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Compliance Programs

Companies See Improved Compliance Levels Over Last Three Years, Report Says

A review of corporate ethics and compliance programs around the world reveals an increase in employee training and incentives, as well as resources companies are committing to those areas.

This suggests that corporations, regulators and other stakeholders may be seeing improvement when it comes to ethics and compliance.

That's according to Wayne Brody, a senior advisor at LRN Corp. and lead author of the organization's "2014 Ethics & Compliance Program Effectiveness Report," released May 19.

"Our study shows that an investment in culture, where values, risk management and innovation are front and center, have significant and lasting economic impact on performance," Brody told Bloomberg BNA in an e-mail May 19.

LRN, which is based in New York but operates in several countries, consults with companies on leadership issues. Its report looks at the structure and activities of more than 180 companies' global ethics and compliance programs and the impact their investments have had on program effectiveness.

According to the report, 65 percent of companies have seen higher or much higher levels of overall compliance over the past three years, with significant positive impact on business and compliance-related out-

comes such as employee engagement, middle management support, and values-based decision making.

The report does not name specific companies.

Tone at Top and Middle. The LRN report says that programs led by an individual who reports to either the chief executive officer or to the board and/or one of its committees substantially outperform those that report to the general counsel.

A correlation exists between program effectiveness and a company with a CEO who is the first to complete required ethics and compliance training and who regularly communicates with compliance officers on issues such as management performance and promotions, the report says.

The LRN report also found that while a supportive tone at the top of an organization can be directly linked to the success of an ethics-and-compliance program, the tone at the middle is also important.

"The data reveal that a supportive tone in the middle is as closely associated with program effectiveness as is the tone at the top, if not more so," the report says.

BY CHE ODOM

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The LRN report may be downloaded from <http://pages.lrn.com/the-2014-ethics-and-compliance-program-effectiveness-report>.