Business Ethics and Compliance in the Sarbanes-Oxley Era
A Survey by Deloitte and Corporate Board Member Magazine
2004

Objective:
This survey was designed to gauge US public companies’ efforts on creating and adhering to ethics and compliance programs for their individual organizations.

Methods Used:
A detailed questionnaire was sent to 5000 directors of the top 4000 publicly traded companies. A 7.5% response rate was achieved with 373 questionnaires returned.

Key Findings:
- 83% of the companies surveyed had developed formal codes of ethics and conduct.
- More than 98% agree that an ethics and compliance program is an essential component of corporate governance.
- Only about 75% of the companies that have an ethics code said they actually check to make sure it is being adhered to.
- 68% of the companies provided their employees with ethics training.
- 55% of the companies had an ethics officer.
- 95% of the companies said that their code of ethics applied to every employee of their organization including the board members and senior management.
- 79% of the companies reported that they have a reporting mechanism in place to let all employees raise ethics and compliance issues. 90% of these companies allow for anonymous, confidential reporting and follow-up on issues raised.

Conclusion:
This survey throws a positive light on the scene of corporate ethics and compliance at US public companies. Corporate Ethics is taking an increased prominence at US companies. Many trends are positive. Awareness of the critical need for corporate ethics is high. Activities to bring about improvement are many. But there is a discrepancy between words and action: acknowledgement of the need for an ethics program is almost universal, yet evidence of program implementation and accountability lags behind.

Full Report