

The Economy, Compliance, and Ethics

*A survey by the Society of Corporate Compliance and Ethics
and the Health Care Compliance Association*

September 2013



**SOCIETY OF CORPORATE
COMPLIANCE AND ETHICS**

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Introduction

Beginning in 2009, shortly after the Market Meltdown, the Society of Corporate Compliance and Ethics and the Health Care Compliance Association have periodically surveyed the compliance community on economic issues.

The goal of this research has been to determine what has happened to compliance programs and staffing, as well as where budgets and staffing are likely to go in the coming year. The survey has also examined the job security of compliance professionals, as well as risk levels and management attitudes towards compliance and ethics programs.

The latest survey was fielded during July and August 2013. By then the economy had significantly improved since the dark days of 2009. In addition, increased enforcement activity globally has led to a significant expansion in the need for compliance and ethics programs.

The 2013 survey sought to determine how these forces were impacting both compliance spending and attitudes, as well as how key measures had changed since the last survey was conducted in 2011.

Executive Summary

Compliance and ethics programs are continuing to increase in budget and staffing, and compliance professionals expect that trend to continue. The ratio of compliance professionals who saw their budgets increase to those who saw the budget decrease in 2013 was more than three to one (38% vs. 12%), and the ratio of those projecting an increase in 2014 was more than 4 to 1. Staffing rose in 2013 and is expected to rise again. Job security is on the rise, and management perceptions of the value of compliance appear to be increasing.

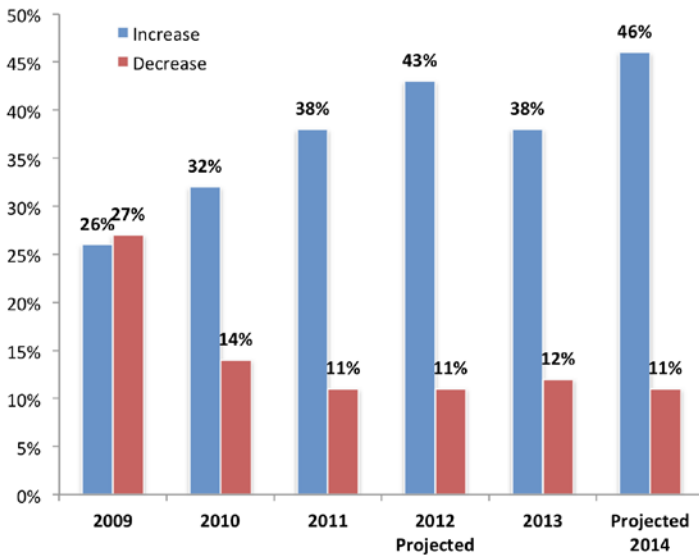
At the same time, though, it should be noted that spending is expected to increase only marginally, with healthcare growth lagging.

Key Findings

- **Increased spending on compliance programs in 2013 was reported by 38% of survey respondent, with 9% experiencing a greatly increased budget and 29% reporting a somewhat increased budget.** Half saw budgets remain the same, while just 12% experienced a decrease. The increases were not experienced evenly across the board, though. While 35% of healthcare companies reported an increase, a much higher 41% of non-healthcare companies saw positive growth. In addition, a whopping 52% of publicly traded companies reported spending increases.

- Survey respondents foresaw continued growth in 2014 in even greater numbers.** Overall 46% of respondents anticipate budgets to increase in 2014, with 7% expecting budgets to increase a great deal. Among respondents from publicly traded companies, 54% expected an increase.

Change in Budget



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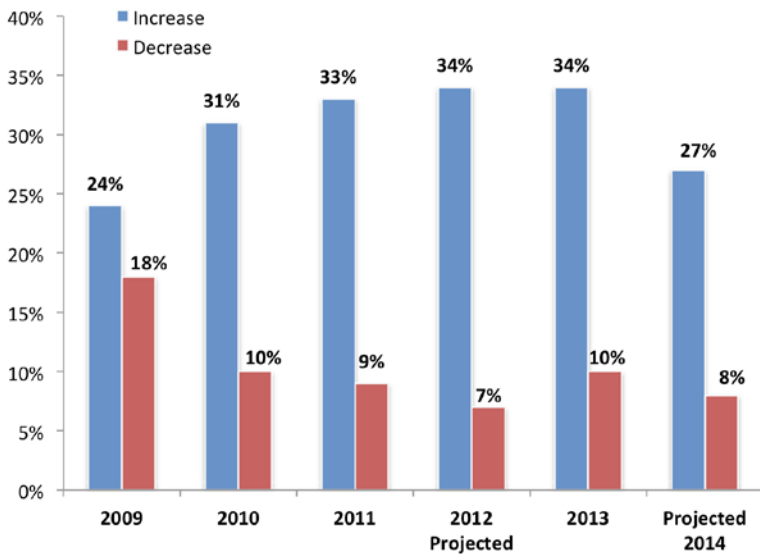
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- **Staffing levels also rose in 2013 and are expected to do so again in 2014.** Growth was reported by 34% of respondents, and again, the numbers were higher outside of healthcare (39%) than inside healthcare (29%). For 2014, 27% of survey respondents expected an increase in staffing, with only minor differences by industry.

