

TAKE AWAYS



Whistle-blowing Five Years After “Informant Awards”

Hosted by The Institute for Enterprise Ethics



UNIVERSITY of
DENVER

DANIELS COLLEGE OF BUSINESS
Institute for Enterprise Ethics

On Thursday, September 7, the Institute for Enterprise Ethics hosted a roundtable discussion on **"Whistle-blowing Five Years After Informant Awards."** The discussion was led by Professor Kevin O'Brien of the Daniels College of Business at the University of Denver. Over thirty senior executives, independent directors, senior professional service providers and business school professors participated in the discussion producing a lively and insightful discussion. Topics that absorbed most of the conversation included: 1) The effects of the enhanced informant payments and the frequency and effects of whistle blowing; 2) The need for proactive leadership plans to deal with whistle blowing events; 3) The relationships between whistle blowing and corporate culture; and 4) The roles and responsibilities of boards of directors in whistle blowing issues.

Here are the most important take-aways from the discussion as reported by the participants:

The effects of the enhanced informant payments on whistle blowing activity.

- "Whistle blowing seems to be working, but the hard work must come before that point."
- "The enhanced informant payments may be having a positive effect on the credibility of financial statements and therefore be adding to the strength and stability of the economy."
- "The whistle blowing regulations may be having a positive effect on corporate systems and culture and therefore on enhancing trust and confidence in corporations and their financial integrity."

The need for proactive leadership action.

- "Whistle blowing must be taken seriously and positively. The company must have systems in place to deal identify problems and react to them early."
- "Company culture and expectations should be developed in a manner that lays out a proactive game plan before whistle blowing can happen."
- "Whistle blowing is a communication system that improves the betterment of the company and ensures compliance."



Whistle blowing and corporate culture.

- "Creating a corporate culture where integrity and doing the right thing is critical. If it gets to whistle blowing it's too late."
- "Culture mitigates the risk of whistle blowing."
- "This discussion reinforced my perceptions regarding the critical importance of corporate culture and the need for top management to assure that top level expectations are understood throughout the organization."

The role of boards of directors in whistle blowing issues.

- "The old days of BOD's sitting around and looking at the number of whistle blowing cases reported after the fact are over. Directors are now looking at why it's happening and focusing on prevention."
- "It is very hard, but very important for directors to ensure that compliance is being enforced and to realize how the right systems can affect the BOD culture and improve the tools they use."
- "There is a fine line between reporting (doing the right thing) and whether you only fix what was reported and required by law and whether you exceed that limit to also fix things that were not reported. Corporations want to keep it internal so it's important the WB (whistle blowing) committee set an objective fair process to ensure the trust of the organization."

