

MEN, WOMEN AND ETHICAL LEADERSHIP

GENDER'S INFLUENCE ON TONE AT THE TOP

*A Research Report from the
National Business Ethics Survey® (NBES®)*



ECITM research

The Ethics Research Center is the research arm of the Ethics & Compliance Initiative (ECI).

The Ethics Research Center (ERC) is America's oldest non-profit devoted to independent research to advance high ethical standards and practices in public and private institutions. Through ERC, ECI produces industry-leading research, including the National Business Ethics Survey[®] (NBES[®]) of the American workforce. In our work, we analyze current and emerging issues, establish benchmarks, generate new approaches to challenges and guide organizations' ethics and compliance efforts.

about this study

Research Report from the National Business Ethics Survey® (NBES® 2013)

The NBES generates the U.S. benchmark on ethical behavior in companiesⁱ. Findings represent the views of the American workforce in the private sector. Since 1994, the NBES and its supplemental reports have provided business leaders a snapshot of trends in workplace ethics and an identification of the drivers that improve ethical workforce behavior. With every report, ECI researchers identify strategies that business leaders can adopt to strengthen ethics cultures.

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i. This report uses the term *company*, because we surveyed exclusively businesses. However, we believe the findings can apply to other organizations as well.

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executive summary

A wealth of studies have shown that women have historically experienced discrimination in the workplace, earned less money for equal work, and found it harder to reach leadership positions. In recent years, as more women have climbed the corporate ladder, studies have looked for gender-based differences in leadership styles. But few of these studies have focused on ethics and whether male and female leaders approach it differently. To address this gap, the Ethics & Compliance Initiative (ECI), decided to take a look at the critical question through a randomized re-survey of a portion of respondents from the National Business Ethics Survey® (NBES®) 2013.

MALE AND FEMALE LEADERS ACT SIMILARLY WHEN IT COMES TO ETHICS

We set out to learn whether men and women exercise ethical leadership in different ways and also whether (both the leaders' and the employees') gender influenced employee perceptions of tone at the top. Perhaps surprisingly we found relatively small differences between male and female leaders in exercising ethical leadership. Based on personal interactions with their bosses, employees said that male and female leaders generally shared the same priorities: (a) maintaining integrity in the company, (b) meeting business goals even at the expense of ethics standards and (c) treating all employees fairly and with dignity. While the willingness to sacrifice ethics in order to meet business goals is alarming, the tendency was shared by leaders of both genders. Among the few notable differences, employees said female leaders were more likely to use the company for creating positive change in the outside world. Male leaders, on the other hand, were seen as caring more about beating competitors.

We also asked employees to consider how their leaders performed in crisis situations and what the leaders valued when under pressure. Again, leaders of both genders were credited with the same priorities, but employees believed that female leaders were more concerned about employee well-being. Male leaders gave somewhat more consideration to protecting the company brand and maintaining trust among employees.

FEMALE EMPLOYEES FACE TOUGHER ETHICS ENVIRONMENT THAN MALE EMPLOYEES

While our research found that gender did not make a significant difference in the way leaders approached ethics, it revealed a very real difference in the workplace ethics environment for men and women. Simply put, in terms of ethics and compliance, female workers are at much greater risk than their male counterparts. That enhanced risk applies to female leaders as well as lower-level female employees. In a nutshell:

- Women in senior leadership positions are more likely than men at the same level to feel pressure to compromise company ethics standards and/or the law,
- Women are more likely to experience retaliation for reporting misconduct, and
- Women are more likely to doubt their leaders' commitment to workplace integrity.

Perhaps in response to these negative experiences, the survey found that women are much more likely than men to give their leaders low ratings on key attributes of ethical leadership. For example, 67 percent of male employees said their senior leaders could be trusted, but just 57 percent of women shared that confidence. Women also feel less positive about their companies. Approximately two-thirds of men said employees could question management without fear, but just 56 percent of women agreed. There was a similar 10 percentage point gap (72 percent to 62 percent) between the genders when asked if they would recommend their company as a place to work.

LEADERSHIP CAN IMPROVE ETHICS ENVIRONMENT

We are convinced that strong ethical leadership can change these disparities between men and women's experiences in the workplace. Our prior research has shown that workplace misconduct declines when leaders are effective in communicating values, and that ethics violations and ethics risk fall in companies whose leaders focus on equality.

