduct is a living social compact witnessed in action every day, empowered and revitalized by a Speak Up/Listen Up culture.

It's important to remember possessing a Compliance 3.0 mindset does not automatically mean you have a 3.0 E&C program.

A 3.0 program takes time to build with buy-in from executives, the board, HR, strategy, and other departments working together.

" **While it appears more efficient, this is only an illusion. A 2.0 program lacks a true risk-based focus, and thus lacks the effectiveness of a 3.0 mindset.** "

[1]US Department of Justice. Criminal Division. Fraud Section (2017, February 3). *Foreign Corrupt Practices Act.* Retrieved from https://www.justice.gov/criminal-fraud/foreign-corrupt-practices-act

[2]Publication of the OIG Compliance Program Guidance (1998, February 11). 63 Fed. Reg. 8987

[3]Peregrine, Michael W. (2017, August 3). *Corporate Compliance and the Legacy of Sarbanes Oxley.* Program on Corporate Compliance and Governance at New York University School of Law. Retrieved from https://wp.nyu.edu/compliance_enforcement/2017/08/03/corporate-compliance-and-the-legacy-of-sarbanes-oxley/

[4]US Department of Justice. Criminal Division. (2020, June). *Evaluation of Corporate Compliance Programs.* Retrieved from https://www.justice.gov/criminal-fraud/page/file/937501/download

1. Issue Days Open

Issue Days Open

0-30 Days

Year	Ethico	Traditional Comparison
2019	76.2%	23%
2020	77.3%	39%
2021	80.8%	34%

31-60 Days

Year	Ethico	Traditional Comparison
2019	8.9%	14%
2020	9.5%	28%
2021	9.8%	28%

61-90 Days

Year	Ethico	Traditional Comparison
2019	3.8%	31%
2020	3.9%	28%
2021	4.0%	14%

91+ Days

Year	Ethico	Traditional Comparison
2019	8.5%	31%
2020	9.3%	28%
2021	5.5%	24%

■ Ethico ■ Traditional Comparison

Case closure rate is a key performance indicator for all E&C reporting programs. Reporters want to know that their issues are being taken care of in a timely manner, and E&C professionals need to know that risks are being identified and dealt with appropriately.

If too much time passes between report and resolution, reporters often feel that they are not being taken seriously and may lose trust in the organization or the reporting process. Equally important, organizations can open themselves up to avoidable regulatory and legal risk when cases are allowed to age too long.

In 2021, E&C teams proved their resilience through the second year of the COVID-19 pandemic. Many of the uncertainties were gone and addressing pandemic-related concerns became routine.

Ethico's healthcare clients had an average of 81% of all cases closed within the first 30 days, with the average days to close dropping to 24. The Traditional Comparison's median performance of 42 days took approximately 63% longer during the comparable period.

Over this same time, the proportion of aged reports in the Ethico dataset (reports over 90 days) declined further from 9.3% in 2020, decreasing to 5.5%, compared to the Traditional Comparison, where 24% were aged beyond 90 days.

Given the challenges of 2021, such as new COVID-19 variants and further WFH normalization, this significant drop is notable. These numbers indicate a general decline in the amount of effort required to investigate each issue, which correlates with less manual "busy work," more automation, and higher ROI on compliance spend.

Because issues don't stop occurring, it is important that all intake channels remain open at all times, even in the midst of a pandemic or periods of social unrest. Continuing to apply operational excellence and adhering to your process is the best way to ensure you don't fall behind.

This disciplined approach, coupled with the realization that "our value is not in our plan, but in our ability to plan," frees you up to take an agile, risk-based approach to everything, including your investigations.

1. Issue Days Open

Think About

What can you do to minimize the time to close your organization's cases?

Not only is it a best practice for general risk mitigation, reducing time to close also has cultural benefits.

When reporters see that their cases are being closed quickly, and when the results of those cases are communicated back, if possible (either through policy changes, education, or even anecdotal stories in company-wide newsletters or leadership presentations), your people see that their voices matter and something is being done with concerns. This is especially crucial in healthcare which has traditionally held close ties to the local communities around their facilities.

Therefore, make sure your intake is high quality (make test calls to your own line to assess). This means ensuring that empathetic elicitation is in place and that interviewers are both risk-trained and able to apply a flexible approach to gathering information.

Also, take a look at your directives, and review all open cases as a team weekly, or even daily, to optimize your process. Auditing your categories to ensure they are clean, tied to your Code, and utilizing all the smart workflows and automation available in your case management system can have a significant impact as well.

These three areas — tech quality, operations, and intake — present the biggest opportunities to reduce case closure times.

Average Number of Days to Close Issue

2018	2019	2020	2021
28 / 40	28 / 45	27 / 39	24 / 42

■ Ethico   ■ Traditional Comparison
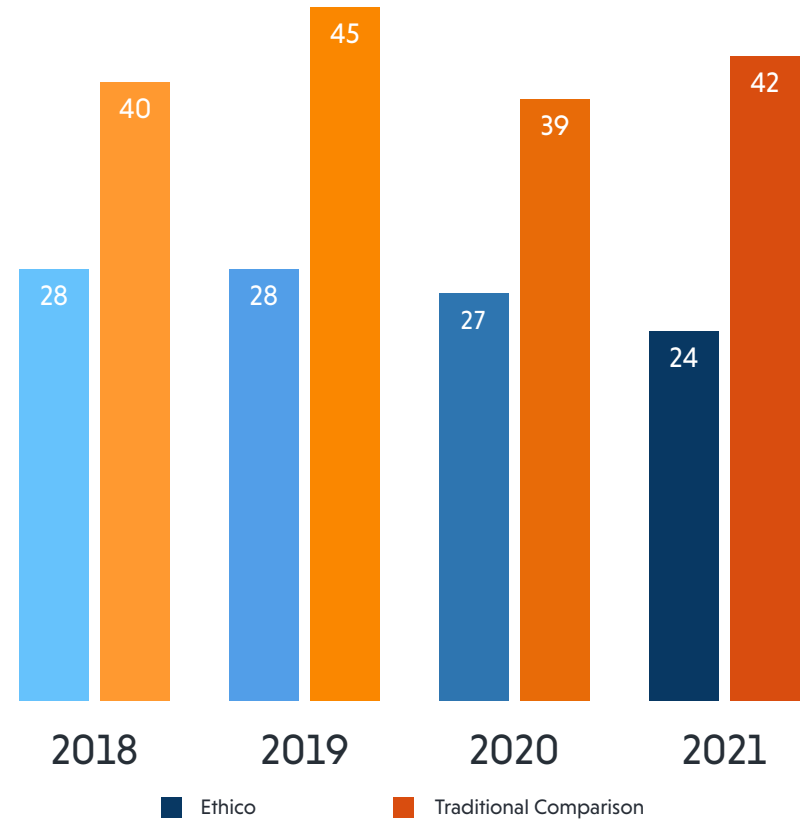
How to Calculate: $\text{Issue Days Open Rate} = \dfrac{\text{Total Days Open}}{\text{Total Cases Closed}}$

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.

E&C and the Great Resignation

2021 saw a record high number of workers quitting their jobs, 48 million people in the so-called Great Resignation. Why?

According to a 2022 Pew Research Center survey, the top reasons included: low pay, lack of advancement opportunities, and workplace disrespect.[1] Blame for the Great Resignation cannot be solely placed at the feet of COVID-19, but the pandemic has certainly been a catalyst for mobility.

The shift to remote work for office staff opened up opportunities for workers at companies well beyond their commute range. Those workers had millions of new opportunities for work available at their fingertips. Additionally, pandemic-related policies alienated some employees and caused, or emphasized, divides in the workforce.

Although the pandemic was not the root of these issues, it did exacerbate existing ones such as the increase in work hours (both required and voluntary) and redistributed responsibilities. Because of these issues, both white-collar and blue-collar workers have experienced burnout. Whereas white-collar workers are presently more concerned with the option of remote work, blue-collar workers are motivated by scheduling flexibility and how they manage their time.[2]

E&C teams help to combat this exodus of talent by ensuring ethical integrity across any organization to prevent moral injury.

Workers want their employers to minimize "moral injury," a trauma response to witnessing or participating in workplace behaviors that contradict one's moral beliefs in high-stakes situations. To suffer a moral injury is to suffer a betrayal of what a worker believes to be right and anyone who has ever suffered through a betrayal knows how hard it is to trust the betrayer again. Issues with moral injury were only exacerbated by the pandemic and the lack of existing policies around novel issues.[3]

E&C plays a roll in many areas that can factor into retaining talent and preventing workforce losses stemming from the Great Resignation. Research shows that factors including corporate responsibility, workplace ethics, company culture, and management, all impact retention. Millennial and Gen Z workers particularly want to see their employers taking on social responsibility, with Gen Z even demanding it of the brands whose products they purchase.[4] This includes D&I initiatives within the company, as well as with the people companies serve.[5]

Retaining Millennials, the generation with the most individuals having significant student loan debt, is only going to become more difficult if an organization only uses pay and benefits to retain them. The burden of debt pushes Millenials to seek career moves that improve their financial situations, particularly early in their careers while they have fewer responsibilities and assets.

Overall among this generation, there has developed a "Later Culture" of delayed life events, like marriage, home purchases, and having children, giving them even more flexibility and mobility. As the age of eligibility for Social Security benefits delays, even retirement is a compelling impetus for younger generations to seek increased salaries.

What happens when Millennials do not see their wages or salary increase?

They will go elsewhere the moment they suffer their first moral injury. A strong culture, built on true ethical integrity, plays a role in retaining these workers. According to *Great Place to Work*, Millennials are over 22x more likely to stay at their job for a long time when they believe their company has a high-trust culture (almost 2x more than Baby Boomers).[6]

E&C and the Great Resignation (cont.)

A strong culture should be intentional and purposeful, incorporate all members of the group, and essentially be a culture of solidarity. This is particularly important to E&C professionals as the damage to corporate culture from exits can raise concern that cultural shortcomings are actually the cause of employees leaving.

Finally, many "quitters" have pointed to their manager's ethics or their organization's hypocrisy as the reason for their exit. Workers' perceptions of their workplace culture is often defined by the perception of their manager. Millennials and Gen Z, who make up more than half of the workforce, are more likely to refuse to submit themselves to poor treatment when opportunities abound.[7]

Exit interviews are a good tactic to pinpoint managerial issues among your departing employees,[8] when fear of retaliation — the biggest factor preventing workers from speaking up — is at its lowest. Stay interviews, conducted during an employee's present tenure, are another smart way to identify the challenges employees are currently facing and provide feedback on what makes them stay in their roles and with the company.[9]

The impacts of the Great Resignation are profound and burdensome with trends continuing. The high price from the loss of institutional knowledge and the costs incurred to replace employees can effect negative change, if not outright harm. Moving forward, companies need to focus on these pain points to achieve success in retaining employees who are still leaving in droves.

E&C can use this trend as an opportunity to not only make meaningful strides to reinforce an authentic pursuit of the organization's mission, but also to prove the strategic capabilities we possess to affect the thing that possibly no other department can — a true culture of integrity.

> **"...many 'quitters' have pointed to their manager's ethics or their organization's hypocrisy as the reason for their exit. Workers' perceptions of their workplace culture is often defined by the perception of their manager."**

[1]Parker & Horowitz. (2022, March 9) *Majority of workers who quit a job in 2021 cite low pay, no opportunities for advancement, feeling disrespected.* Pew Research Center. Retrieved from https://www.pewresearch.org/fact-tank/2022/03/09/majority-of-workers-who-quit-a-job-in-2021-cite-low-pay-no-opportunities-for-advancement-feeling-disrespected/

[2]Bartleby. (2021, November 27). *Managing the Great Resignation.* The Economist. Retrieved from https://www.economist.com/business/2021/11/27/how-to-manage-the-great-resignation

[3]Carucci R. & Praslova L. (2022, February 21) *Employees Are Sick of Being Asked to Make Moral Compromises.* Harvard Business Review. Retrieved from https://hbr.org/2022/02/employees-are-sick-of-being-asked-to-make-moral-compromises

[4]Petro. (2021, April 30). *Gen Z Is Emerging As The Sustainability Generation.* Forbes. Retrieved from https://www.forbes.com/sites/gregpetro/2021/04/30/gen-z-is-emerging-as-the-sustainability-generation/

[5]O'Boyle. (2021, March 30). *4 Things Fen Z and Millennials Expect From Their Workplace.* Gallup, Inc. Retrieved from https://www.gallup.com/workplace/336275/things-gen-Millennials-expect-workplace.aspx

[6]Carucci. (2021, October 11). *To Retain Employees, Give Them a Sense of Purpose and Community.* https://hbr.org/2021/10/to-retain-employees-give-them-a-sense-of-purpose-and-community

[7]O'Boyle. (2021, March 30).
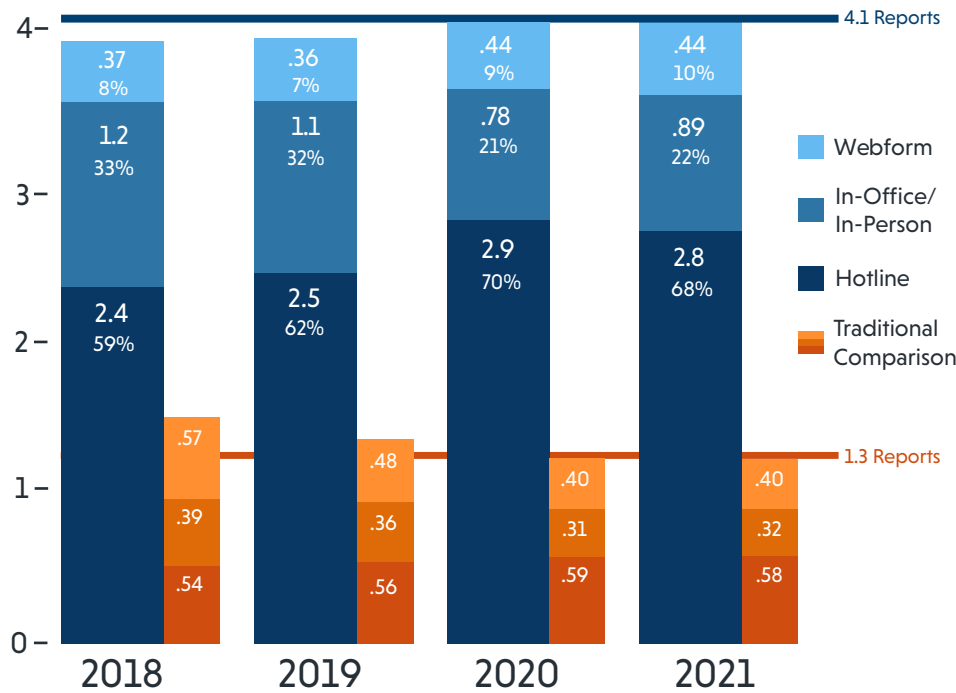
[8]Bartleby. (2021, November 27).

[9]Nawaz (2022, March 14). *What Stops People on Your Team from Leaving?* Harvard Business Review. Retrieved from https://hbr.org/2022/03/what-stops-people-on-your-team-from-leaving

2. Reporting Channel Use

Reporting Channel Per 100 Employees

Legend:
- Webform
- In-Office/In-Person
- Hotline
- Traditional Comparison

4.1 Reports

1.3 Reports

2018: .37 (8%), 1.2 (33%), 2.4 (59%), .57, .39, .54
2019: .36 (7%), 1.1 (32%), 2.5 (62%), .48, .36, .56
2020: .44 (9%), .78 (21%), 2.9 (70%), .40, .31, .59
2021: .44 (10%), .89 (22%), 2.8 (68%), .40, .32, .58

The above graph shows the use of the three primary intake channels used in 2018, 2019, 2020, and 2021. See how 2021 percentages compare with those from the Traditional Comparison.

Over the last 4 years, we have seen considerable growth in hotline reporting, which was exacerbated over the last two years due to the pandemic, up from 60% to about 70% over the last four years.

Reporting Channels are extremely important to evaluate on an ongoing basis. They help organizations monitor the effectiveness of intake methods and identify where additional resources may be needed, as well as where additional opportunities exist for improvement.

Web reporting increased slightly to 10% of total reports, the WFH's impact on in-office/in-person reporting continued from the prior year with 22% of intake in 2021.

The slight increase in In-Office/In-Person reporting was driven by the return of non-essential staff which helped share the burden of intake alongside hotline reports which accounted for 68%.

There is a confluence of factors at play for the trends we are seeing. The pandemic/WFH is obvious, but isolating for that, the generational transition that is underway is having some influence on how intake channels are utilized and in what proportions, in sometimes surprising ways.

