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CCO: Tone at the Top Can't Be Just a Catchphrase; DOJ Eyes Leaders

By Jane Anderson

Compliance officers could find more support from top company leaders to foster an overall tone of ethics and compliance as the Department of Justice (DOJ) signals it will consider charging individual company leaders in cases of criminal corporate activity, a compliance and ethics manager said.

If the company's chief executive officer and other top leaders understand they could be held personally responsible in the case of fraud or a false claim, that could trigger a shift in those leaders away from viewing compliance simply as a checklist of tasks to be completed, or even as a public relations initiative, said John Hughes, corporate compliance and ethics manager for civil engineering company Dragados USA.

Instead, Hughes told attendees at an Oct. 26 webinar sponsored by the Society of Corporate Compliance and Ethics, this DOJ shift could mean that top leaders seek to establish an overall environment that encourages ethical behavior and decision-making.^[1] "I think right now what we've got is an expectation of tone at the top without a lot of support behind it," he said. "By increasing individual accountability and personal accountability for these leaders, we have a better deterrent."

DOJ has signaled it wants to see company leaders—the C-suite and board members—set a tone for the company that actively discourages unethical activity, Hughes said.

To that end, tone at the top must mean something—it can't just be a catchphrase for the marketing department, Hughes said. "It has to mean more than 'integrity is our essential ingredient.' It has to be more than a hotline poster on a wall that meets the minimum requirement under the DOJ or ISO [International Organization for Standardization] or whatever standard you're using. Tone at the top has to be ingrained and executed at all levels of the company. And for it to really be effective, we need to be able to show it in some way," he said.

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