As noted in the report's recommendations, ethical leadership can make a difference by:

- Promoting equality and diversity,
- Soliciting employee feedback on how the workplace experience can be equalized,
- Prioritizing values through deeds as well as words, and
- Demonstrating accountability by addressing employee concerns, especially reports of misconduct.

Bottom line: Leaders set the tone for the workplace and choose organizational priorities. Employees, in turn, read their leaders' cues and respond accordingly. If leaders recognize the inequality in their workplace, they have the ability to mitigate the problem by giving it attention and making sure that employees get the message.

introduction

A range of data suggest that **stereotypes manifest in the workplace through inequality**. In business, most leadership positions are held by men. Of the 500 companies in the S&P Dow Jones Indices LLC (S&P 500®) stock index, only about two dozen are led by female CEOs.¹ A study by Strategy & PricewaterhouseCoopers says female CEOs are far more likely than male leaders to be forced out of their positions.² And still today, women's wages tend to lag behind the earnings of men,³ even for the same work.

However, one university-based study provides some evidence that **differences between men and women in leadership positions might result in benefits to employees**. A report from the Kellogg School of Management seems to support the notion that women bring a different perspective to the C-suite, and they might be less willing than male leaders to lay off employees as a strategy for cutting costs.⁴ Also, a landmark meta-analysis of gender and leadership styles revealed that “women's leadership styles emphasize both interpersonal relations and task accomplishment to a slightly greater extent than men's styles.” The same study also unearthed a tendency for women to be more democratic and men more autocratic in their leadership style.⁵

Although gender and leadership have been studied for decades, there is still much to be learned about gender and *ethical* leadership. Men's and women's leadership styles differ (somewhat), but does their commitment to workplace integrity vary as well? Their manner of exercising authority is slightly distinct. Is their way of promoting ethics gendered too? To investigate these issues, the Ethics & Compliance Initiative (ECI) explored workplace ethics and gender-related differences by collecting data from employees.⁶ The ECI re-surveyed (at random) a portion of respondents from the National Business Ethics Survey® (NBES®) 2013. We looked specifically at two key issues:

- Do men and women exercise ethical leadership in different ways?
- What is the impact of (employee and/or leadership) gender on employee perceptions of tone from the top?

1. NYTimes. (2015, February 9). *Do Activist Investors Target Female CEOs?* The New York Times. Retrieved from http://dealbook.nytimes.com/2015/02/09/the-women-of-the-s-p-500-and-investor-activism/?_r=1.

2. Strategy&pwc. (2014). 2013 Chief Executive Study: *Women CEOs of the last 10 Years*. Retrieved from http://www.strategyand.pwc.com/media/file/Strategyand_The-2013-Chief-Executive-Study.pdf.

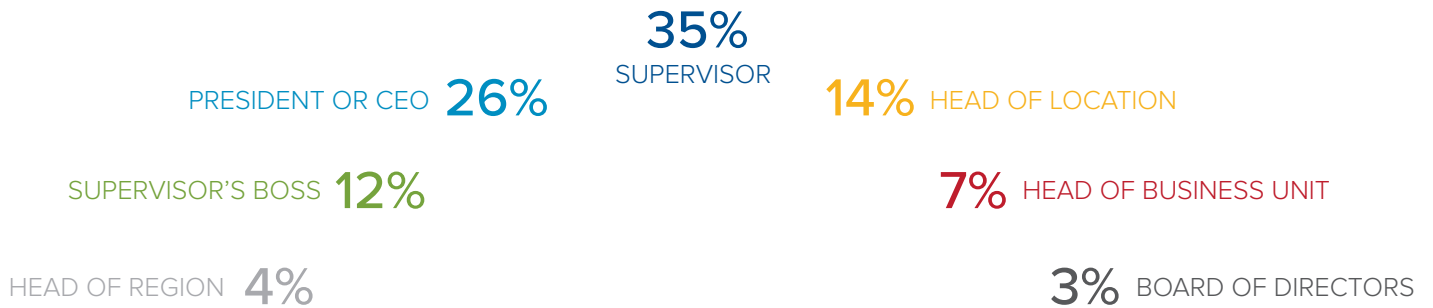
3. U.S. Bureau of Labor Statistics. (2014). *Highlights of women's earnings in 2013*. Retrieved from <http://www.bls.gov/opub/reports/cps/highlights-of-womens-earnings-in-2013.pdf>.