While increased hotline reporting can indicate growing organizational trust, it is also reinforced by an increasingly vocal workforce. Significantly lower proportional hotline reporting rates (controlling for volume) can indicate:

- A lack of trust in the hotline

- A lack of belief in a safe culture

- Painful intake process (e.g., long call queues, robotic intake/no empathy, cumbersome questions)

- A fear of retaliation (which is on the rise)

2. Reporting Channel Use

Reporting Channel By Company Size

<1000 Size

	2019	2020	2021
Online Form	11%	13%	22%
In-Office/In-Person	20%	13%	15%
Hotline	69%	74%	63%

1001-5000 Size

	2019	2020	2021
Online Form	14%	16%	14%
In-Office/In-Person	9%	6%	9%
Hotline	77%	78%	77%

5001-10000 Size

	2019	2020	2021
Online Form	7%	6%	8%
In-Office/In-Person	35%	36%	33%
Hotline	58%	57%	59%

10001-50000 Size

	2019	2020	2021
Online Form	7%	8%	10%
In-Office/In-Person	16%	16%	28%
Hotline	77%	76%	62%

50000+ Size

	2019	2020	2021
Online Form	4%	6%	11%
In-Office/In-Person	53%	23%	10%
Hotline	43%	71%	79%

Legend: Hotline · In-Office/In-Person · Online Form

Anecdotally, new clients who transition from other providers or refresh their program often show the most meaningful shift in hotline reporting percentage. This is rooted in a combination of factors, including a redoubled focus on Speak Up/Listen Up culture, improved digital and physical awareness/push materials, and a significantly more human intake process (empathetic elicitation). Regardless of the reason, the driver of report volume improvement tends to come through the hotline.

When looking at your own data, compare the proportions of your different intake channels, as well as changes in absolute values within channels over periods of time to get a better understanding of how your program is working and to identify where to look for improvements. Your individual challenges, constraints, and workforce composition are just some of the factors influencing this metric.

"When was the last time you tested your intake experience?"

Think About

How can you increase the proportion of your reports through your hotline (in the context of your reporting rate)? When was the last time you tested your intake experience? Round table discussions with identified callers to your hotline or webform to obtain feedback, or even simple surveys, can provide useful insights into the "why" behind changes in your reporting channel results.

Consider making courteous communication back to identified reporters a policy of your investigation team. Revisit your directives and general call process (test your line at various times — how did that process feel?) to ensure the "customer" experience is in line with your expectations and your organization's standards.

Analyze your awareness campaigns to make sure messaging and imagery are optimized and "everywhere."

If you are in a WFH scenario, how have you altered your awareness plan to account for the "New Normal"? When were posters updated last? (Best practice is 2-4 times per year.) When have you last updated your awareness strategy and content schedule? How can you be sure people know how and where to report?

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 are some simple ways to drive toward a new culture where crowdsourced risk management is the norm.

How to Calculate:

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

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.

What's Your Abandonment Rate?
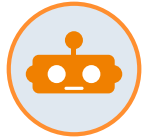
Thank you for calling the compliance hotline.

Your call is very important to us.

Please stay on the line for the next available agent.

Hold Music
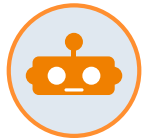
Thank you for calling the compliance hotline.

Your call is very important to us.

Please stay on the lin–

Call Ended.

This is an abandoned call. Most vendors do not want you to ask about your Abandonment Rate, or the percentage of calls that disconnect before speaking with an agent. Checking your Abandonment Rate will tell you how many people call into your hotline and hang up before speaking to a human.

The act of calling a compliance hotline is not an easy task for reporters. It takes courage to report. They have to overcome a fear of retaliation, a fear of being treated dismissively, and the fear of being identified, whether they remain anonymous or not.

To lower the Abandonment Rate, a good reporting process will remove obstacles and get people connected to another human being as quickly as possible. Statistically, it has been found reporters are more likely to remain on the line upon intake when a human answers the phone. Even during a time of high call volume, when intake answers with a live person and they ask for the caller to remain on hold, the caller is much more likely to wait without disconnecting.

Call queues, call trees, and long hold times all contribute to an increase in Abandonment Rates. If Abandonment Rates are high, your exposure to risks will increase since you are missing reports, especially reports from more timid and fearful callers.

To give your stakeholders a stronger voice and get more ROI from your intake, do everything you can to get your Abandonment Rate as low as possible.

"The act of calling a compliance hotline is not an easy task for reporters. It takes courage to report."

What's Your Abandonment Rate? (cont.)

This graph shows an overview of Abandonment Rates among inbound call centers. To find out how your Abandonment Rate compares, you will have to ask your vendor for it.

If you find your reporting rate is low, make certain your Abandonment Rate is not the culprit. If your intake is subject to 15-20% Abandonment Rate, addressing this could boost your reporting rate by up to 25%.

With more than 50% of employees witnessing "reportable misconduct" each year (ECI), there are many more reports available to get out of our workforce. Given the scarcity of reports (Traditional Comparison is <1.5 reports per 100 employees), it is critical that each issue an employee attempts to report actually turns into an investigation.

There is nothing worse than a fish jumping off the hook as you're reeling it into the boat.

"To lower the Abandonment Rate, a good reporting process will do everything possible to remove obstacles and get people connected to another human being as quickly as possible."

Abandonment Among Hotline Services

% of Incoming Calls Abandoned

- World Class Service
- Industry Standard
- Average Range
- Ethico
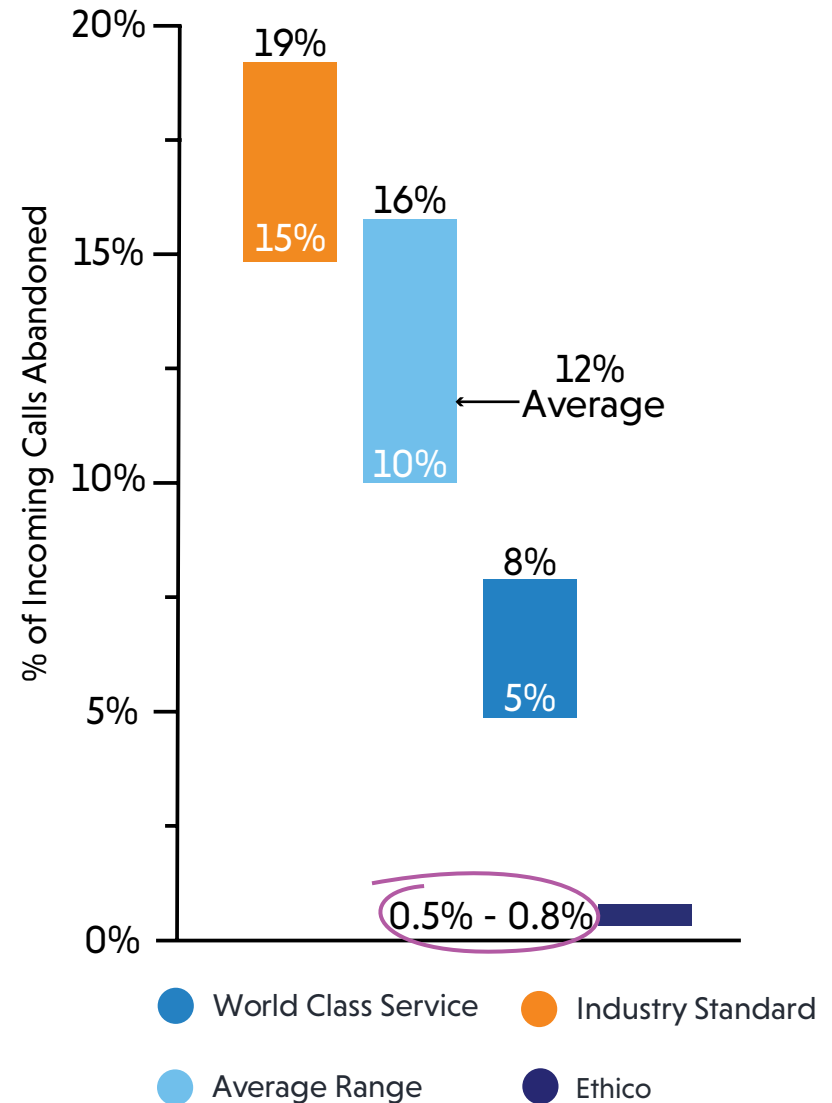
3. Issue Anonymity

Issue Anonymity is a critical datapoint to evaluate, as it can demonstrate aggregate workforce trust in both the organization and the reporting process. Higher Anonymity Rates indicate lower trust, while lower rates indicate a lower fear of retaliation and a higher level of employee ownership.

Starting in 2018, there has been a gradual decline in anonymous reporting with more callers preferring to give their names. In 2021, there was the first substantive increase in callers opting to identify themselves with 72% providing their names.

Traditionally, the lower the Anonymity Rate and higher percentage of identified callers, the more trust reporters have in the organization. However, without an impenetrable culture of trust, some issues will only be reported under the cover of anonymity.
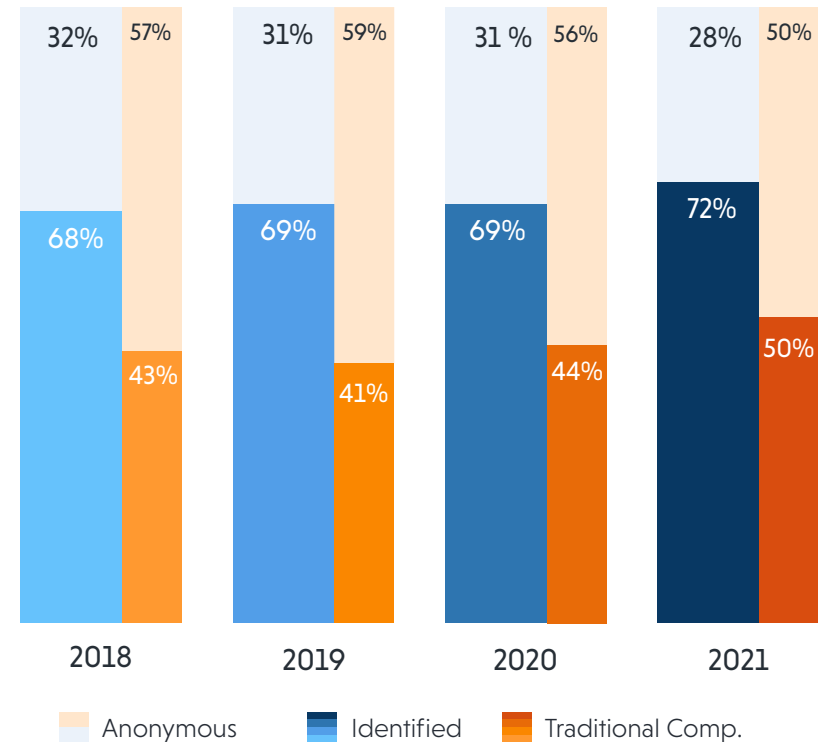
Even in the healthiest organizational cultures, some personality types or issue types will lead to an anonymous report. That is to say, none of our clients in the sample (who offer anonymity as a reporting option) with more than 100 reports had zero anonymous calls across any of the years analyzed.

An Anonymity Rate significantly higher than 50% could indicate some trust issues with the organization in general, or with respect to the reporting process in particular.

This may be due to several factors, but is usually driven by a general fear of retaliation and/or a dehumanized or annoying reporting process (e.g., painful, long wait times, lacks empathy).

Organizations showing high Anonymity Rates usually see symptoms of cultural short-falls in other areas of the operation, such as lower employee engagement, relatively high turnover rates (particularly during the Great Resignation), fewer referrals and often, higher material lawsuit rates.

Anonymous Reporting

	2018	2019	2020	2021
Anonymous	32%	31%	31%	28%
Identified	68%	69%	69%	72%
Traditional Comp. (light)	57%	59%	56%	50%
Traditional Comp. (dark)	43%	41%	44%	50%

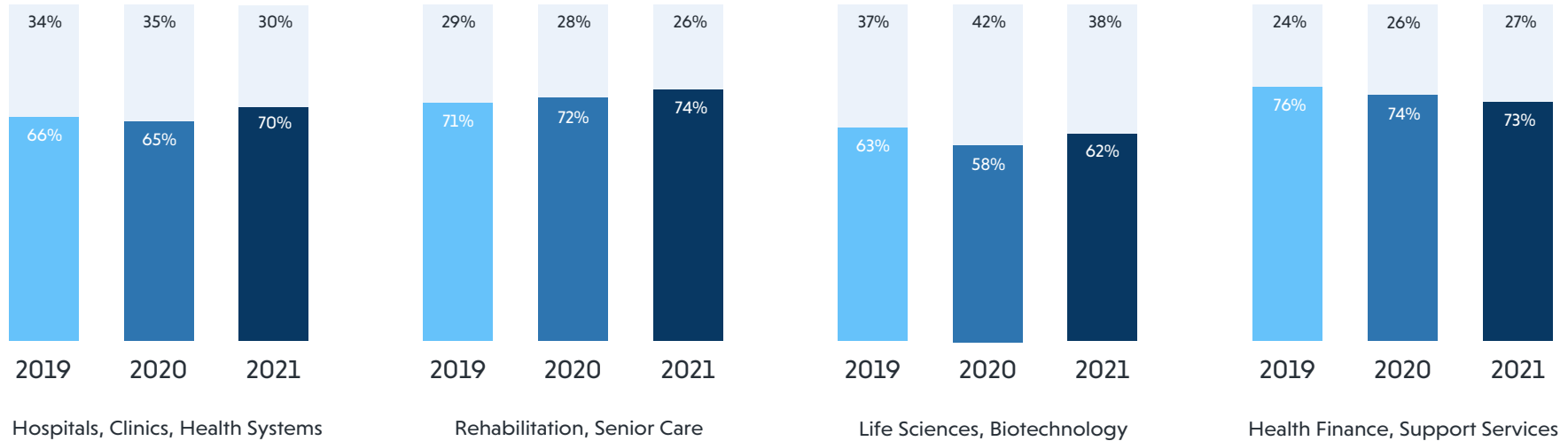Legend: Anonymous, Identified, Traditional Comp.

Anonymous reporting is a pillar of the issue intake process. Offering and gaining employee trust to speak up and submit a report while keeping identities confidential is beyond a best practice — it's invaluable to protect your employees. But also consider patients. Healthcare is a very personal and private service which requires the trust of patients. Therefore, cultivating a culture of trust is not only ethically sound, it also makes good business sense.

3. Issue Anonymity

Anonymous Reporting by Sector

Identified **Anonymous**

Hospitals, Clinics, Health Systems

Year	Anonymous	Identified
2019	34%	66%
2020	35%	65%
2021	30%	70%

Rehabilitation, Senior Care

Year	Anonymous	Identified
2019	29%	71%
2020	28%	72%
2021	26%	74%

Life Sciences, Biotechnology

Year	Anonymous	Identified
2019	37%	63%
2020	42%	58%
2021	38%	62%

Health Finance, Support Services

Year	Anonymous	Identified
2019	24%	76%
2020	26%	74%
2021	27%	73%

The sectors of Rehabilitation, Senior Care and Health Finance, Support Services had the first and second lowest Anonymity Rates in 2021, at 26% and 27%, respectively. The Life Sciences/Biotech sector has consistently had the highest percentage of anonymous reporters which was exacerbated at the start of the pandemic as the sector felt pressure to rapidly produce vaccines, ventilators, and personal protective equipment. Presumably, this pressure created fear which made more reporters choose to remain anonymous.

Those healthcare sectors which see close patient interaction, Hospitals/Health Systems and Rehab/Senior Care saw a slight decrease in anonymity during the measurement period with many of this identified callers employees, patients, and patients' family members willing to give their names in the course of protesting something to do with infection control policies or vaccination mandates.

It is important to realize, however, that it is difficult to read too much into your Anonymity Rate in isolation. This metric should always be considered in the context of other factors. A high rate of anonymous reporting may indicate that employees withhold their identity out of fear of retaliation for even relatively innocuous issues, which is a potentially dangerous place to be. If this is the case, employees are not comfortable entrusting their name or other identifying information to management at all.

On the other hand, a low Anonymity Rate may indicate that stakeholders have an especially high trust in the process and team. In this case, it can indicate your employees are comfortable reporting especially sensitive issues due to their belief that the reporting process is safe and the risk of retaliation is low. Here, you receive more sensitive issues earlier and with more frequency than your peers, who may operate in a lower trust environment.

Think About

What is your Anonymity Rate? If it is significantly higher (10%+) than the one-in-three stable trend we see in our data, examine whether a lack of trust is an issue in your organization.

