

A cost-benefit analysis essay sample

[Literature](#), [Russian Literature](#)



The article I reviewed was called The Sarbanes-Oxley Act: A Cost-Benefit Analysis Using the U. S. Banking Industry from authors from the Journal of Applied Business. The article discussed the detrimental effect the SOX Act has had on the American banking system. Reports collected by the Federal Reserve show that returns on assets (ROA) and returns on equity (ROE) for nonregistered (SEC reporting) banks were substantially better than the banks which were registered. According to the Harvard Law review of 2003 (Harvard Law Review 2003), over-regulation can become counterproductive. “ Companies can become routinized in regulatory compliance in such a manner that they are adhering to the law, but not the spirit.” (Harvard Law Review 2003) On a personal note, why I understand why there needs to be regulation, I believe the government makes too many decisions without fully understanding the implications.

I see a lot of companies which follow the same course. Another good example is the Patriot Act, why the thought was genuine, the execution was not well thought out. I believe people or companies who try and illegally bypass the system should be penalized, but creating the strict processes contained in the SOC Act puts more burden on companies to prove they are upstanding businesses. I know my company has had to hire almost double the amount of accountants we would normally use, just to make sure our numbers are dead on correct. Our purchasing group dedicates days and hours reviewing open orders and trying to make sure the ERP system is accurate and up-to-date. It is not the tie in doing it once, but we are required to do it two and three times just to make sure.

References

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Harvard Law Review, “ The Good, the Bad, and Their Corporate Codes of Ethics: Enron, Sarbanes-Oxley, and the Problems with Legislating Good Behavior,” Vol. 116, No. 7. (May, 2003), pp. 2123-2141.