4. Kellogg School of Management. (2012). *Is there a Female Leadership Style?* Retrieved from http://insight.kellogg.northwestern.edu/article/is_there_a_female_leadership_style.

5. Eagly, A.H., & Johnson, B.T. (1990). Gender and leadership style: A meta-analysis. CHIP Documents. Paper 11. http://digitalcommons.uconn.edu/chip_docs/11.

6. All ECI data are from those who participated in a 2014 follow-up study to the main NBES 2013 except when marked by a dagger (†), which indicates the data are from the larger pool of respondents from the NBES 2013 study.

According to Employees, Who Is “Senior Leadership”?⁷



In conducting analysis for this report, we also uncovered important differences in women’s versus men’s workplace ethics experiences. Although it was not part of our original research study questions, data revealed **key distinctions and critical concerns regarding workplace ethics experiences of women**. These findings have been included in this report as well.

DEFINING GENDER:

In this report, gender is defined by sex. We gave survey respondents only two multiple choice options, Male and Female. This report only covers self-identifying males and females, and due to the anonymity of this report, we do not differentiate between cisgender and agender, bigender, transgender, or other types. Throughout this report, keep this in mind when we refer to gender regardless of whether the discussion involves employee gender and/or leader gender.

7. These percentages may differ from previous reports, as the percentages here reflect the perspectives of the respondents in the 2014 follow-up study.

section 1:

When It Comes to Ethical Leadership: Men & Women Have Similar Priorities

In order to understand whether men and women exercise ethical leadership in different ways (and, if so, how), we looked at two facets of ethical leadership: which values are being promoted and in what ways?

We found that there is little difference in male and female leaders' priorities. We asked employees what is *most* important to senior leadership based on: (a) their personal experiences and interactions with their senior leaders, (b) their senior leaders' ability to manage crises and (c) the enforcement of company⁸ policies and procedures.⁹

An illustration featuring a large blue gear on the left side, partially overlapping a grey gear. Below the gears are silhouettes of three people's heads and shoulders. The background is a light grey with faint gear patterns.

How (or on what grounds) are employees basing their beliefs about their senior leaders?

A recent study, *Ethical Leadership: Every Leader Sets a Tone*,⁸ related that employees' judgments about leaders are shaped primarily by three factors: (a) personal experience and interaction, (b) the way senior leaders' handle crises and (c) the enforcement of company policies and procedures. Among other things, employees want to know whether their leaders treat others with respect, share credit for success and uphold company standards even it means lower profits.

8. This report uses the term *company*, because we surveyed exclusively businesses. However, we believe the findings can apply to other organizations as well.

9. Ethics Resource Center. (2014). *Ethical leadership: Every leader sets a tone*. Arlington, VA: ERC.

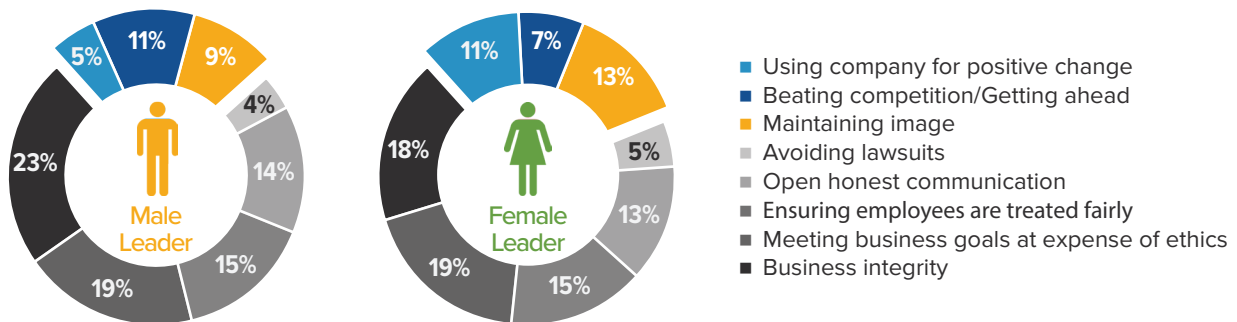
PERSONAL INTERACTION

Personal interactions enable employees to make gut-level assessments of leaders and what kind of people they are. ECI’s recent report on ethical leadership shows these up-close assessments are the primary factor shaping employees’ perceptions of their leaders.