Try to gain insights from employees through roundtable discussions, exit and stay interviews, anonymous surveys, or through cultural consulting engagements. Even a simple datapoint from Google Forms (or other free survey tools) can provide a baseline you can work to improve upon.

The key is incremental improvements. Furthermore, examine the reporting process, issue intake and case management processes, and the resulting outcomes with an unbiased eye.

Factors such as lack of empathy on intake (where speed and efficiency are often more important to profit-centric vendors than treating people like people), lack of follow-through, extended periods of unresolved cases, and lack of consistent communication back to reporters all contribute to lack of trust. Remember, people don't report for two major reasons: fear of retaliation and/or they don't think management cares (or won't do anything about it). As E&C professionals driving a Speak Up/Listen Up culture, this is our responsibility — and luckily, it is possible to improve in virtually all cases.

Consider triangulating your Anonymity Rate with other indicators in your case management system, like reporting rate, substantiation rate, and case closure times to get a better understanding of the nature of your Anonymity Rate and clues to improve it.

- *Total Issues*
  Low incidence of overall issues and high Anonymity Rate may indicate a reticence to engage and a preference to remain anonymous, even when less necessary due to low trust.

- *Sensitive Issues (severity or category)*
  A high relative incidence of sensitive/severe issues and high Anonymity Rate may mean you've built a strong culture and the ability to remain anonymous is enabling earlier visibility into thorny issues, especially if the per capita reporting rate is relatively high.

- *Turnover (the Great Resignation Effect)*
  With nearly 2/3 of employees looking for a new job as of August 2021[1] and toxic cultures being the biggest predictor for higher than average industry-adjusted attrition (10.4x more than "higher wages"[2]), comparing your trailing 3-month turnover rate to your industry average and your historical average can provide meaningful insights on your organization's actual cultural health.

- *Anecdotal Cultural Indicators (cooperation with and trust in the E&C team)*
  Compare metrics to your sense (or a rough sampling of employee sentiment) of the trust in your process. While less objective, this can help you form some assumptions to monitor and measure against.

How to Calculate:

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.

$$\text{Anonymous Rate} = \frac{\text{Anonymous Issues}}{\text{Total Issues}} \qquad \text{Identified Rate} = 1 - \text{Anonymous Rate \%}$$

[1] PwC. (2021, August). *PwC Pulse Survey: Next in work.* Retrieved from pwc.com/us/en/library/pulse-survey/future-of-work.html

[2] Sull, D., Sull, C, & Zweig, B. (2022, January 11). *Toxic Culture is Driving the Great Resignation.* MIT Sloan Management Review. Retrieved from sloanreview.mit.edu/article/toxic-culture-is-driving-the-great-resignation/

Insights: The Generational Shift

The true measure of a strong culture of integrity is not merely how empowered your stakeholders are to speak up, but also how well your organization actually listens.

The potential for fostering a Speak Up/Listen Up culture will only grow more integral in the coming years as younger generations, Millennials and Gen Zers specifically, come to dominate the workforce and hold more positions of leadership.

However, during this shift, the opportunity for meaningful positive cultural impacts is more present than ever, given the skyrocketing rates of retaliation we have seen across the economy both during and following the pandemic.

Interestingly, the high correlation between these factors — retaliation and the proportion of the workforce composed of Millennials and Gen Zers, whose value systems place priorities on accountability and authenticity[1] — is coincident with the skyrocketing rise in SEC whistleblowing tips, up approximately 76% over the last year.[2]

By 2030, these younger generations will represent more than 80% of the workforce and "alignment in purpose" between themselves and their work is one value they increasingly demand.

This starts with authentically working to close the gap between the organization's "deed and its word," followed closely by giving the workforce a voice.

This means cutting away retaliation with campaigns to address and attack it directly. With overall rates of actual retaliation over 80% currently, and even 20% retaliation being "too high" for most E&C pros, odds are there is an opportunity to reduce retaliation within your organization.

The Generational Shift
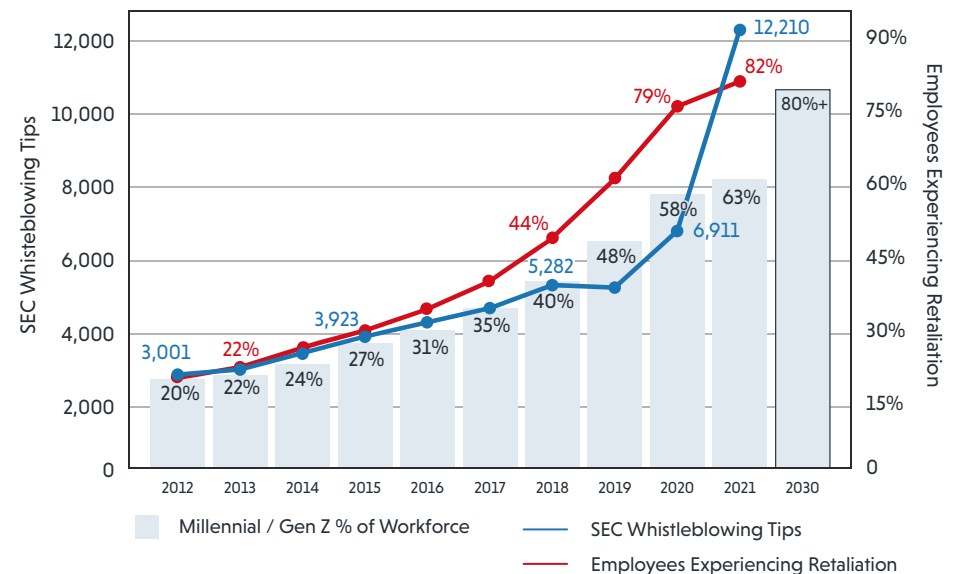
Millennial / Gen Z % of Workforce — **SEC Whistleblowing Tips** — **Employees Experiencing Retaliation**

> **"This starts with authentically working to close the gap between the organization's 'deed and its word,' followed closely by giving the workforce a voice."**

Insights: The Generational Shift (cont.)

Even if your organization is relatively healthy, the Great Resignation effect means new folks who haven't been steeped in your healthy culture may be bringing workplace trauma and misconceptions from previous jobs into your organization.

A cohesive plan to attack retaliation and the fear thereof directly will pay dividends in reinforcing your authentic culture of integrity.

There is tremendous opportunity in humanizing your Speak Up/Listen Up infrastructure to accommodate a more vocal workforce. Offer intake systems that meet people where they are by humanizing the process across all your intake options (in-person, hotline, web, and text).

Utilize the technology available to increase investigation efficiency and close cases faster. Refresh your code to embody your unique values. Break down silos and leverage other leaders across the organization. Celebrate whistleblowers and Speak Up Heroes inside and outside the organization.

We are at a unique time in the history of Ethics and Compliance and it is our duty to lead the charge in driving a more ethical workplace that authentically aligns with our organizations' purposes. Small incremental changes to the foundation your organization has laid will have outsized impacts on the type of environment your people choose to come to every day, whether virtually or in-person. If finding "alignment in purpose" is a growing demand for the workforce then let's help provide it.

"...new folks who haven't been steeped in your healthy culture may be bringing workplace trauma and misconceptions from previous jobs into your organization."

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

[2]US Securities and Exchange Commission. Office of the Whistleblower (2021, November 16). *2021 Annual Report to Congress Whistleblower Program*.

[3]The Ethics & Compliance Initiative. (March 2021). *The State of Ethics & Compliance In the Workplace*. Global Business Ethics Survey Report.

4. Issue Categories

Human Resources

24% -3% since 2020

Environment, Health & Safety

16% -3% since 2020

Privacy/Infosec

14% +6% since 2020

Patient Relations, Business Quality

16% -1% since 2020

Compliance, Regulatory, Legal

7% -1% since 2020

Unfairness, Management Issues

8% +0.4% since 2020

Billing, Finance, Vendors

5% +0.4% since 2020

Discrimination, Harassment, Retaliation

2% +0.3% since 2020

Fraud, Theft, Property Damage

3% -0.4% since 2020

Staffing Issues

6% +1% since 2020
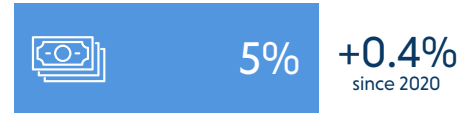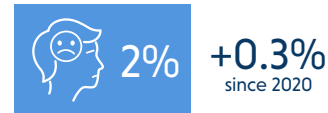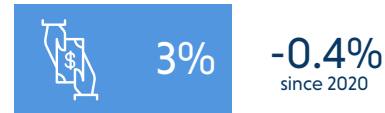
4. Issue Categories

For the 2022 Benchmark, we reorganized and normalized how categories were counted to better account for wide customization across client category sets. In this report, we sought to separate some of the issues which would normally be associated under another category to provide more meaningful insight.

For example, we broke out the category for "Unfairness, Management Issues" whereas historically these would have been grouped with the Human Resources category in past years.

Keep in mind that one hotline report can be assigned to multiple categories based on the content so the percentages are not proportions of the total issues reported, but rather the total concerns reported across all issues.

"HR issues once dominated this list with approximately 33% of all reported concerns, but in the wake of shifting anxieties and risks, this has dropped to a quarter of all concerns..."

Issues Covered by each Category:

- *Human Resources*:
  Co-worker Interactions, Pay/Benefits, Scheduling, Workload

- *Environment, Health & Safety (EHS)*:
  Unsafe Working Conditions, Threats to Safety, COVID-19 Issues

- *Privacy, Infosec*:
  Data Breaches, Cyber Threats, Hardware Security, HIPAA

- *Patient Relations, Business Quality*:
  Service Quality, Responsiveness, Contract Obligations, Customer-Business Interactions

- *Compliance, Regulatory, Legal*:
  Code of Conduct Violations, Conflicts of Interest, Regulatory Violations, Document Falsification, Criminal Acts, Trade Union Relations

- *Unfairness, Management Issues*:
  Employee-Management Interactions, Unfair Treatment, Humiliation, Favoritism, Dispute Resolution

- *Billing, Finance, Vendors*:
  Billing/Coding Disputes, Accounting, Vendor Relations

- *Discrimination, Harassment, Retaliation*:
  Protected Class Discrimination, Sexual Harassment, Workplace Harassment, Management/Co-worker Retaliation

- *Fraud, Theft, Property Damage*:
  Fraud Allegations, Questionable Financial Practices, Damage to Company Assets

- *Staffing*:
 Staff Shortages, Staffing Impacts on Quality

Overall, reported concerns in healthcare continue to reflect the impact of the pandemic, the division between essential and non-essential staff, losses of institutional knowledge, and losses of labor from the Great Resignation. HR issues once dominated this list with approximately 33% of all reported concerns, but in the wake of shifting anxieties and risks, this has dropped to a quarter of all issues.

Environment, Health & Safety ("EHS") tied with Patient Relations, Business Quality as being the second most reported concern at 16% of all reports in 2021. The EHS concerns were predominantly reports from both employees and patients of non-compliance with infection control protocols, workforce protections, or something to do with vaccinations.

As workforces grew used to the norms of the pandemic, the overall level of EHS-related concerns dropped by about 1/4th from 20% at the start of the year to 16% by the end; however, there was a small relative increase during August and September corresponding to new concerns about the COVID-19 Delta variant.

Privacy and Information Security continued an interesting trend in relation to observed EHS numbers. See the article *Gorillas in Our Midst* on page 38 for more insights into this phenomenon.

EHS Reporting Correlates with Covid Hospitalizations in 2021
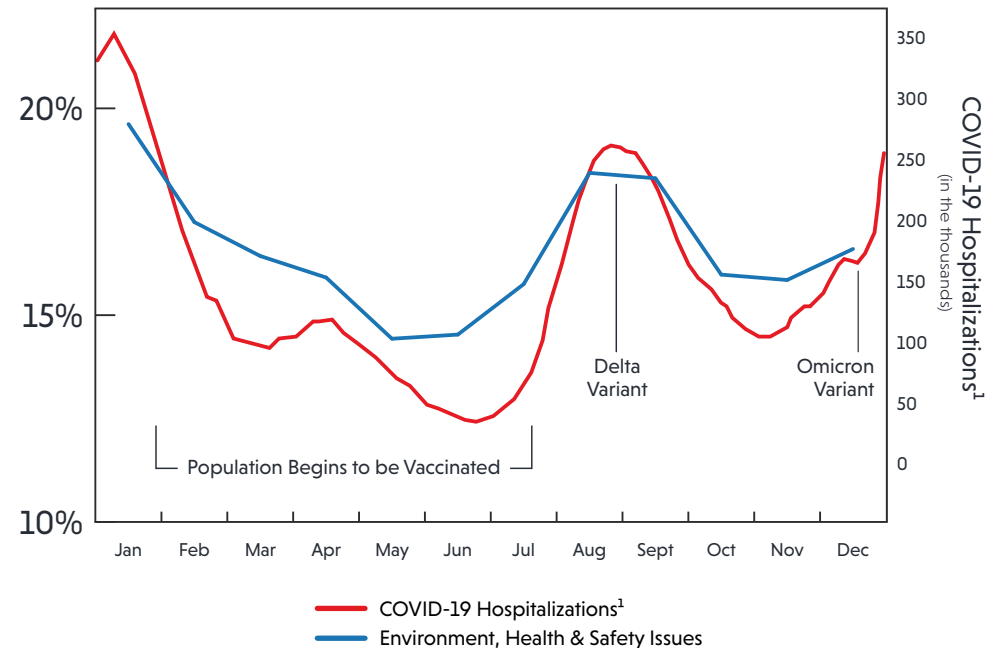
COVID-19 Hospitalizations[1]

Environment, Health & Safety Issues

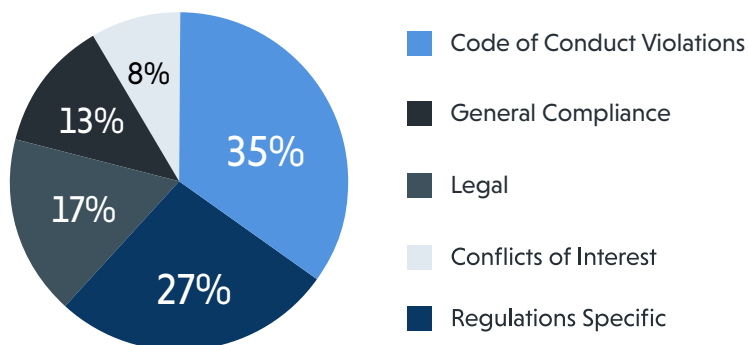"**Even with new priorities, new anxieties, and working from home, workforces continued to perceive a relatively stable level of unfairness from management.**"

4. Issue Categories

While the category of "Compliance, Regulatory, Legal" had an average of 10% of all reported concerns from 2018 to 2019, there was a sudden decrease in this trend at the start of the pandemic, which continued into 2021.

This is likely caused by the limited visibility of those in a WFH environment, coupled with the Great Resignation's higher turnover, where the loss of institutional knowledge has made identifying compliance/regulatory violations relatively more difficult for new workers.

Category Breakdown: Compliance, Regulatory, Legal for 2021

- Code of Conduct Violations
- General Compliance
- Legal
- Conflicts of Interest
- Regulations Specific

The impact of the pandemic on Patient Relations, Business Quality continues to show in the number of issues compared to pre-pandemic values. After the initial surge in 2020 to 17%, it dropped to 16% in 2021. Most of the quality concerns through the hotline were rooted in poor responsiveness caused by staffing shortages, mostly in hospitals and senior care centers. In Q4 of 2020, staffing issues rose to 5% of reported concerns and this average increased to 6% into 2021. The decision to remove complaints of "Unfairness, Management Issues" from HR arose from the prevalence among many clients to introduce categories specifically dividing concerns into disputes between co-workers and disputes with management.

[1]Global Change Data Lab. (2022, April 10). *Our World in Data.* Coronavirus, Data Explorer, Weekly Hospital Admissions. Retrieved from https://ourworldindata.org/explorers/coronavirus-data-explorer

Most of these reports are related to employees disputing disciplinary actions, allegations of favoritism, and hostile work environments created by management.

From 2018 to 2019, concerns of unfairness accounted for approximately 7% of all incoming issues. Early in the pandemic, the uncertainty and sometimes arbitrary policies by mid-level management about infection control and WFH created the perception of unfairness and a hostile workplace. As organizations set policies and established a routine handling of COVID-19, disputes with management and unfairness issues leveled off at 8%.

A possible takeaway is that concerns with management and allegations of unfairness are a consistent part of any organization. Even with new priorities, new anxieties, and working from home, workforces continued to perceive a relatively stable level of unfairness from management.

