EOA SURVEY: Companies seeking to integrate ethics through the whole organization

The Ethics Officer Association (EOA) member survey was conducted during the spring and summer of 2000. The following summary is taken from ‘ethikos and Corporate Conduct Quarterly’, vol.15, no.1, July/August 2001 issue.

A big question:
What factors or events influence an organization’s commitment to ethics?

Methodology:
A 26-page questionnaire, which included a demographic section, history, key responsibilities, overall program description, internal organizational relations, codes of ethics, training, investigations, effectiveness of programs, global initiatives, budgets and compensation, was sent to the members of the EOA. 213 ethics officers returned the anonymous survey.

Findings:

- The most common reasons influencing the company’s commitment to ethics were reducing the risks to the company of employee misconduct (79 percent), ensuring commitment to corporate values (75 percent) and establishing a better corporate culture (68 percent).
- When asked, “what terminology do you personally prefer to use when describing your work?” 40 percent chose ‘ethics’, 20 percent chose ‘compliance’, 20 percent chose ‘business ethics’, 86 percent selected ‘combination of compliance and values-based elements’ and only 6 percent chose ‘entirely compliance oriented’.
- 71 percent said that they ‘are integrating their ethics commitment throughout their organization’, 58 percent said that the ‘ethics is accepted and/or understood by their employees’. Only 8 percent said that their company’s ethics program is ‘stagnant’ and a mere 5 percent said that the ‘ethics program is threatened’.
- When asked ‘what impact had management changes, mergers or acquisitions and downsizing, had on the ethics program, 65 percent said it led to more management support, while only 22 percent reported less management support.
- 54 percent were full-time ethics officers compared to 61 percent of the 1997 EOA survey and 46 percent were part time. For the largest organizations (annual revenues over $10 billion), 56 percent were full time compared to 87 percent in 1997 survey.
- 66 percent reported having an “ethics committee of executive management.” When asked to describe their relationship with it, 47 percent reported that they were ‘full members,’ 34 percent were ‘chairpersons’ and 13 percent were ‘ex-officio members’.
- The average size of the ethics program staff is 6.45 percent have one or two managers designated as ethics program staff, but 12 percent have 8 or more, these numbers are identical to the 1997 data.
- 96 percent of the organizations had revised their written codes of ethics during the period 1994 – 2000, out of which 56 percent revised during 1998 - 1999.
- 74 percent of the responding organizations and 90 percent of largest organizations included information about the ethics initiatives on their company’s websites.
96 percent required a code of ethics certification from management employees, 33 percent require it from their board of directors, 33 percent from temporary employees, 25 percent from contract employees, 16 percent from agents, 11 percent from consultants, 6 percent from joint venture partners.

36 percent required annual certification. Code of ethics certifications were kept either in the human resource file (47 percent) or in the ethics office (45 percent). 8 percent were kept in the audit department, 6% in manager’s file, 5 percent in the law department and 13 percent in electronic file format.

When asked if their company formally evaluates their suppliers’ commitment to ethical business practices? 17 percent of the respondents said ‘yes’ and 32% from the largest organizations said ‘yes’.

84 percent reported having a lot of responsibility for ‘training design’ and 61 percent for ‘training delivery’. The forms of training were ‘new-hire orientation’ (90 percent) and ‘subject matter specific training’ (62 percent). Only 6 percent (and 10 percent of the largest organizations) offered ‘no formal training’.

75 percent (and 90 percent in largest organization) reported having responsibilities for their organization’s internal ethics activities. 56 percent made their internal reporting system available to employees outside the United States, but only 61 percent of those provided translation services; therefore, when asked, “Do you believe your employees located outside the United States are comfortable using your internal reporting system?” 54 percent said ‘no.’

Several years ahead:

- 54 percent of respondents expected to continue their current responsibilities for more than three years.
- 44 percent expected this to be their final position before retirement.
- 95 percent believed that their company’s commitment to ethics would increase or remain the same over the next year, including 53 percent who believed their company’s commitment would increase.
- 99 percent believed that their company’s commitment to ethics would increase or remain the same over the next 5 years, including 55 percent who believed their company’s commitment would increase.

For more information contact the Ethics and Compliance Officer Association by calling 781.647.9333 or refer to their website: www.theecoa.org