When we asked employees to think about their personal interactions with senior leadership and to identify what their leaders value the *most*, employees put the same three objectives at the top of the lists for both male and female leaders. The most frequently-cited are **(a) maintaining integrity in business, (b) meeting business goals even at the expense of ethics standards and (c) treating all employees fairly and with dignity**. These priorities have mixed implications for ethics. Maintaining integrity and treating employees fairly are the types of behavior we expect of ethical leaders, but **it is concerning that meeting business goals is such a high priority for some leaders that they will compromise standards**.

There are only three primary objectives where there are statistical differences between employee perceptions of male and female senior leaders: (a) maintaining image, (b) getting ahead and (c) using the company as vehicle for positive change. **Employees are more likely to credit female leaders than male leaders for using the company as a platform for creating positive change in the community/world, but also are more likely to see them as being concerned about maintaining their image. Conversely, employees feel male leaders are more likely than female leaders to place emphasis on beating competitors/getting ahead/winning compared to their female counterparts.**

BASED ON PERSONAL INTERACTIONS, THREE DIFFERENCES EMERGE AS TO WHAT IS *MOST* IMPORTANT TO SENIOR LEADERSHIP



Note. Categories in grey are not statistically different between male and female leaders, while categories shown in color are statistically different.

CRISIS MANAGEMENT

The manner in which leaders respond to crises tells a great deal about their abilities and their character. It is relatively easy to manage a company when business is steady and all employees are performing their assigned duties well. Employees want to know their leaders will maintain integrity when things do not go as planned – whether leaders will hold to core values or look for short-cuts when the company’s profitability, reputation and even survival may be at stake.

The relative importance of priorities based on crisis management varies somewhat with the leaders’ gender. **Both male and female leaders’ top three priorities are: (a) sustaining of the company, (b) maintaining integrity in business and (c) honestly assessing problems in order to solve them. Employees rank *maintaining integrity* as female leaders’ highest priority, but rank it second behind *sustaining the company* when men are making decisions.** A few differences¹⁰ appear with respect to the degree male and female leaders emphasize objectives in times of crises. **Employees are more likely to perceive female leaders giving consideration toward employee well-being, while male leaders are more intent than female leaders on protecting the company brand and maintaining trust among the employees.**

COMPANY POLICIES AND PROCEDURES

Enforcement of company policies and procedures shapes employees’ daily experience. In effect, enforcement is a daily reminder of how leadership wants things done. When considering the prism of company policies, **the gender of senior leaders makes little difference in the way employees perceive leaders’ intentions.** There is **one exception – when senior leaders are men, employees say that beating competitors/getting ahead/winning is more important than when leaders are women** (69 percent versus 59 percent, respectively).

10. Statistically significant differences

section 2:

Tone from the Top vs. Personal Ethics Experiences

While there is relatively little difference in the priorities of male and female leaders, a review of the complete NBES 2013 dataset¹¹ revealed some unexpected findings. **Tone from the top is not the real issue; employees' personal ethics experiences within the workplace are the bigger concern and may be influencing employee perceptions of their leaders' commitment to ethics.**

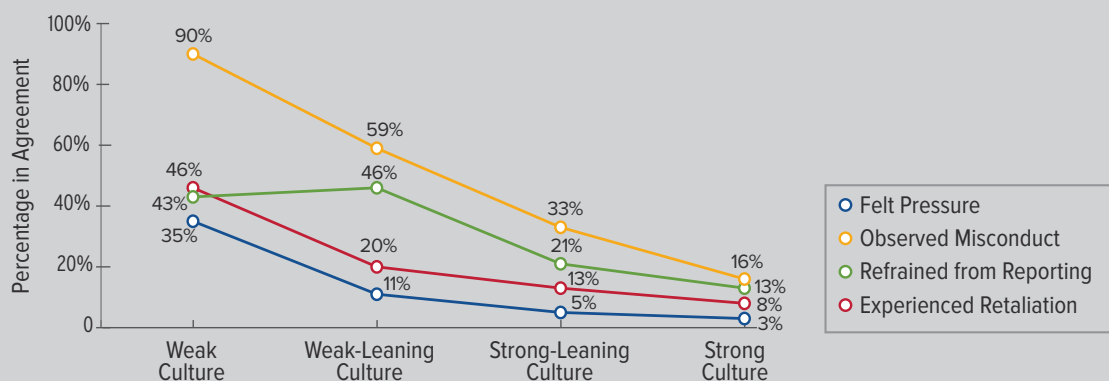
Although our original research questions focused specifically on the differences (or lack thereof) in ethical leadership between men and women, in conducting our research we were struck by a surprising result: **overall, women seem to be at greater risk in terms of ethics and compliance issues in the workplace.**