Think About

Assuming static categories across your comparison period, look for significant differences in category split to identify the first places to look for root causes. Be certain to assess any spikes in new concerns within the context of external events impacting the business, including the acquisition of new sites with new populations joining your workforce. Updating your high-level categories, while important to do periodically, can make comparing to prior periods difficult, so keep your category updates infrequent and thoughtful. If you do this, make sure to normalize historical data with the new categories in order to increase comparability across periods.

How to Calculate:

$$\frac{\text{Issue Intake}}{\text{by Category}} = \frac{\text{Issue Category}}{\text{Total Cases}}$$

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

ROI - Unlocking Discretionary Effort

The ROI of a compliance program provides a foundation for justifying the value of that program throughout the organization. It is a common language that ties impact, reward, and loss to something everyone can understand: money.

A truly effective program will do more than serve as a stopgap against litigation and fines. It can contribute to the profitability, success, and competitive advantage of an organization by bolstering a culture of ethics and compliance so employees are never forced to make moral compromises to complete their jobs.

With 65% of employees looking for a new job and toxic cultures being a driver 10x bigger than "higher wages," perhaps the lowest hanging fruit E&C teams can harvest is a forgotten resource: discretionary effort.[1]

The Great Resignation has shown us that employees care about the authentic culture of integrity they work in, and the toxicity of their workplace is directly correlated with employee disengagement.

A recent study[2] showed the following:

• There is a direct relationship between a toxic workplace and employee engagement.

• Employees in a toxic environment spread negativity to other co-workers leading to compounding effect.

• Toxic workplace feelings (such as harassment, bullying, etc.) lead to unnecessary stress, burnout, anxiety, and depression.

• Employee well-being directly affects employee behaviors, discretionary effort, and overall sentiment toward the organization.

• However, organizational support increases employee engagement and work quality directly.

Boosting employee engagement is the key to unlocking discretionary effort and increasing this engagement must be a multi-departmental task, but because it is rooted to workplace toxicity (i.e., toxic workplaces are the antithesis of high integrity cultures), E&C needs to play a central role.

"...toxic workplaces are the antithesis of high integrity cultures."

ROI - Unlocking Discretionary Effort (cont.)

Discretionary effort is the often untapped (or under-tapped) resource every organization hopes to inspire its workforce to use. An employee providing more discretionary effort is going beyond the bare minimum required to not get fired, something increasingly important to consider in our knowledge work economy.[3]

When organizations hire someone, the traditional model is to think they have bought 100% of that employee's effort, but this is rarely the case. Instead, companies have actually "bought" merely the percentage of effort necessary for a person to keep their job.

Further, no jobs would require 100% of someone's effort as those jobs are obviously not sustainable and would quickly lead to burnout. Most jobs require about 50% to 70% of a person's available effort, corresponding to the bare minimum required to fulfill a job's requirements and not get terminated.

When an organization pays someone, it pays the same amount of money for an employee to meet their minimum requirements as it does for them to show discretionary effort. Discretionary effort is up to the employee's discretion of whether or not to go beyond what is minimally required.

Therefore, you could be getting more of a return from your workforce if they are kept engaged and willing to provide discretionary effort at any level above the aggregate average, or technically, above the average level below which they would be terminated.

"...having your voice heard is crucial to reaching the last tier of discretionary effort: belonging."

Maximizing Effort & Engagement
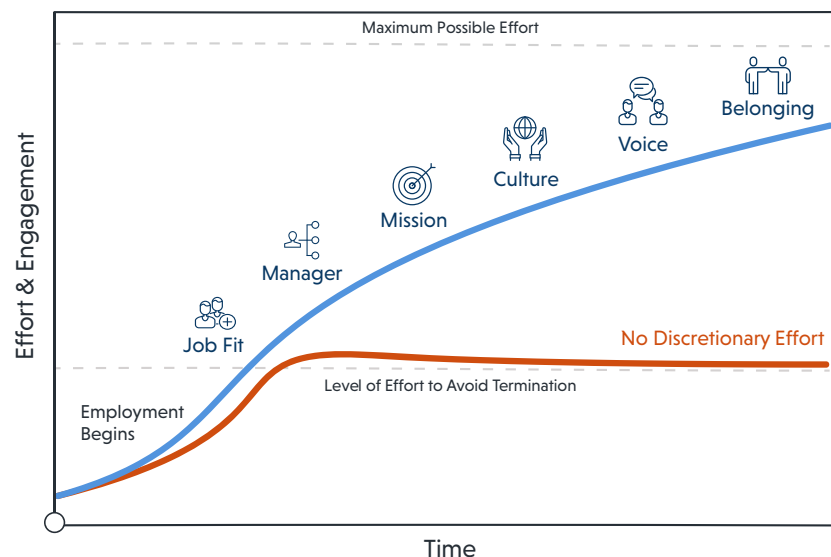
In order to help bolster the conditions for additional discretionary effort, E&C teams who discover anti-engagement problems through issue intake channels that they oversee should look to either resolve those themselves, or reach out to those who can remedy them more directly.

A hotline allows you to react sooner so you can keep that discretionary effort level rising, especially when those who Speak Up are listened to, not retaliated against, and are celebrated for the courage they exhibit for caring about the values the organization espouses.

ROI - Unlocking Discretionary Effort (cont.)

Doing work that fits you, having a manager guide you, having a mission to believe in, and working in an authentically ethical culture can boost your discretionary effort, but having your voice heard is crucial to reaching the last tier of discretionary effort: belonging.

When someone feels like a member of a family, they are willing to strive towards a collective goal with greater energy and focus, epitomizing the expression, "going above and beyond." E&C can contribute to the effort to unlock discretionary effort by giving employees a stronger and louder voice, reinforcing a culture of integrity, fighting retaliation, and fortifying a workplace that fights toxicity.

A recent Gallup survey found that only 20% of global employees describe themselves as engaged at work and 36% within the US. It is estimated that $8.1 trillion is lost every year across the globe due to low engagement.[5] This means there is a lot of additional potential value for E&C teams to add to their organizations.
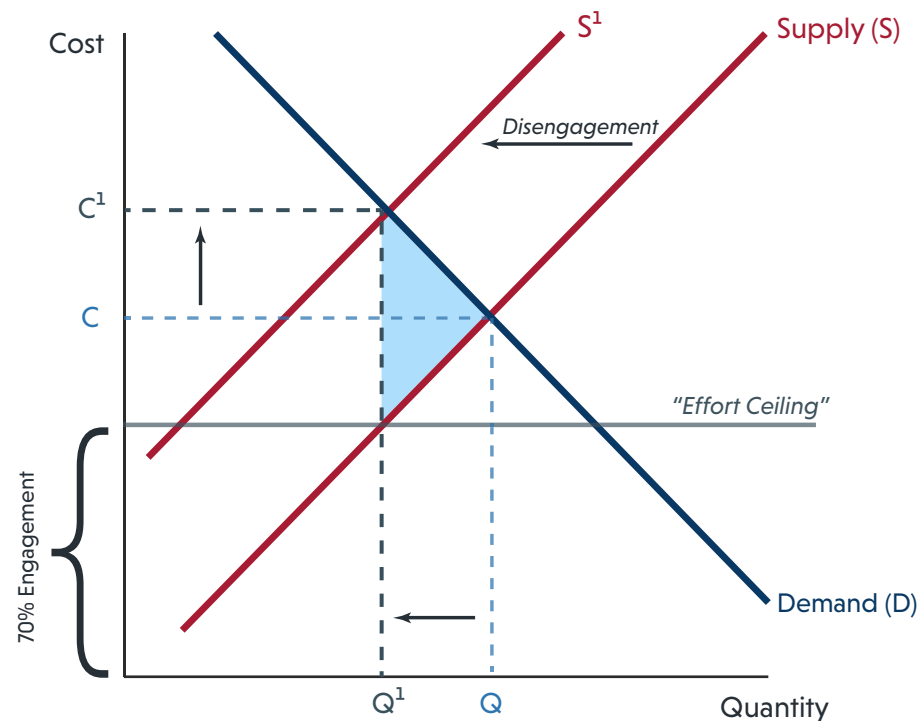
This graph shows the deadweight loss, or efficiency loss, due to employee disengagement. The Demand (D) line represents an organization's demand for a job to be done, while the Supply (S) line represents the supply of labor. At equilibrium, the company pays C as the price for some Quantity of Labor (Q), based on the assumption that the employee will "give it their all."

However, when an employee is disengaged with an "Effort Ceiling" below 100%, they generate a lower Quantity (or Quality) of work, which effectively corresponds to a lower Supply (S^1) of work (i.e, less work at the same price, or the same work at a higher price). Shrinking this blue triangle through increased engagement unlocks latent efficiency that falls directly to the bottom line.

[1]Sull, D., Sull, C, & Zweig, B. (2022, January 11). *Toxic Culture is Driving the Great Resignation.* MIT Sloan Management Review. Retrieved from sloanreview.mit.edu/article/toxic-culture-is-driving-the-great-resignation

[2]Rasool S.F., Wang M., Tang M., Saeed A., & Iqbal J. (2021) *How Toxic Workplace Environment Effects the Employee Engagement: The Mediating Role of Organizational Support and Employee Well-being.* International Journal of Environmental Research and Public Health; 18(5):2294. Retrieved from https://doi.org/10.3390/ijerph18052294

[3]Powell, W.W.; Snellman, K. (2004). *"The Knowledge Economy".* Annual Review of Sociology. 30 (1): 199–220. Retrieved from https://www.jstor.org/stable/29737691
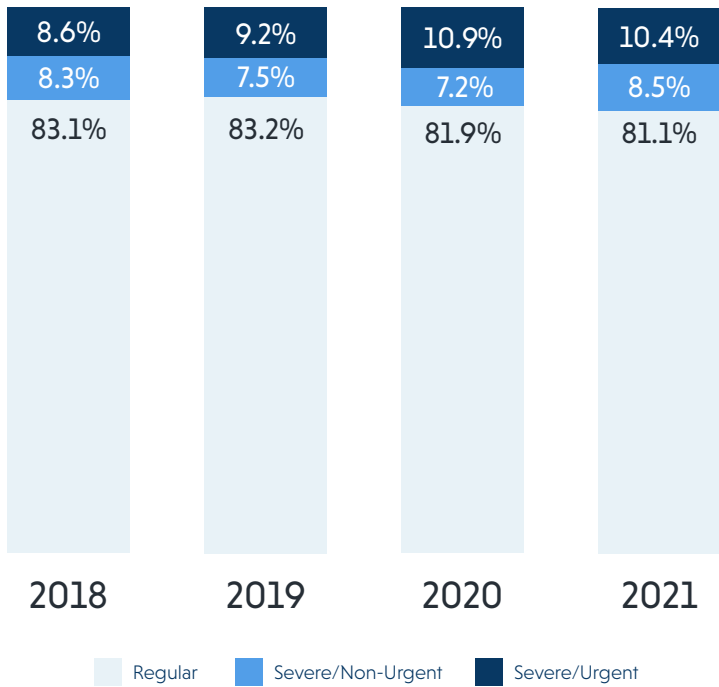
[5]Gallup Inc. (2021). *State of the Global Workplace 2021 Report.* Retrieved from https://www.gallup.com/workplace/349484/state-of-the-global-workplace.aspx

5. Issue Severity Level

From 2018 to 2021, there was no significant change in the proportion of "Regular" calls across the sample. However, 2020 did show a very small increase in "Severe/Urgent" by about 1.7%, largely due to COVID-19 concerns. This went down only slightly in 2021 as COVID-19 became a part of everyday life. Generally, this metric has tended to exhibit statistical stability over the periods analyzed, increasing the confidence interval of comparability between periods. In 2021, we saw approximately 81% of calls falling into Severity III (Regular) with the remaining 18% split between Urgent and Non-Urgent severities.

Issue Severities

	2018	2019	2020	2021
Severe/Urgent	8.6%	9.2%	10.9%	10.4%
Severe/Non-Urgent	8.3%	7.5%	7.2%	8.5%
Regular	83.1%	83.2%	81.9%	81.1%

Legend: Regular · Severe/Non-Urgent · Severe/Urgent

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 an 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. Notification to the client coordinator(s) upon termination of the call is made.
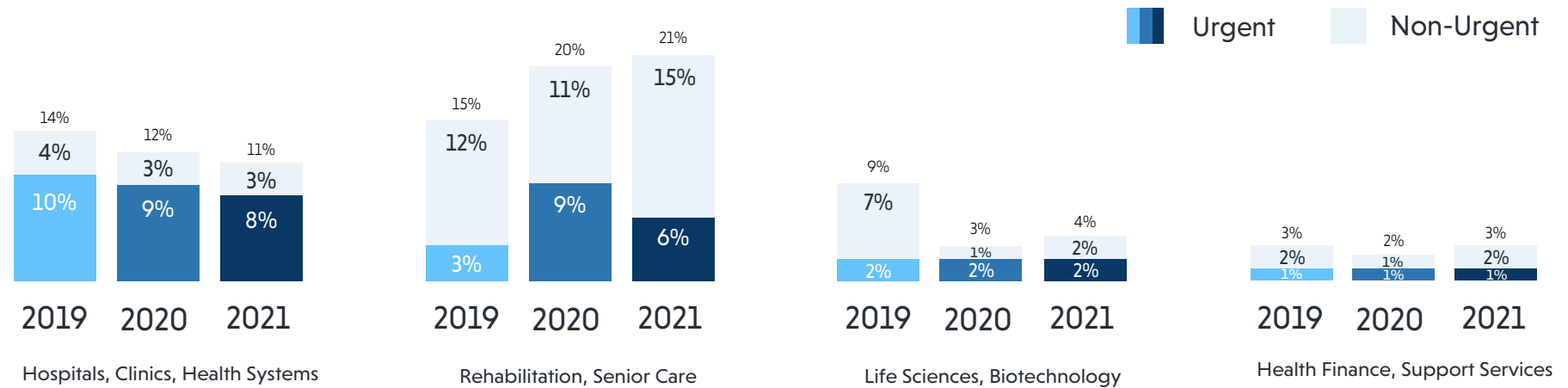
Severity Level III *(everything else)*

Calls that do not require immediate action. These follow the standard digital (e.g., email or case management system) notification procedures.

5. Issue Severity Level

Severity by Sector

Urgent ■ **Non-Urgent** ☐

Hospitals, Clinics, Health Systems

- 2019: 14% (Non-Urgent 4%, Urgent 10%)
- 2020: 12% (Non-Urgent 3%, Urgent 9%)
- 2021: 11% (Non-Urgent 3%, Urgent 8%)

Rehabilitation, Senior Care

- 2019: 15% (Non-Urgent 12%, Urgent 3%)
- 2020: 20% (Non-Urgent 11%, Urgent 9%)
- 2021: 21% (Non-Urgent 15%, Urgent 6%)

Life Sciences, Biotechnology

- 2019: 9% (Non-Urgent 7%, Urgent 2%)
- 2020: 3% (Non-Urgent 1%, Urgent 2%)
- 2021: 4% (Non-Urgent 2%, Urgent 2%)

Health Finance, Support Services

- 2019: 3% (Non-Urgent 2%, Urgent 1%)
- 2020: 2% (Non-Urgent 1%, Urgent 1%)
- 2021: 3% (Non-Urgent 2%, Urgent 1%)

It should come as no surprise that Hospitals, Clinics, Health Systems and Rehabilitation, Senior Care, which are sectors of healthcare with a high numbers of Essential Workers and direct patient interaction, would have the most severities.

There was some surprise to find that the overall percentage of severities declined for Hospitals, Clinics, Health Systems as these organizations were stricken by the effects of the pandemic, yet each year saw a gradual decline in severities. Research into the data reveals two reasons for this decline. First, hospitals and health systems, more than any other sector had the most professionals experienced in infection control on staff. Second, as the pandemic progressed, many of our clients in this category came to redefine how they wanted severities to be classified with formerly Urgent matters either being redirected or recognized as not being the priority it had been in the pre-pandemic years.

Also, keep in mind that although Hospitals, Clinics, Health Systems did not have the most severities, they did traditionally have the most Urgent severities; mostly coming from patient safety accidents.

The high number of severities coming from Rehabilitation, Senior Care is due to the vulnerability of their population, especially during the pandemic as patients and employees felt infection control standards were not being taken seriously. This sector was far less prepared than Hospitals, Clinics, Health Systems, and their often dispersed facilities saw problems as some locations took infection control more seriously than others.

