

# Benefits of Whistleblowing Hotlines

Not only is whistleblowing an important regulatory requirement and legal obligation for larger businesses, many smaller businesses also witness the same benefits of incorporating whistleblower hotlines as their larger counterparts. Regardless of the size of the company, the benefits can outweigh the risks more than many realize. Here are some benefits of incorporating a whistleblowing hotline:

## MOST FRAUD IS DETECTED BY A TIP

**Fraud will impact any organization no matter the size.** But the smaller the organization, the bigger the impact – and not in a good way. Smaller businesses face unique challenges when combatting fraud. They have limited financial resources and smaller staff sizes needed to perform these functions. The use of a third-party whistleblower hotline can help bridge the gap between a lack of formal internal controls seen in larger companies, and detrimental misconduct prone to the smaller business.

## WHISTLEBLOWER HOTLINES PROTECT THE COMPANY

Many of your employees want to speak up about potential wrongdoing they see at work. Management needs to take advantage of this impulse. The alternative could be far worse where employees feel too threatened or scared to speak-up freely at work, and instead decide to tell the world (social media), about problems. **A speak-up culture helps identify threats and bad behaviour before they get out of hand, and the company's reputation is damaged.**

## KNOW ABOUT MISCONDUCT SOONER

Companies with a reporting hotline have a time advantage over those with no reporting hotline when it comes to the size and damage of fraud. The ACFE states that companies without a hotline will suffer longer and see more damage by way of financial and reputational loss. How? Because companies with a hotline have already become aware of it and have dealt with it. **The longer the misconduct is happening, the more expensive it will be to resolve.** When employees feel confident in speaking up, the company will see the benefit of saved time, resources, and money over time.

## CREATE A CULTURE OF TRUST

The success of your business is based on work done by your employees. Most are excited to do their jobs and see the positive results. But this only works if your company has a trust culture. One where employees feel safe to freely speak-up without fear of retribution. **A strong culture of internal whistleblowing reporting helps achieve better business outcomes by way of fewer lawsuits, smaller settlements from litigation, and more efficient operations.** And your trusted employees will continue to do their best work.

## WHISTLEBLOWER HOTLINES ARE ETHICAL

Most misconduct is based on breaches of trust. And businesses have an obligation to protect and support their employees. This is considerably truer for those employees who do choose to speak-up about wrongdoing. **If employees trust the system of speaking up, and the outcomes resulting from doing so, your company has just created a culture of trust.**