- Women in senior leadership positions are more likely than men at the same level to feel pressure to compromise company ethics standards and/or the law.
- Women are more likely to experience retaliation for reporting misconduct.
- Women are more likely to express concerns about leadership's commitment to workplace integrity.

The data indicates a disparity in the ethics environment – that men and women have different workplace experiences. The data corroborates the impression that the workplace is a tougher

Why Environment Matters: Ethics Risk Decreases in Strong Ethics Cultures

We have found that ethics culture strength and ethics risk have an inverse relationship in that when ethics culture is strong, ethics risk is lower, and vice versa. When ethics culture is strong, the following ethics risks are reduced: pressure from others to compromise standards, observation of misconduct, lack of reporting and retaliation for reporting misconduct.

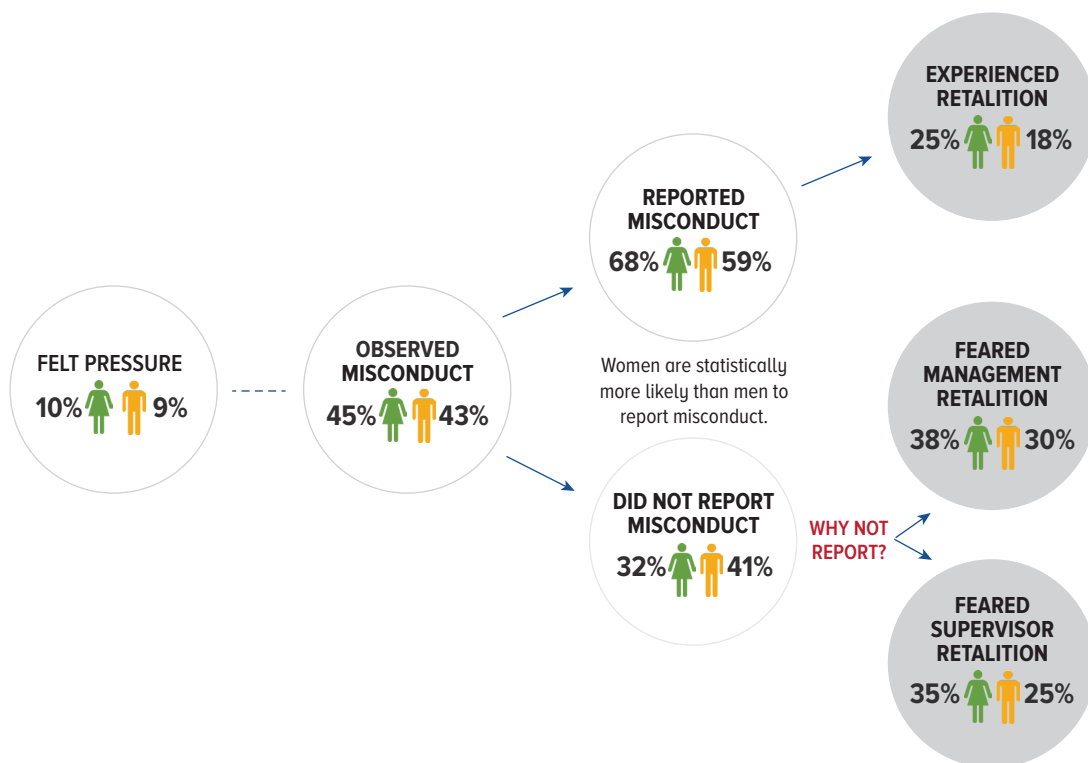


11. All of the data in this section are from the broader pool of data (NBES 2013).

environment for women than for men, especially women in leadership. In looking at the broader pool of data, of all employees surveyed in the NBES 2013 survey, there are statistically significant differences in perceptions between men and women in leadership positions.

We found higher ethics risk, and thus more vulnerability, among women in leadership positions. **Women at the top of the corporate ladder are significantly more likely than men at the same level to feel pressured by others to violate the company standards of conduct.** Twelve percent of women in senior leadership positions feel pressure from others to compromise standards compared to five percent of men at that level.