As the pandemic started there was an obvious surge to 9% of reports being classified Urgent as the lack of certainty around policies created a lot of fear. But as clients reassessed what was to be considered Urgent, this dropped to 6% in 2021. Take note than non-urgent severities did rise in 2021 and much of this was coming from patients and family members of patients reporting the negative impacts of quarantine. This issue was especially prevalent for senior care in which elderly patients struggled with being isolated and quarantined in their rooms for days at a time.

In the face of the pandemic, clients in Life Sciences, Biotechnology reduced the level of direct interaction with patients, which seems to have contributed in the drop of severities from 2019 to 2020.

5. Issue Severity Level

If your organization's aggregate severity rate is higher than 20%, this is typically due to:

1. How your hotline is used

What is the nature of your hotline? If it is only used to report severe things then your severity rate will of course be relatively higher, but this will also (hopefully) coincide with a low reporting rate. Consider whether severity rate is different across reporting channels (e.g., more mundane issues reported online).

2. How you categorize severities

When was the last time you reviewed how your "Severe" reports are determined and handled/routed? How cooperative is your vendor in making those changes? In some cases, high severity levels were due to issues being incorrectly categorized as "Severe." Analyze your severity categories and sample a handful of recent "Severe" reports to confirm whether they were properly categorized.

3. Deeper operational problems

If your reporting rate is normal and your categories are clear (i.e., you are satisfied that severity designations are legitimate), then a high severity rate is typically rooted in some kind of systemic, real problem within operations. These situations should be handled on a case-by-case basis, usually by teams specialized for the respective problem areas. E&C can support the eventual solution and outcome with an appropriate response, relevant training, and adequate process and policy changes.

It should come as no surprise that nearly 20% of issues from the Healthcare sector turned out to be severities during the pandemic, up significantly from pre-pandemic averages, where Healthcare's severity percentage would drift between 15% to 17% of total reports.

Think About

If all else is equal, how can you decrease the incidence of severe cases?

In most cases, it is possible to reduce the proportion of severe cases through operational quality improvements. If the solution is outside of your control, you can help drive these operational improvement efforts by making sure someone knows about what you're seeing, and support with appropriate training, policy changes, etc.

Crowdsourcing potential solutions from your broader team is wildly helpful in addressing an issue like this, especially from those on the front-lines. Many of these folks have amazing insights and ideas that are often underutilized.

Furthermore, front-line participation in problem solving greatly increases the likelihood of buy-in to the ultimate solution initiatives. Showing authenticity coupled with employing a "Fair Process" to drive lasting change management can be helpful.[1]

How to Calculate:

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

Aggregate all 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.

[1]Kim, W.C. & Mauborgne, R. (2003, January) *Fair Process: Managing the Knowledge Economy.* Harvard Business Review. Retrieved from hbr.org/2003/01/fair-process-managing-in-the-knowledge-economy

Insights: EHS & HR Concerns

COVID-19 threw a wrench into the normal patterns of issues being reported before the pandemic.

Prior to the pandemic, averages from all industries revealed it was normal for approximately 33% of issues received to contain Human Resources (HR) concerns, with only 13% of issues being related to Environment, Health & Safety (EHS) issues. However, in April 2020, for the first time since we began documenting annual category trends, HR was supplanted with 25% of concerns, while EHS was 25.5%. This was significant.

The initial reaction to COVID-19 among workforces, especially in healthcare, was a frenzy of concerns and complaints as everyone learned new norms, adjusted to quarantine work habits, and waited for clarity from corporate leadership about policies.

The spike of EHS concerns gradually decreased, but it has continued to be a top-of-mind issue for reporters with occasional surges in response to COVID-19 variants and vaccine mandates.

EHS again spiked mid-year along with Delta variant cases in June and July 2021, and again with Omicron in November/December, though to a lesser degree. Post-COVID-19 sees HR concerns lingering at approximately 25% of concerns, but it is still the dominant category of reports.

EHS & HR Concerns
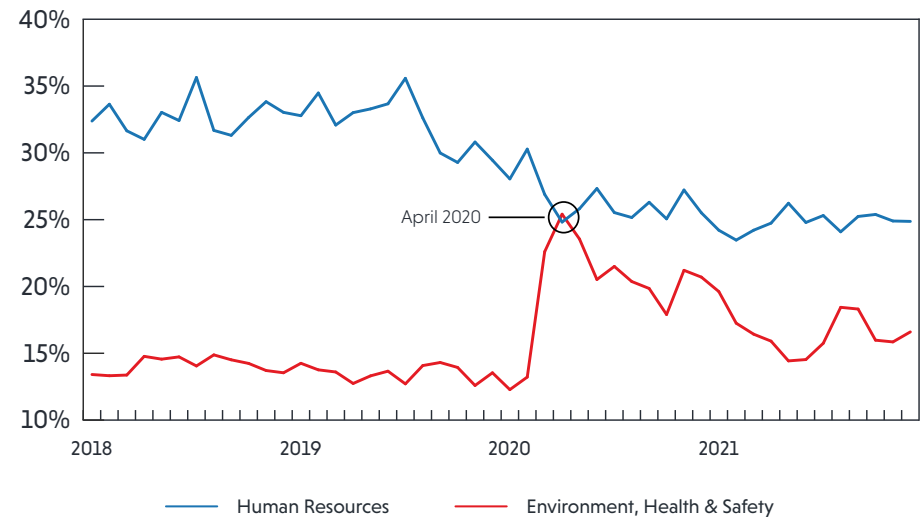
April 2020

— Human Resources   — Environment, Health & Safety

"The spike of EHS concerns gradually decreased, but it has continued to be a top-of-mind issue for reporters with occasional surges in response to COVID-19 variants and vaccine mandates."

6. Issue Substantiation

Issue Substantiation refers to the validity of reports after they have been reviewed and/or investigated. It is important to monitor Issue Substantiation, as it is an indicator of overall report quality made by reporters, and the quality level of your investigation operations. Analyzing this metric also helps ensure that reports are being properly investigated and resolved, and that the workforce has appropriate training on what is worth reporting.

The percentage of substantiated issues saw a sharp decline in 2020 at the start of the COVID-19 pandemic. The average of 2020 was 48%, which bounced back up by 4% in 2021, bringing the average to 52% substantiated cases.

There were several factors influencing the 2020 decrease. The most notable change was the higher substantiation threshold set by E&C teams for Health and Safety concerns, which came to represent a relatively higher proportion of overall call volume.

For several months after the pandemic started, there was a surge of "knee-jerk" Health and Safety concerns, such as "witch hunt" allegations or general complaints of colleagues not taking pandemic restrictions and precautions "seriously enough." E&C teams were cautious initially, but 2021 saw reporters growing more familiar with what was worthy of reporting and what information they would need to substantiate a concern.

Other factors for the increase include staff returning from WFH status causing a slight uptick in in-office/in-person reporting (which exhibits a naturally higher substantiation rate), along with a greater common understanding of infection control policies, and a desensitization to pandemic concerns. For example, at the start of the pandemic in 2020, employees would report baseless rumors about colleagues being exposed to the virus. By 2021, this sort of reporting has diminished.

Issue Substantiation

Legend: Unsubstantiated — Substantiated — Traditional Comp.
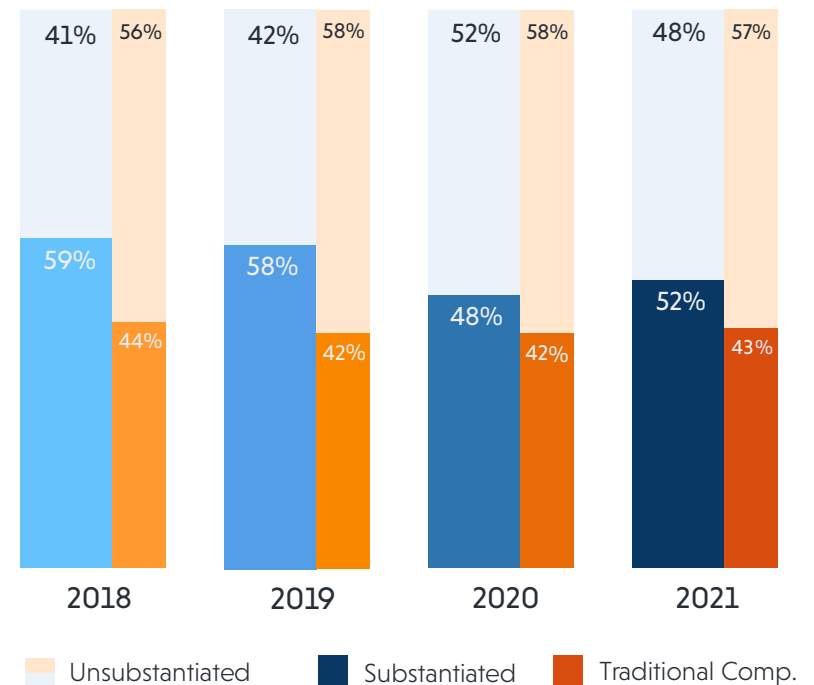
Something to keep in mind is how substantiation rates for healthcare organizations have traditionally been lower than in other industries such as manufacturing, finance, government, etc. Our multi-industry benchmark has shown substantiation for other industries can vary from 2% to 10% higher than healthcare. The reason for this difference is rooted in the greater complexity of healthcare reports and the urgency of their issues often limits prolonged investigations.

6. Issue Substantiation

Focusing on consistently building trust in both the reporting process and the organization's genuine desire for folks to speak up, as well as on educating people about the types of things 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 both a healthy starting point (meaningful/verifiable issues are reported with sufficient information gathered at issue creation) and a robust investigation and follow-up process. Either of these may explain the disparity across company sizes.

Keep in mind that substantiation rate declines by company size until reaching an inflection point among extra large organizations. As companies grow, ensuring thorough information upon intake at scale tends to be more difficult (in addition to having more issues reported with minimal information along with relatively smaller teams).

In the same way, the average reporting rate is 4.1 reports per 100 employees, but large companies had a rate of 2.2 reports. As with all these statistics, context improves the story.

Think About

How does your substantiation rate compare to this benchmark? How does it compare to your own substantiation rate from prior years? If there is a deviation, why did that happen?

If your rates have declined or if they are substantially lower than 50-60%, try to figure out where the problem lies. Is it on the investigation side, the intake side, or the employee education side?

If your investigations are attentive and quick, and cases are being closed in a timely period (<30 days 80% of the time), the unsubstantiated issue problem is likely on the reporting side — thus either an employee education problem or something needed to be retooled with your issue intake process.

Here, develop awareness campaigns to educate employees throughout the year about the purpose of the hotline and the process; share anecdotes in company newsletters of blinded stories about things reported, investigated, and how they were handled; and get other leaders and culture champions to mention Speak Up/Listen Up, using the helpline, etc. in email signatures, locked laptop screen savers, general correspondence, and company meetings.

If cases are taking longer than 30 days to close most of the time, focus on the investigation process. Provide increased oversight of the process (distributed vs. centralized) and consider additional training for investigators. Set S.M.A.R.T. goals for case closures and work with your team to achieve them over the coming quarter to drive improvement. Ultimately, you may want to consider outsourcing some or all investigative work to increase capacity.

How to Calculate:

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

$$\text{Unsubstantiated Case Rate} = 1 - \text{Substantiated Rate \%}$$

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.

Gorillas in Our Midst

Selective attention refers to the human inability to focus on more than one thing at a given time. When a certain stimulus consumes an individual's attention, it often becomes nearly impossible to see anything else.

In a famous psychological study, subjects were asked to count the number of times a group of people in a video passed a basketball, then were asked what they had seen. Strangely, an extremely low percentage (as low as 8% in some tests performed) noticed the woman dressed in a gorilla suit walking through the scene.[1]
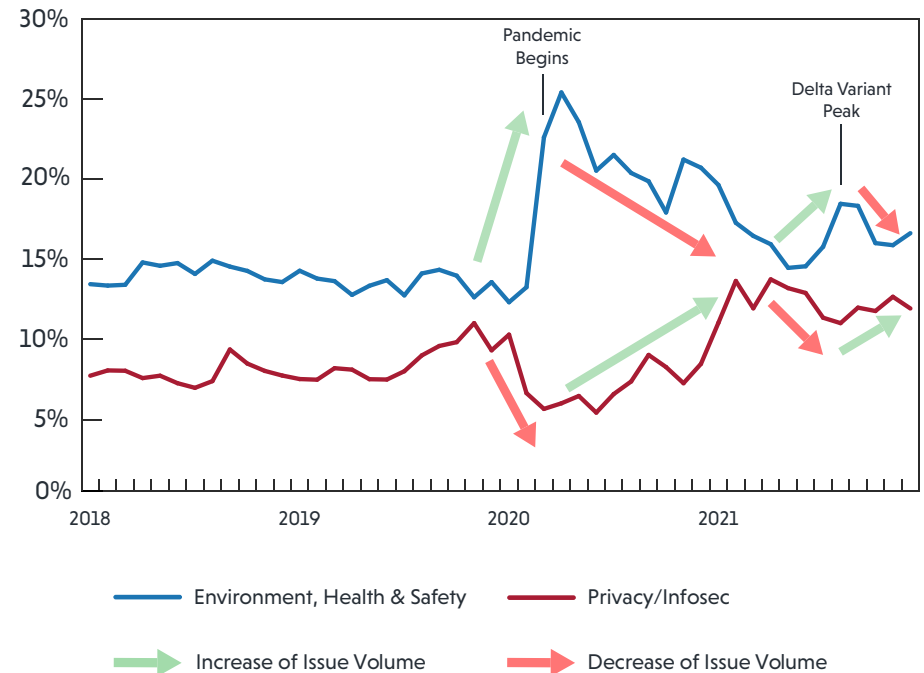
In the course of our review of the past four years of Environment, Health & Safety (EHS) concerns, an interesting pattern emerged between EHS and Privacy reports after the pandemic began.

Take a look.

In mid-2019, several large-scale data breaches were in the headlines (American Medical Collection Association[2], Capital One[3], Equifax settlement[4]), and we saw a corresponding rise in Privacy/Infosec reports starting around this time, a category that had remained relatively stable over the previous years analyzed. However, this rise was halted as COVID-19 consumed the headlines and shifted focus and concern toward the pandemic and its unknown associated risks.

As protocols started to take effect and employees began to live on Zoom in a WFH environment in Q2 2020, we saw two new huge data breaches — 267 million Facebook profiles popping up on the Dark Web[5] and cyber attackers breaching Zoom for more than 500,000 users' credentials[6] — thrust data privacy back into the collective consciousness.

EHS & Privacy/Infosec Trends

Legend:
- Environment, Health & Safety
- Privacy/Infosec
- Increase of Issue Volume
- Decrease of Issue Volume

"**When a certain stimulus consumes an individual's attention, it often becomes nearly impossible to see anything else.**"

Gorillas in Our Midst (cont.)

The point is, for almost every major secular increase/decrease in EHS reporting rates, there was an opposite decrease/increase in Privacy/Information Security concern virtually in the same month. No other issue categories mirror the EHS reporting trend so closely or consistently.

When people focus on one thing they can easily overlook something else. Incidents reported through your intake channels tend to correlate with the headlines. You probably noticed an influx of sexual harassment reports during the #MeToo movement in late 2017, for example, and the monthly composition of your reports over the last year likely mirrored that which was top of mind for your workforce.

This cognitive bias ingrained in all of us presents an opportunity for Ethics & Compliance teams to gain significant traction on important initiatives, but it requires employment of the "Headline Effect." Remember what it was like during the height of the pandemic, when COVID-19 was in every headline — it was all anyone was talking about.

Carpet-bombing workplace retaliation, for example, with an omni-channel campaign attacking it from all angles can not only keep it top of mind for your workforce, but also cause people to focus on it — seeing it anywhere it exists and weeding it out.

The E&C team of the future is one that understands human psychology and behavioral science and uses them to its advantage to drive an authentically ethical workplace culture forward in sustainable ways.

The key takeaway here is a decline of reports in any category should always been considered in the context of other top-of-mind issues. In 2020, just because there was a drop in Privacy/Infosec concerns did not mean there were no issues, only that these issues took a backseat to pandemic concerns. Reporters were willing to give organizations a bit of grace in 2020, but only seem to have stored up their concerns until 2021 when we saw the greatest surge of Privacy/Infosec issues to date.

