

COVID-19 Was Ultimate 'Stress Test' for Ethics & Compliance Programs, Says Annual LRN Report

NEW YORK (April 21, 2021) – COVID-19 proved to be the ultimate “stress test” for ethics and compliance programs worldwide, but employees said their companies largely rose to the challenge, according to the latest annual Ethics and Compliance report published by LRN.

The report, titled “The 2021 Ethics & Compliance Program Effectiveness Report: Meeting the COVID-19 Challenge,” examines how the pandemic affected ethics and compliance programs around the world, and whether employees felt supported by their employers. LRN, a pioneer in the ethics and compliance space, works with more than 700 companies globally and publishes the report annually.

Surveying nearly 650 ethics, compliance, and legal executives and experts at companies and organizations around the world with at least 1,000 employees, researchers found:

- 87% of ethics, compliance, and legal experts reported that leadership rose to the challenges of dealing with the consequences of the crisis
- 85% reported that their boards of directors effectively supported ethics and compliance during COVID-19
- 82% indicated that their organizations emphasized company values – not just rules and procedures – to motivate employees to do the right thing in difficult circumstances
- 68% said leadership took steps to help employees cope with the negative effects of the pandemic in their lives
- 79% said their company’s ethical culture is stronger as a

result of their COVID-19 experience

Despite these positive efforts, researchers found reported failures within ethics and compliance programs, such as:

- Only 40% of respondents reported that their firms simplified or modified compliance procedures to meet the new business challenges
- Only 45% indicated that their ethics and compliance team, in the face of the pandemic, strengthened risk controls in critical areas like cybersecurity, privacy, and donations of critical equipment

Findings in the report demonstrate that a values-based approach to governance builds and sustains an ethical culture and strongly correlates with more effective ethics and compliance programs. These insights can also provide a roadmap for the “new normal” as the world emerges from the crisis.

“The 2021 Ethics & Compliance Program Effectiveness Report: Meeting the COVID-19 Challenge” survey was conducted during the second half of 2020 and analyzed during early spring 2021.