SOME FORMS OF ETHICS RISK ARE HIGHER FOR WOMEN THAN MEN



Note. Percentages in the shaded areas are statistically less favorable for women.

Overall, men and women observe misconduct in their organizations with roughly the same frequency (43 percent and 45 percent, respectively). However, women are significantly more likely than men to report wrongdoing they observe. More than two-thirds of women (68 percent) report misconduct, compared to just 59 percent of men. This difference has held true over time. Since 2000, we have found that women have reported at higher rates than men. Men have reported at rates between 46 percent and 63 percent, while women have reported at rates between 55 percent and 66 percent.

Breaking the data down even further, in the 2013 survey we asked employees if they observed (and subsequently reported) 28 specific types of misconduct; we found that men reported at lower rates than women for 22 of the 28 types of misconduct.¹² Men who observed the specific misconduct reported between 30 percent and 57 percent for each of the 28 specific types of misconduct, while women reported between 38 percent and 72 percent.

The reporting gap is particularly striking among senior leaders in the 2013 survey – just 60 percent of male senior leaders report wrongdoing, compared to 89 percent of senior women. The low reporting rate among senior men is alarming because senior leaders have the greatest responsibility for modeling and reinforcing ethical conduct, as well as helping to ensure that employees know that misconduct is addressed through procedurally-just practices. Both may fall through the cracks if responses to misconduct are perceived to be undertaken through personal discretion (resolving the issue themselves) and without consistent, coordinated efforts.

Although the data do not reveal why men in general are less likely to report than women, **men are statistically more likely than women to say they did not report the misconduct because they resolved the issue themselves (31 percent compared to 25 percent)**. Despite this difference, **the top three reasons both men and women choose to not report are the same**. While the ranking of these factors by gender is the same, the level of distrust is not; more female non-reporters cite a lack of faith in the system or practices within their company as reasons for not reporting.

LACK OF TRUST IS THE PRIMARY REASON MEN AND WOMEN CHOOSE NOT TO REPORT

TOP THREE REASONS FOR NOT REPORTING MISCONDUCT:	GENDER OF EMPLOYEE	
	MALE	FEMALE
Did not believe correction action would be taken	51%	59%
Did not trust report would be kept confidential	42%	50%
It is an accepted behavior in company	38%	49%

Note. Employees may have several reasons for not reporting misconduct, therefore our survey allowed employees to choose as many options as they feel are reasons they refrained from reporting.

Note. Percentages in green text are statistically more favorable than the percentages in red text.

12. Men reported eight of the 22 specific types of misconduct at statistically lower rates than women, while the remaining 14 (of the 22) trended lower. Given a larger sample, the 14 trend differences may have been statistically significant. (e.g. Only two percent of both men and women observed *offering bribes to public officials*, but 63 percent of these females reported it where only 45 percent of men reported this when seeing it.)

What is retaliation and why do all claims of it matter?

Retaliation is a negative consequence experienced by an employee for reporting observed misconduct. Companies with a strong commitment to ethics treat every retaliation claim seriously even though some may lack merit. Whether substantiated or not, each claim and the means by which it is handled will leave the employee with an impression about a company's commitment to ethics. Studies have found that the way claims are handled matter more to employees than the ultimate resolution. Employees generally want to know that claims are taken seriously and resolved in a timely manner with a *procedurally-just* process.

Females who do not report are more likely than male non-reporters to be driven by fear of or actual experience with retaliation. Of those employees who report misconduct, **a greater percentage of women experience retaliation for reporting** (25 percent), compared to men (18 percent). Even when looking at men and women at each level of the organization, women trend higher than men at all levels of the organization and female supervisors experience retaliation at statistically higher rates than male supervisors (31 percent compared to 17 percent, respectively). Given that women are more likely to experience retaliation and to know someone who experienced retaliation, it is not surprising they are also more likely to fear retaliation. More women than men say they did not report because of fear of management and/or supervisory retaliation. Similarly, more women do not report for a fear of peer retaliation (30 percent) compared to men (19 percent).