[1] Simons, D. J., & Chabris, C. F. (1999). *Gorillas in our midst: sustained inattentional blindness for dynamic events. Perception*, 28(9), 1059–1074. Retrieved from https://doi.org/10.1068/p281059

[2] Osborne, Charlie. (2019, June 19). Data breach forces medical debt collector AMCA to file for bankruptcy protection. ZDNet. Retrieved from zdnet.com/article/ *for dynamic events. Perception*, 28(9), 1059–1074. Retrieved from https://doi.org/10.1068/p281059

[3] Alfred, N. & Serrels, M. (2019, July 29). Capital One data breach involves 100 million credit card applications. Cnet. Retrieved from cnet.com/news/privacy/capital-one-data-breach-involves-100-million-credit-card-applications

[4] Alfred, N. & Keane, S. (2019, July 22). *Equifax to pay at least $575 million as part of FTC settlement.* Cnet. Retrieved from cnet.com/news/privacy/equifax-to-pay-at-least-575m-as-part-of-ftc-settlement
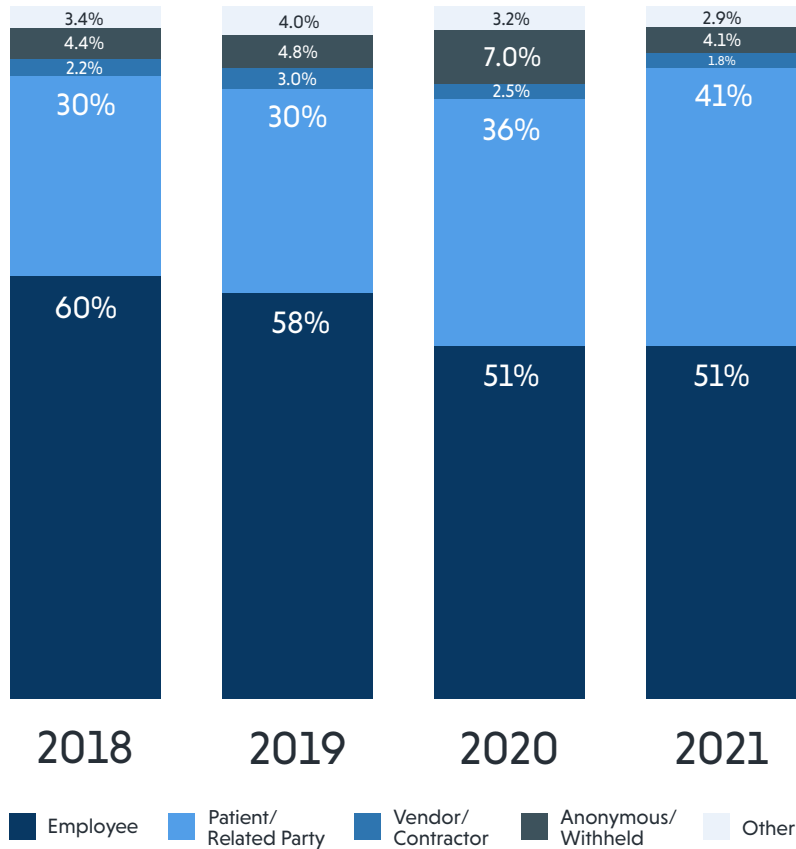
[5] Abrams, Lawrence. (2020, April 20). *267 million Facebook profiles sold for $600 on the dark web. Bleeping Computer.* Retrieved from bleepingcomputer.com/news/security/267-million-facebook-profiles-sold-for-600-on-the-dark-web

[6] EZShield Team. (2020, April 15). 500K Zoom Accounts Discovered for Sale on the Dark Web. Sontiq, Fighting Identity Crimes. Retrieved from https://www.fightingidentitycrimes.com/500-000-zoom-accounts-discovered-on-dark-web

7. Reporter Types

Reporter Types

	Employee	Patient/Related Party	Vendor/Contractor	Anonymous/Withheld	Other
2018	60%	30%	2.2%	4.4%	3.4%
2019	58%	30%	3.0%	4.8%	4.0%
2020	51%	36%	2.5%	7.0%	3.2%
2021	51%	41%	1.8%	4.1%	2.9%

Reporter Type indicates the relationship of the reporter to the organization. Since this data first began to be collected, calls from employees have always represented the highest percentage of reporters.

The type to look at here is the "Patient/Related Party" section which had the first significant increase from about 30% to 36% in 2020, spiking further in 2021 to 41%. This was driven primarily by the pandemic and surges in patient and family members calling in to report Health and Safety concerns, especially hospitals, clinics, and senior care centers.

The proportions depicted in your hotline reporter types will be a function of how your hotline is used, and how it is advertised internally or externally. Examining mix trends over several comparable periods (yearly or quarterly) will provide significant insights into how you can improve your issue intake operation.

Remember that reports from anyone can be helpful to achieve your goals, so be thoughtful about how to market to non-employee groups if that creates an opportunity for your organization.

Think About

How do you use your hotline, and where do reports that signal risk originate? If you're trying to build customer or community relations, look for trends in those reporter types, and drive awareness there.

Low metrics against our benchmarks indicate opportunity to build external awareness. Likewise, if employees are your source for reports that flag internal risk, low metrics indicate a need for more employee education, awareness, and training.

How to Calculate:

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

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

New Normal or No Normal?

In our previous year's benchmark we raised a lot of questions about whether we were witnessing the "New Normal" to account for the changes in the content of reports brought on by the COVID-19 pandemic.

This year we wished to examine if there were any signs of "normalization" as workforces and wider communities became accustomed to pandemic-related restrictions and WFH environments.

We first examined the data for 2021 in comparison to 2020, but quickly realized we needed to get a bigger picture. We had to benchmark the reporting trends of the COVID-19 years against the pre-COVID-19 trends in 2018 and 2019.

Here are the trends we found for the pre-COVID-19 years:

For the most part, we found a great deal of stability in pre-COVID-19 reporting patterns with reports across all categories. During 2018 and 2019, HR accounted for approximately 34% to 30%, with between 12% and 14% related to Environment, Health & Safety, relatively consistent proportionally to prior years.
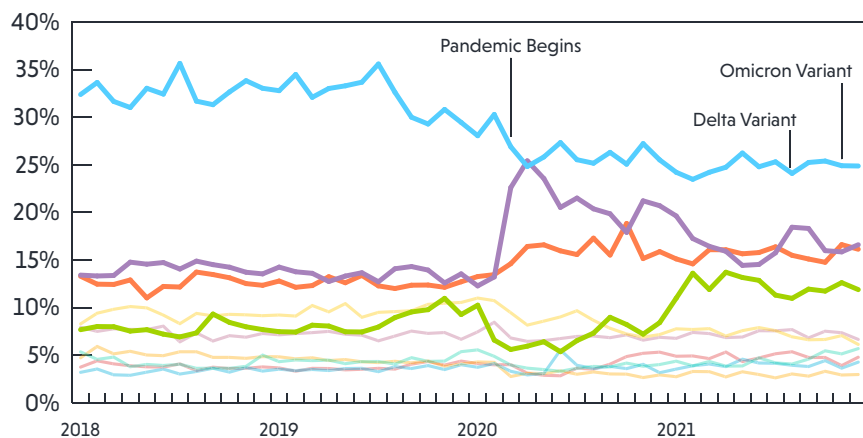
2018-2019 Pre-COVID-19 Analysis
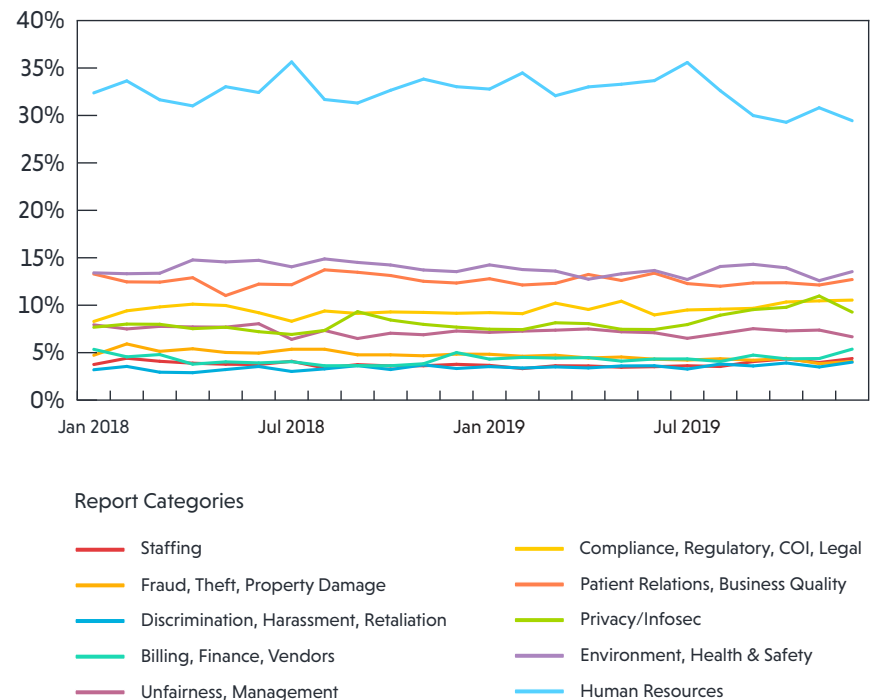
Report Categories

- Staffing
- Fraud, Theft, Property Damage
- Discrimination, Harassment, Retaliation
- Billing, Finance, Vendors
- Unfairness, Management
- Compliance, Regulatory, COI, Legal
- Patient Relations, Business Quality
- Privacy/Infosec
- Environment, Health & Safety
- Human Resources

> " The Old Normal disappeared in March 2020 when the pandemic became widespread: after March, everything went wild... "

New Normal or No Normal? (cont.)

Old Normal & New Normal

2018-2021 Report Categories

- Staffing
- Fraud, Theft, Property Damage
- Discrimination, Harassment, Retaliation
- Billing, Finance, Vendors
- Unfairness, Management
- Compliance, Regulatory, COI, Legal
- **Patient Relations, Business Quality**
- **Privacy/Infosec**
- **Environment, Health & Safety**
- **Human Resources**

Notice the deviation when we add 2020-2021 to the graph. The Old Normal disappeared in March 2020 when the pandemic became widespread: after March, everything went wild. Almost every category went outside of its once predictable historical ranges (the aforementioned "normal" pre-COVID-19 levels).

Here are some highlights:

Human Resources:
Already trending downwards at the start of the pandemic, it sharply dropped from accounting for approximately 33% to 25%.

Environment, Health & Safety:
Concerns about COVID-19 fell into this category, and here is where we saw the most varied changes throughout the pandemic. Stakeholders' concern with the pandemic could be measured by the changes in this reporting volume, starting with the knee-jerk reactions at the start of the pandemic before slowly tapering off.

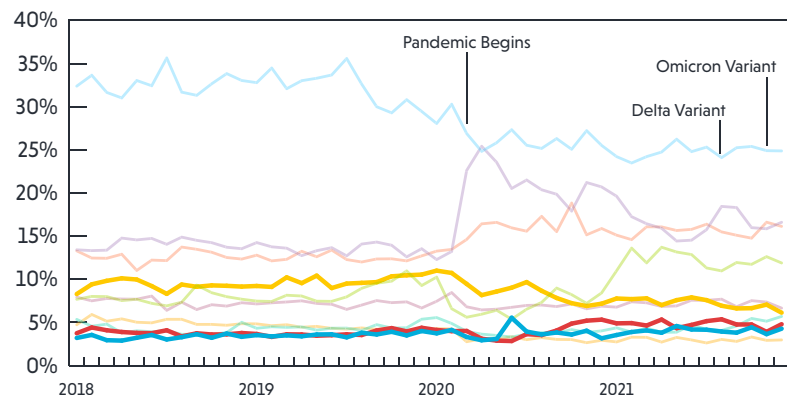**Patient Relations, Business Quality:**
Saw a sudden increase in issues as patients and customers wanted to voice their concerns with poor performance caused by supply issues, infection control processes, or staffing shortages. Its New Normal appears to account for approximately 16% of issues.
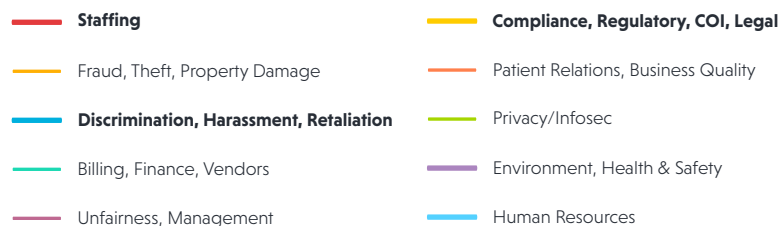
Privacy, Infosec:
A very unusual and unstable pattern emerged in 2020. At present, this has risen from a pre-COVID-19 level of approximately 8%-10% up to 13%-14% currently.

New Normal or No Normal? (cont.)

Old Normal vs. New Normal

2018-2021 Report Categories

- **Staffing**
- Fraud, Theft, Property Damage
- **Discrimination, Harassment, Retaliation**
- Billing, Finance, Vendors
- Unfairness, Management
- **Compliance, Regulatory, COI, Legal**
- Patient Relations, Business Quality
- Privacy/Infosec
- Environment, Health & Safety
- Human Resources

Compliance, Regulatory, COI, Legal:
Before the pandemic, approximately 10% of intake were direct compliance specific concerns, but after the pandemic there was a sudden decrease and a slow downward trend. This is likely caused by the limited visibility of the WFH environment and colleagues perhaps less likely to observe compliance violations.

Staffing:
Before the pandemic, concerns about staffing problems were only approximately 3% to 4% of intake, and when COVID-19 began, there was a quarter-long drop in volume. Then in June 2020, it began to surge back upward. Staffing issues have continued to see quarterly surges in reports, such as in December 2020, April 2021, and August 2021.

Discrimination, Harassment, Retaliation:
Since 2018 and the #MeToo movement, reports of discrimination and harassment have been slowly increasing, but in the face of the pandemic, these concerns dropped from 4% of issues to 3%. However, following the death of George Floyd in June 2020, these reports shot up to 6% before dropping. The upward trend continues because there is far less stability in this category to determine what the New Normal is.

Discrimination, Harassment, Retaliation Reporting Trends
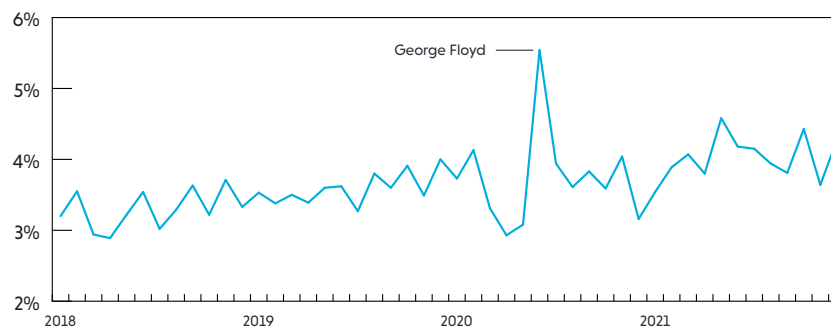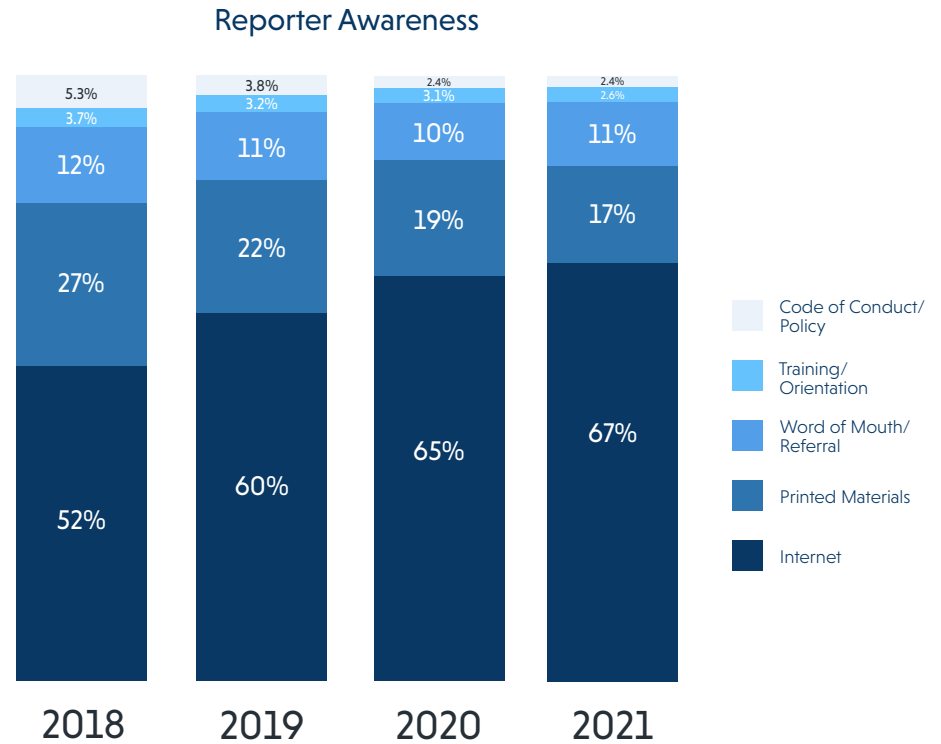
8. Reporter Awareness

Reporter Awareness is critical to track as it demonstrates which awareness efforts are driving engagement from your employees.