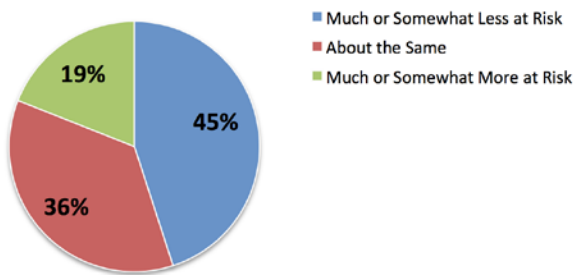
Change in Staffing



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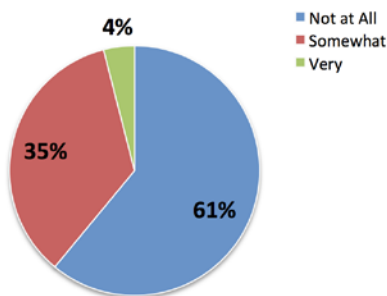
- Growing budgets are reflected in feelings of job security.**
 Overall, 45% of respondents felt their jobs were *less* at risk than those of others at their organizations, and at publicly traded companies that number rose to 52%. And, when it comes to concern about losing their job as a result of the economy, 61% reported they were “not at all concerned.” Notably, security was highest for respondents from publicly traded companies (68%) and lowest in the governmental sector (54%), where sequestration may be having an impact.

Relative Risk of Losing Their Job Vs. Others



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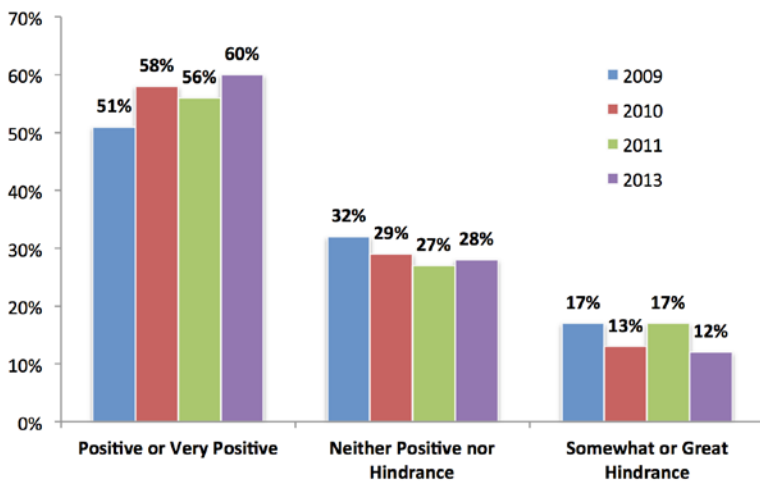
Concerned About Losing Your Job?



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- Perhaps the best news of all for compliance professionals are the high and rising numbers of respondents who reported that senior management sees compliance and ethics as an asset. A total of 60% of respondents felt that management sees compliance as a very or somewhat positive asset in helping the organization through the economic challenges. That figure is up from 56% in 2011 and just 51% in 2009. Just 12% reported that management felt compliance was somewhat or a great hindrance, down from 17% in 2011.

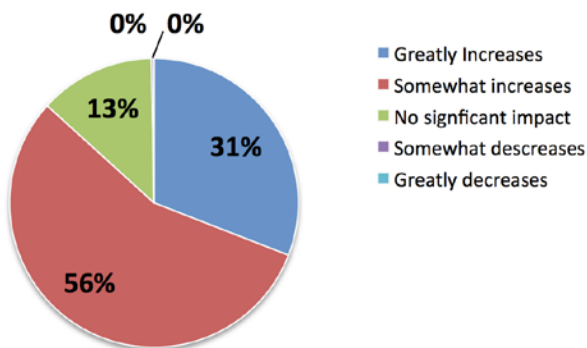
Management Perception of Compliance



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- **Finally, it should be noted that economic anxieties remain in one key area: the risk of wrongdoing.** Thirty-one percent of respondents believe that the current economy greatly increases the risk of compliance and ethics failures, and another 56% believe it somewhat increases the risk. That means that 87% of compliance professionals continue to believe there is an elevated sense of risk, a number virtually unchanged since 2011.

Impact of Economy on Risk of Compliance Failure



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Conclusions and Implications

- **Having an effective compliance and ethics program seems to be a part of the business community's ongoing plans.** During the worst years of the recession compliance budgets saw growth, and it appears that business remains committed to supporting programs in budgetary and attitudinal terms, even as the economy moves forward.
- **As has been the case with the rest of the economy, jobs growth appears to lag somewhat.** Compliance and ethics professionals are far less optimistic about increasing their staffs than they are about increasing their budgets.
- **Risk levels are seen as remaining elevated, which provides cause for concern.** Five years after the Market Meltdown, nearly a third of compliance and ethics professionals continue to believe that the current economy greatly increases the risk of a failure. Business needs to remain vigilant for legal and ethical breaches.

Methodology

The survey was conducted during July and August 2013. Responses were solicited from contacts in the database of the Health Care Compliance Association and the Society of Corporate Compliance and Ethics. Data was collected using Zoomerang, a third-party web-based solution. A total of 344 responses were obtained.