

Managing Ethics and Legal Compliance: What Works and What Hurts

A survey conducted by Arthur Andersen, 2000

Background:

- The survey was designed to measure employees' perceptions, attitudes and behaviors.
- The survey was mailed to 10,778 randomly selected employees in six large American companies from a variety of industries.
- All of these companies had some form of existing ethics or compliance program.
- 2,883 employees responded to the surveys.
- The surveys were sent to employees' homes rather than workplace and were anonymous.

Results:

1) Seven outcomes that can be influenced by ethics/compliance programs were identified:

- Reduced unethical or illegal behavior
- Employee awareness of ethical issues
- Willingness to look for advice within the organization
- Comfort in bringing problems and failures (bad news) to their supervisors
- Willingness to report violations within the organization
- Employee commitment to the organization
- Better employee decision making

2) Ethics and compliance programs can be perceived by employees as intended to:

- Establish a shared set of company values to guide behavior (values approach)
- Prevent, detect and punish violations of the law (compliance approach)
- Improve public image and relationships with external stakeholders
- Protect top management from blame for ethical failures or legal problems

3) The most important factors that contribute to the success of an ethics/compliance program are:

- Leadership
- Consistency between a company's words and actions
- Fairness
- Open discussion of ethics in the organization
- The perception that ethical behavior is rewarded.

Some Summary Conclusions:

- Employees' perceptions of the company's approach to ethics and legal compliance management have a significant impact on program effectiveness.
- Organizational culture issues matter more than the formal characteristics of an ethics and compliance program, such as a hotline or a code of conduct.
- Employee perception of why the company is implementing such a program is a critical predictor of ethics program success

More information about this survey can be obtained at:

Treviño, L.K., Weaver, G., Gibson, D., & Toffler, B. Managing Ethics and Legal Compliance: What works and what hurts.

[California Management Review](#), 41 (2): 131-151,1999