Evaluating your awareness sources and types against the benchmark identifies successful engagement paths as well as media you might be under-leveraging (and thereby missing opportunities for information and employee collaboration).

Track and compare Reporter Awareness to ensure your employees are informed about the reporting resources available to them.

The graph to the right shows how reporters were made aware of compliance resources. These data points show a clear trend toward the effectiveness of digital awareness channels, with the Internet increasing from 52% in 2018 to 67% in 2021.

The rise in the Internet as an effective awareness channel over the past 4 years has come at the expense of almost all other awareness types, including referrals and word-of-mouth. This means when one of your stakeholders decides they want to report a concern they are opening up their devices to look up the number on your website or through a search engine.

Reporter Awareness

	2018	2019	2020	2021
Code of Conduct/Policy	5.3%	3.8%	2.4%	2.4%
Training/Orientation	3.7%	3.2%	3.1%	2.6%
Word of Mouth/Referral	12%	11%	10%	11%
Printed Materials	27%	22%	19%	17%
Internet	52%	60%	65%	67%

"Evaluating your awareness sources...identifies successful engagement paths as well as media you might be under-leveraging..."

Think About

What awareness methods are you trending behind on? How have yours changed over time? Do these differences indicate a difference in culture (such as a more digital-dependent employee population) or an opportunity to engage a previously left behind portion of your potential reporters? What does a caller find if they Google "[your organization's name] ethics hotline," or the like?

A high level of employee/patient word-of-mouth awareness can indicate a more pervasive and open culture of trust, but don't rely on that. Use whatever means necessary to "get the word out" on how to report.

Also consider a web-based Ethics Portal that is readily available and easily accessible to all stakeholders. These are usually the top result on a search page, allowing you to meet your workforce and community where they are more efficiently. This can quickly provide a reporter with all the information they need in one place.

Share access to this portal everywhere — on social media posts, in Slack, in email signatures, and in company-wide correspondence.

Finally, consider refreshing your awareness materials and overall strategy. How are you adjusting your focus to drive reporting in a remote work environment? If your non-essential staff are coming back in-office or moving to permanent hybrid, it is important to adapt to continue to drive reporting rates higher.

The number of reportable issues available in your organization are likely orders of magnitude higher than what you are receiving. Awareness should always incorporate the best practices from behavioral psychology to help change behavior and drive action (e.g. promote second-hand reporting: "Speak Up. Because she won't.").

How to Calculate:

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

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

> " Awareness should always incorporate the best practices from behavioral psychology to help change behavior and drive action..."

Become the ESG MVP

In 2021, ESG gained significant attention across the entire market. A move to supplant the profits-focused, myopic shareholder value maximization model with one driven to instead maximize an organization's contribution to a broader set of stakeholders became increasingly popular.

It seemed like every conference had multiple ESG-based sessions, as money poured into sustainable investments to the tune of $120 billion. ESG investments totalled $3.9 trillion in September 2021, up from $1.65 trillion from 2020.[1] In fact, ⅓ of all assets last year contained sustainable investments.

Whether you see ESG as a win and a way for organizations to (finally) expand their impact and focus beyond mere dollars to societal goals that are more authentic and meaningful, or whether you view it as the next marketing/PR iteration of a hollow, corporate social responsibility-esque mechanism for companies to greenwash their way to a lower cost of capital, the fact is ESG presents a unique opportunity for Ethics & Compliance to elevate impact in its organization — and driving it forward or getting involved is probably easier than you think.

The opportunity can be boiled down to the following:

First, Ethics & Compliance is uniquely positioned as the "circulatory system" of the organization in that it "touches everything." Plus, E&C is uniquely adept at figuring out how complex frameworks apply to its specific business. Next, your organization is likely already doing a great deal of "ESG stuff." There are already smart people who care throughout your organization pursuing objectives that transcend dollars and cents, and they are already tracking those activities in their own "data ponds." Finally, because ESG is still nascent and not yet standardized, the opportunity exists for you to guide your company toward a coherent ESG plan. You just have to start.

The office of "No" has an opportunity to rebrand and become the office that sets the tone for the future. You now can play a part in: attracting investors; contributing to a greener, healthier planet; driving environmental progress; attracting and retaining top talent; and increasing overall portfolio value.

Remember to always focus on what matters most for your company. Here are some steps you can take to get going:

- **Determine your baseline:**
Does anyone have a plan yet? What should you be measuring? What are you already measuring/what is available? Which aspects E, S, and G apply most obviously, which are secondary?

Spell out your goals:
- Include stakeholders and define what success would look like. Do you have timelines and targets in place?

Identify your opportunities:
- Look at goals and pick appropriate metrics to measure progress. Start with current "data ponds."

Set your cadence and assign key players:
- Build a simple scorecard with objectives and targets, and assign to people in appropriate departments. What trends are you seeing?

> **"ESG presents a unique opportunity for Ethics & Compliance to elevate impact in its organization — and driving it forward or getting involved is probably easier than you think."**

Become the ESG MVP (cont.)

ESG Interest over the Last 5 Years
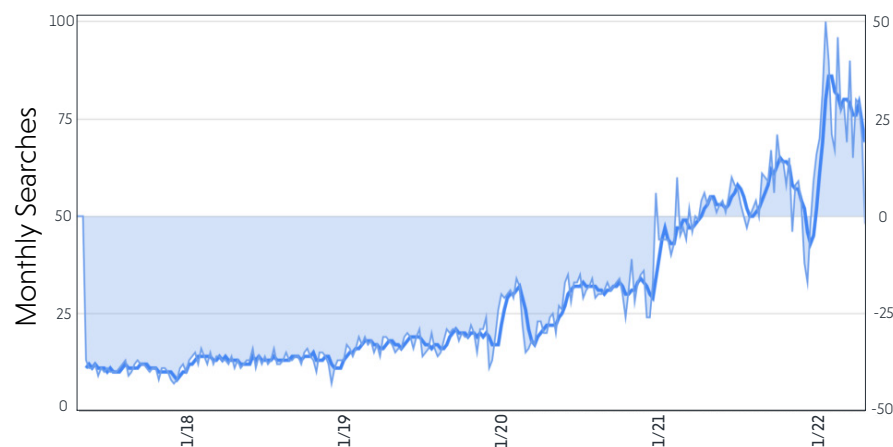
The old investing norms are slipping away as younger "activist" investors enter the market and look to invest their money in principled organizations.[2] There has never been a better time for compliance departments to shed the label of "cost center" to become a trusted advisor and true strategic lever.

Ethics and Compliance teams have been built on their ability to sort through something general, and sometimes ill-defined, figure out what matters, and build an actionable, risk-based plan to drive toward or away from a given outcome. Over time, regulations, standards, policies, and teams emerged from the primordial chaos that describes the early days, when a boss somewhere asked a smart person on their team to "figure out" how a loosely defined set of vague-ish regulations applied to their business, what risks they faced, and what they should do about it. The burgeoning ESG movement has many of the same dynamics at play.

You are closer to an ESG Minimum Viable Product (MVP) than you think. Your organization needs you.

Here are a few places to look for existing ESG data:

- Case Management System:
  How many "discrimination and harassment" reports did you get last year? How long did it take you to close those cases last year versus this year? How many anonymous reports were generated over time? What percentage of cases were substantiated by type?

- Human Resources Information System:
  What are your workforce demographics? How have they changed over time? What is the demographic composition of management?

- Supply Chain:
  What percentage of revenues/suppliers are covered by your Code of Conduct (or its principles)?

- EHS Team:
  What is your energy consumption over time? What "green initiatives" have you implemented? How many fewer miles does your workforce drive in a WFH or hybrid model?

- Privacy, Infosec:
  How many data breaches occur per year?

- Board of Directors:
  What is your Board's demographic composition? How has representation changed over time?

- Disclosures & Conflicts of Interest:
  What percentage of employees read and attested to the Code of Conduct? What is the rate of conflicts of interest reported last year versus this year?

- Learning Management System:
  How many hours were spent on ethics training? How many employees took ethics training? What were pass rates?

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[1]Langham, Pamela. (2022, January 27). *A Primer for Corporate Counsel on ESG. Maryland State Bar Association.* Retrieved from https://www.msba.org/primer-esg/

[2]Visram, Talib. (2021, December 28). *ESG investing continued to soar in 2021. The government could boost it even more.* Fast Company. Retrieved from https://www.fastcompany.com/90706552/esg-investing-continued-to-soar-in-2021-the-government-could-boost-it-even-more

[3] Google Trends (n.d)."ESG". Retrieved from https://trends.google.com/trends/explore?date=today%205-y&geo=US&q=ESG

9. Issue Sequence

Follow-up calls are crucial for case managers to communicate back to the caller, receive reports about repeat issues, and gather additional report information to resolve the caller's concern, question, or request. We identified the number of follow-up calls required to clarify or update information from 2018 to 2021.

Over the last four years, follow-up calls made up approximately 24% of the call volume to healthcare organizations. This average has mostly held stable with the relatively biggest change being the drop in 24% follow-ups in 2020 to 22% in 2021.
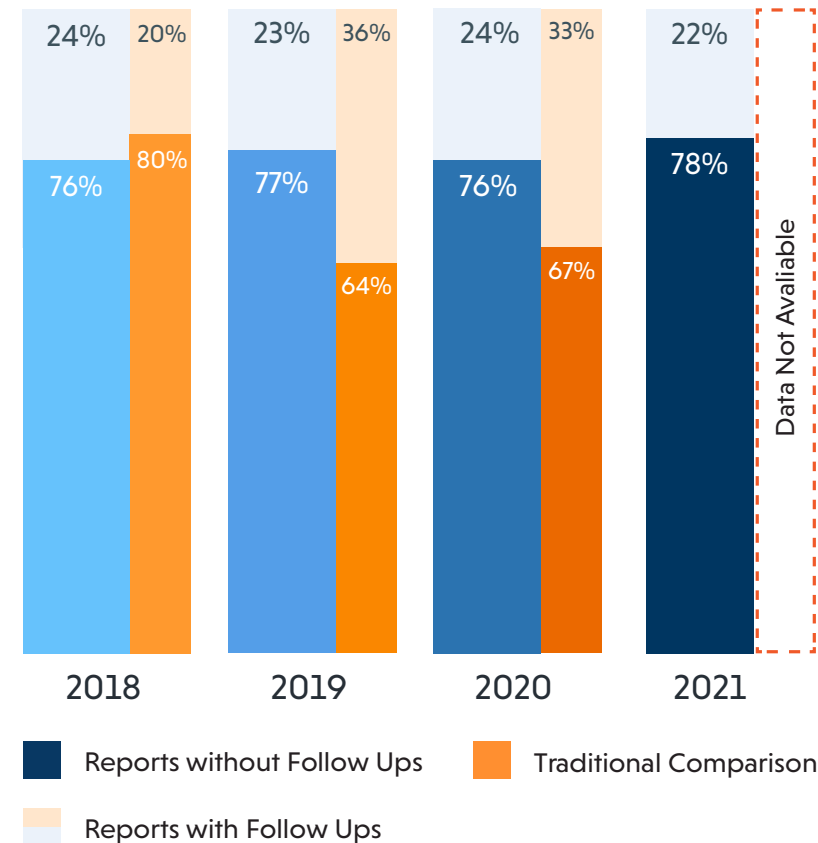
Typically, the more follow-up calls submitted on a specific concern, the more complex the case (or the more distraught the reporter), as complex cases tend to stay unresolved longer and people are impatient.

In some situations, however, follow-up calls may be a result of insufficient information gathered from the caller during the initial report, or a lack of trust in the reporting process (especially in cases where the caller remains anonymous).

Having a smart intake method that is able to adapt in order to get the right info is the easiest way to fight that. By gathering sufficient information on the first report and leveraging smart workflow technologies, you can meaningfully drive down the need for follow-ups, and improve both substantiation rates and case closure times.

Based on our analysis, we do not find a statistically significant difference when considering anonymous versus identified callers for this metric and, therefore, don't break these out separately. Follow-up rates tend to move inversely with case closure duration. Generally, a lower follow-up rate indicates that cases are being closed quickly and that ample initial information is gathered during the initial intake call.

Issue Sequence

	2018	2019	2020	2021
Reports with Follow Ups	24%	23%	24%	22%
Reports without Follow Ups	76%	77%	76%	78%
Traditional Comparison (with)	20%	36%	33%	Data Not Available
Traditional Comparison (without)	80%	64%	67%	

Legend:
- Reports without Follow Ups
- Traditional Comparison
- Reports with Follow Ups

9. Issue Sequence

Issue Sequence by Sector

Legend: Original Reports | Follow-Up Reports

Hospitals, Clinics, Health Systems
- 2019: 72% / 28%
- 2020: 73% / 27%
- 2021: 75% / 25%

Rehabilitation, Senior Care
- 2019: 81% / 19%
- 2020: 81% / 19%
- 2021: 81% / 19%

Life Sciences, Biotechnology
- 2019: 76% / 24%
- 2020: 77% / 23%
- 2021: 70% / 30%

Health Finance, Support Services
- 2019: 75% / 25%
- 2020: 77% / 23%
- 2021: 77% / 23%
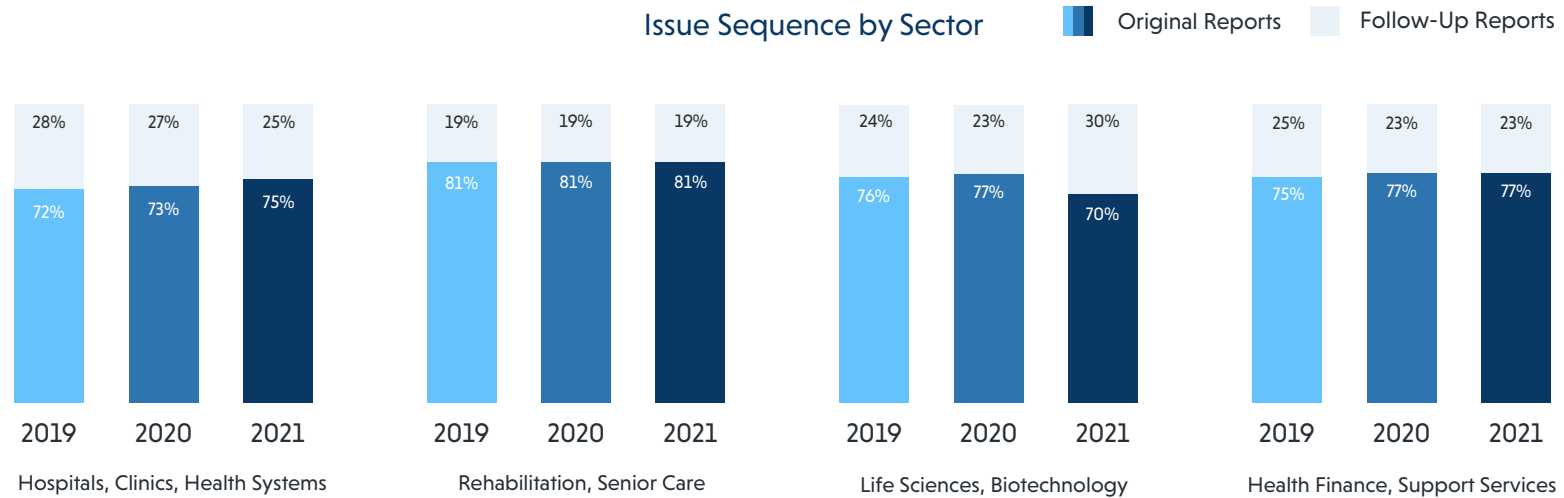
From 2019 and through the pandemic, follow up rates have remained very stable, especially in Rehabilitation, Senior Care. There as a sudden increase in follow up reports for the Life Sciences, Biotechnology sector specifically coming from people in pharmaceuticals and DME manufacturing who experienced pressure to meet higher quotas to supply the medicines and equipment needed to combat COVID-19.

Think About

What is your ratio for issues that merit a follow-up to the original report? How has it moved relative to last year? Relative to a "normal year," like 2019?

If your follow-up rate is significantly higher than 20%, you may have a problem either in taking too long to close cases, or an opportunity to improve communication back to the reporters and the workforce as a whole.

Separately, if callers repeatedly follow-up with additional details, you need to further diagnose to determine whether the repeated follow-ups are due to a trust issue (e.g., callers are testing the process before divulging everything) or an initial intake issue (where perhaps an adaptive interview is not being employed).

The latter can be caused by an over-emphasis on speed and efficiency (cost minimization) over empathy and effectiveness (information maximization).

How to Calculate:

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

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

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. Subtract your follow-ups from total cases and divide by total cases to get your original issue rate.

Insights: Unfairness & Compliance Issues

There has always been a connection between the concerns of the "Compliance, Regulatory, Legal" category and the "Unfairness, Management Issues" category. This is because allegations about Code of Conduct violations and conflicts of interest are often accompanied by related management-rooted issues, such as favoritism, disciplinary disputes, and hostile work environments.

Many issues are reported by employees with the intent to address a concern about "Unfairness, Management Issues," but the details they provide often reveal compliance issues such as Code of Conduct violations, regulatory violations, etc. Though the reporter may not know they are reporting a compliance violation, adaptive elicitation techniques can uncover better details to assign the report to a more appropriate category, find additional issues for investigation, and give insights for a better root cause analysis.

The interesting thing about the "Unfairness & Compliance Issues" graph is how reported concerns of "Unfairness, Management Issues" began to closely match the pattern of "Compliance, Regulatory, Legal" concerns after the pandemic, where the correlation coefficient (or R-value) skyrocketed to more than 0.75, a signficant departure from its pre-pandemic trend (below 0.40 historically).

While before the pandemic, the magnitude of changes in the reporting trends were similar, it was during the pandemic when the cyclical intake patterns of these categories became more obvious.

On analysis it was discovered this cycling movement was likely caused by workforces reacting to organizational and government mandates surrounding COVID-19 infection control and vaccination.

Unfairness & Compliance Issues
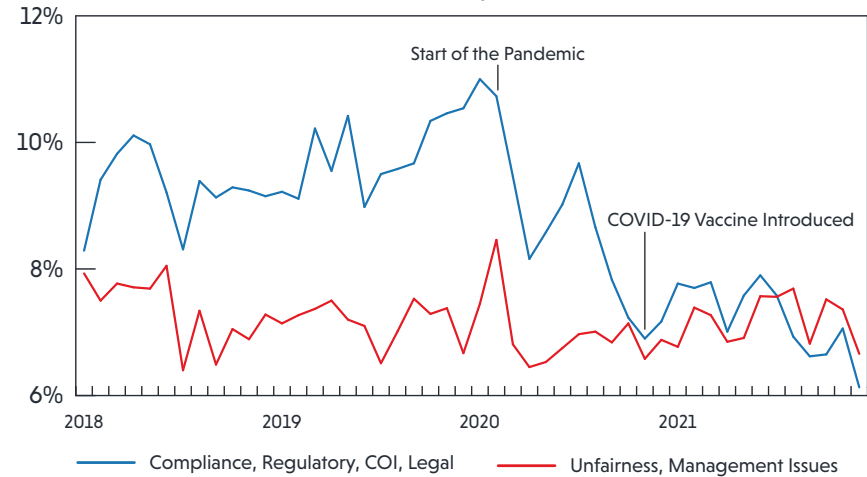
The first cycle, from December 2020 until April 2021, was a reaction to issues surrounding the introduction of the COVID-19 vaccine.

The second peaked in June 2021 just as many private employers were starting to require vaccination. The third cycle peaked in October 2021 and November in response to the government mandates.

Many of these reported issues alluded to how reporters felt mandates and infection control policies created a hostile work environment or caused disputes over disciplinary actions for non-compliance with new rules. Interestingly, most of these issues would be classified as having both "Compliance, Regulatory, Legal" and "Unfairness, Management Issues" concerns.

10. Average Reports per 100 Employees

Average Reports per 100 Employees
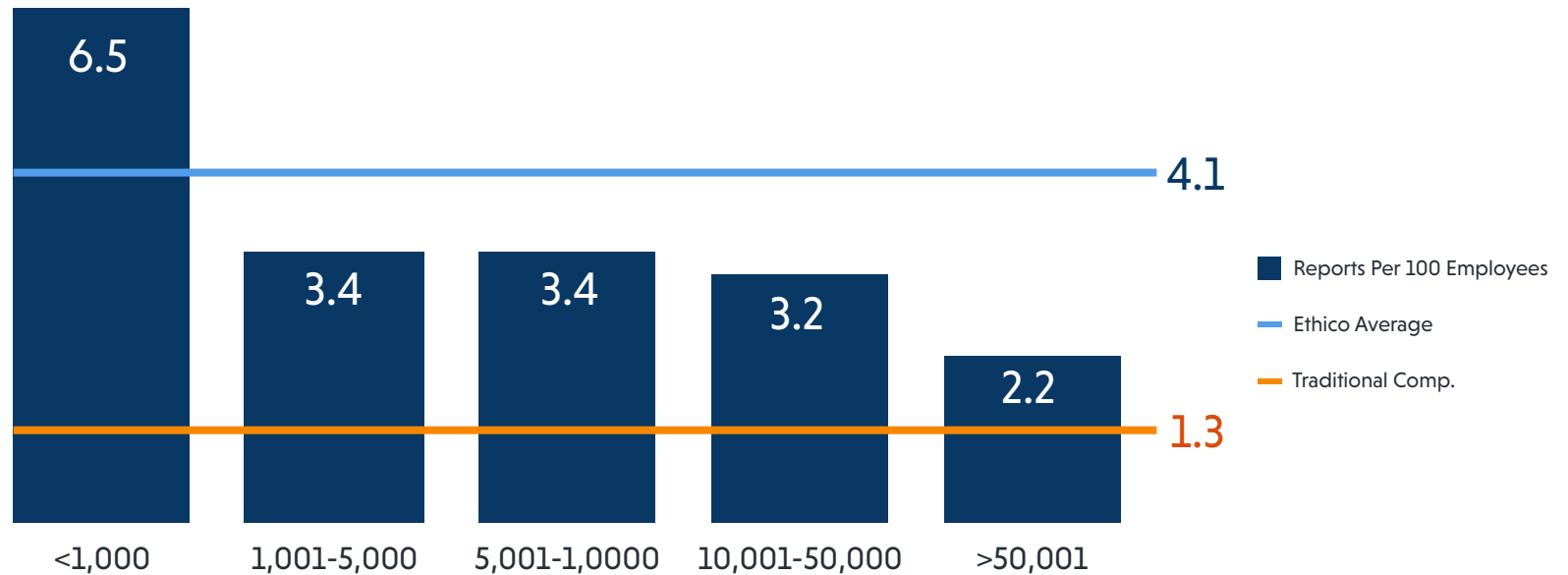
The more your employees, patients, and other stakeholders speak up, the better your organization performs. At this point, it is widely established (and accepted by most management teams) that the more reports, the better. More activity/reporting generally means fewer fines and material lawsuits and higher positive cultural externalities.[1]

In 2021, reports per 100 employees across various company sizes showed averages between 2 and 6, with an aggregate average of approximately 4.1. This was the same rate as 2020, which at the time was an increase in the pre-pandemic years' reporting rate per 100 employees.

Generally, the reporting rate declines as an organization's size increases because larger organizations tend to have a higher degree of policy standardization and on-demand guidance available, while smaller ones tend to rely more heavily on the flexibility of competent intake channels.

2020's overall increase in reports per 100 employees was greatly driven by employees feeling tremendous pressure amid the COVID-19 pandemic and a challenging social environment. This pressure did not evaporate in 2021, but it moved to different pandemic-related issues such as variants and mandates.

For example, in 2021, there were fewer calls asking about basic Health and Safety issues because policies had been standardized and managers were better informed on how to respond to these issues.

10. Average Reports per 100 Employees

Think About

A Speak Up culture cannot be forced top-down upon your organization. It must rise up organically if it is going to be truly authentic, and rooted in trust.

Drive higher reporting rates by increasing hotline awareness (rotate posters, increase communications and training, reinforce messaging throughout the year using storytelling), simplifying and streamlining the reporting process (minimize call Abandonment Rate, utilize AI on Internet reporting), preserving the safety of reporters (hire and promote whistleblowers), following up with reporters in a timely manner, and credibly fighting retaliation head-on. If your company receives fewer or more issues than benchmark size-based averages, try to understand why.

Be sure to isolate the COVID-19 outlier impact on your numbers (if possible), but recognize that lower call volume is usually due to:

• Fear of retaliation (on the rise in most organizations)

• Lack of belief that management can or will do anything about concerns raised

• Lack of awareness of reporting channels

• Painful intake process (e.g., lack of empathetic intake, confusing web forms, long wait times)

Counterintuitively, higher call volumes almost always indicate a healthier employee base, greater community trust, and relatively stronger Speak Up/Listen Up culture, which lead to higher employee engagement, lower employee turnover, fewer fines/lawsuits, and higher overall productivity and performance.
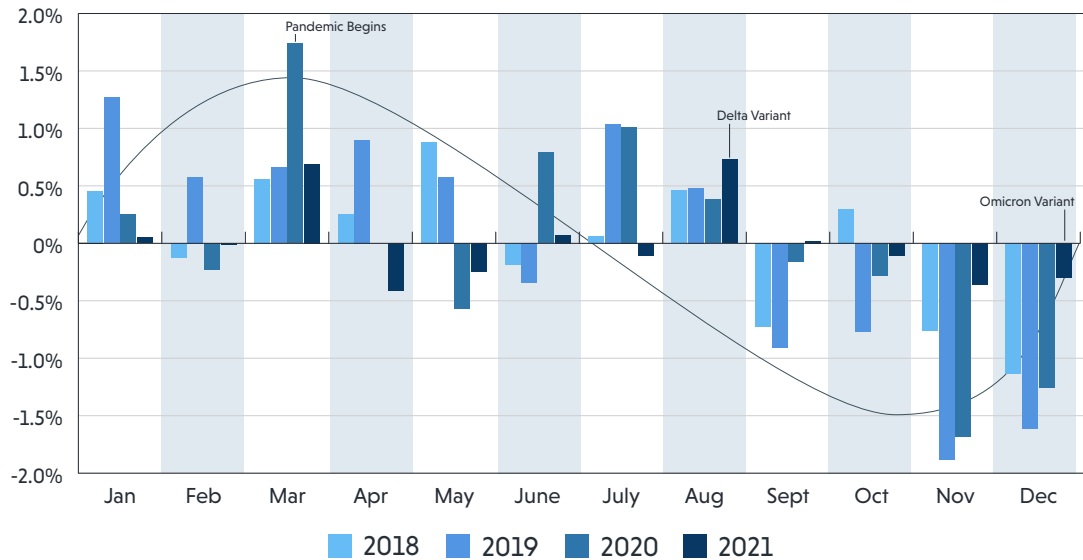
> **"A Speak Up culture cannot be forced top-down upon your organization. It must rise up organically if it is going to be truly authentic..."**

How to Calculate: $\text{Reports per 100 Employees} = \left(\dfrac{\text{All Reports}}{\text{Number of Employees}} \right)$

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.

[1]Stubben, Stephen and Welch, Kyle. *Evidence on the Use and Efficacy of Internal Whistleblowing Systems* (February 29, 2020).

Insights: Intake Volume

2018-2021 Monthly Issue Intake Volume

Most notable and consistent is the decline in intake volume witnessed in Q4 every year, the "Winter Lull." Report volume essentially follows a sine wave over the calendar year, which has been overlaid on the graph to illustrate.

There was an obvious effect of the pandemic on call volume. In 2020, the largest spike in volume came with the onset of the pandemic, with March 2020 volume significantly higher than the baseline average (1.75%+), as COVID-19 related anxiety generated more reports.

In 2021, however, the "Winter Lull" was less drastic as the Delta and Omicron variants caused the amplitude of the year's wave to decrease, with most months in 2021 averaging close to 8.33% of total annual reports.

So what does this mean for your compliance program's issue intake? There are several advantages to knowing seasonal high versus low volume trends, especially when your team has fewer people than you would like.

When volume is high, you will likely need to be "all hands on deck." When volume is lower, it's a good time for you to plan activities for your team such as refresher training or other strategic program initiatives. If switching case management systems or intake vendors, plan to do so in Q4 when volume is lowest.

This year we conducted a monthly analysis to observe deviations of monthly volume from the average monthly volume of reports that came ratably over the year in order to observe patterns in the data, particularly how "The Pandemic Years" (2020 and 2021) compared to "normal" years (2018 and 2019).

Issue intake normally has its highest volume in Q1, typically in March with a quarterly average of 1.5% more reports than the baseline monthly average. Q2 and Q3 typically see a degree of stability essentially in line with the baseline volume, averaging 0.4% more and 0.2% less reports, respectively. A "Summer Spike" usually comes during August, which has consistently seen a higher than average call volume.

When hiring new team members to handle intake, consider hiring in Q3 when volume is declining and they have a chance to make some gains on the learning curve during Q4 before getting hit with the surge in Q1.

Analyze your own historical volume on a monthly basis to find actionable trends to move out of reactionary mode toward more controlled execution of program expansion.

Conclusion

No matter what's going on in the world, Ethics and Compliance leaders work to make their workplaces better every day. The past two years have shown the value E&C plays in keeping our organizations safe, informed, connected, and working. Now is the time to elevate E&C to become a true strategic lever, and ascend out of the cost center pigeonhole many find themselves in. This coming decade will show a drastic separation between organizations that engage in building an ethical foundation for their operations and those that merely pay lip service.

The 2022 Ethics and Compliance Hotline Benchmark Report equips you with data points and ideas for greater strategic contribution to the people and mission you serve.

If you're not measuring it, you're not managing it, so it's important to keep an eye on your own trends, as changes are often early warning signs of deeper cultural issues or brewing risks. Many studies focus on average benchmarks. However, in our ever-changing work environment, average is the new bottom. We encourage you to set your sights higher.

Compare your results with the benchmarks, as well as your own historical results. Aim for continuous, steady improvement, and apply a risk-based approach to projects to make your workplace the best it can be.

Over the next 10 years, Ethics and Compliance professionals will show their impact by driving the right behaviors in their people, by operationalizing DE&I and ESG to improve the lives of all stakeholders, and by using their tools strategically to influence the employee experience with an authentically ethical culture.

Here are some actionable steps to focus on to drive a more impactful program:

Recognize that your hotline can be used to start conversations.
You can only crowdsource risk management sustainably by making intake the start of a conversation. Humanizing your intake process by treating employees who speak up with respect leads to more reports, better information, and quicker investigations. Communicate outcomes back to the workforce to show that concerns are valued and acted upon to drive more Speak Up/Listen Up behavior.

Remember that your first clients of your hotline are your employees.
It's impossible to have an organization your clients love if it's not full of people who love it first. Driving a Speak Up/Listen Up culture means encouraging employees to raise their hand when they see something. This requires psychological safety — because retaliation is real — so make sure your process is designed with the employee experience in mind.

Rethink how your hotline can be used.
Adding additional capabilities to your hotline, such as exit interviews, ideation or gratitude lines, D&I lines, or stakeholder information resources, creates operational leverage for over-worked E&C teams, allowing them to find more of the risks that matter and focus more strategically. Furthermore, specialized lines as part of a Speak Up/Listen Up push can show your commitment to hearing your employees input and your commitment to specific culturally important issues.

Realize that your hotline is a tool for your entire organization.
The Compliance 3.0 program is fully integrated with the organization and focused on effectiveness. Your hotline can help make E&C more collaborative by breaking down silo walls between departments. Offering tools in place to help Production's safety push or HR's D&I project helps forge strong, strategic relationships.

About Ethico

For more than 25 years, Ethico has provided a suite of corporate integrity solutions that help you manage your risk 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 that actually works, 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.

In building this trust, we have provided compliance solutions in 50,000 locations to more than 7 million employees in 150+ countries through our highly-trained, caring, and compliance-minded professionals. We have helped E&C leaders investigate nearly 10 million reports, offering employees the industry's leading-edge tools to report unethical or illegal behavior free from retaliation.

Along with many other Fortune 500 companies sick of the status quo that have transitioned in the past year, our client companies include HCA, Genesis Healthcare, Community Health, CommonSpirit, Johns Hopkins University, Blue Cross Blue Shield, and numerous regional and local health systems.

Our Solutions:

Case Management

Hotlines (Issue Intake)

Compliance Training

Conflicts of Interest

Sanction Screening

Credential Monitoring

Exit & Stay Interviews

Smart Disclosures

Compliance Awareness Programs