We know from past ECI research¹³ that employees report primarily because it is the right thing to do and in order to prevent harm to others and/or their company. They turn their sense of personal responsibility into action when they feel their report will make a difference and when they feel safe. We do not know why women report at higher rates than men, but we do know that women who chose not to report are more likely to (rightly, it seems) fear retaliation. **Retaliation against women and the fear it instills may be even more problematic than retaliation against men for companies' long-term ethics performance because women are more likely than men to report misconduct when observed.**

13. Ethics Resource Center. (2012). *Inside the mind of a whistleblower: A Supplemental Report of the 2011 National Business Ethics Survey*. Arlington, VA: ERC.

Ethics Resource Center. (2014). *National Business Ethics Survey of the U.S. workforce*. Arlington, VA: ERC.

Ethics Research Center. (2015). *Increasing employee reporting free from retaliation: Insights from the National Business Ethics Survey 2013*. Arlington, VA: ERC.

section 3:

Female Employees Hold Less Favorable Views of Their Leaders and Companies

Our survey revealed clear differences between men’s and women’s experiences in the work-place. Analysis of employees’ attitudes also revealed distinctions between the genders. **Female employees frequently gave lower ratings about senior leaders’ ethical leadership qualities compared to their male counterparts.** These differences could be due to their less favorable work experiences.

WOMEN VIEW SENIOR LEADERSHIP LESS FAVORABLY

SENIOR LEADERS...	GENDER OF EMPLOYEE		PPT DIFFERENCE
	MALE	FEMALE	
... can be trusted	67%	57%	10 ppt
... treat all well, regardless of level in organization	67%	59%	8 ppt
... would do the ethically right thing even at expense of business	60%	55%	6 ppt
... are transparent about issues in company	62%	56%	5 ppt
... set a good example [†]	82%	79%	2 ppt

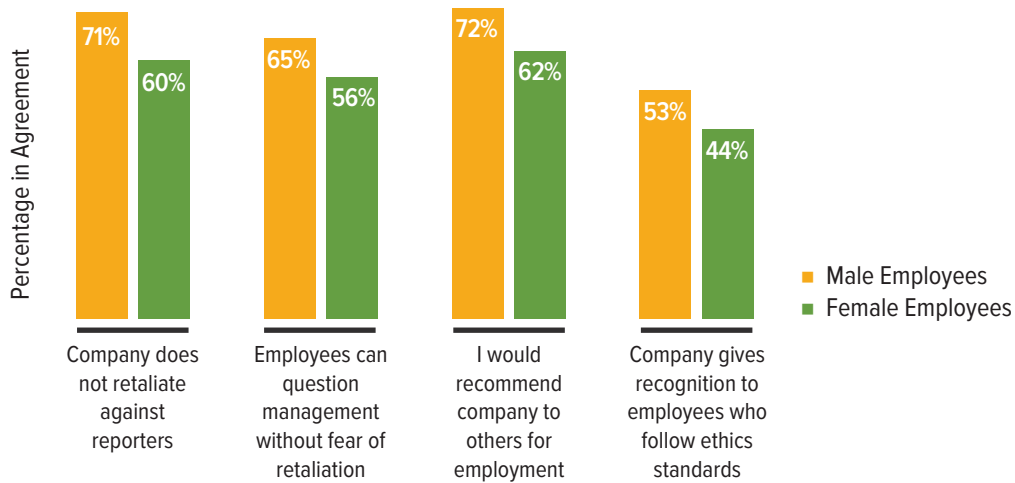
Note: PPT = percentage points, or the difference between the two results. PPT differences are calculated based on unrounded percentages.

Note. Percentages in green text are statistically more favorable than the percentages in red text.

[†]All NBES 2013 participants

Just as **women** are more skeptical than men about senior leaders, they **also rate their companies less favorably** than men rate their companies.

WOMEN HOLD A LESS FAVORABLE VIEW OF THEIR COMPANIES



Statistical differences are also found between men and women at different levels of the organization (top level management, middle management, first-line supervisors and non-management employees). **Women at various management levels of the organization hold less favorable views of the company and its leadership than male counterparts at the same management level.** Only 37 percent of women who are first-line supervisors agree that senior leaders do not blame others when things go wrong, compared to 54 percent of male supervisors in agreement.¹⁴ Similarly, only 58 percent[†] of female non-managers believe that employees can question management without fear of retaliation, compared to 63 percent[†] of non-management men who are in agreement.¹⁵

14. Statistically significant finding

15. Statistically significant finding

FEMALE SENIOR LEADERS VIEW LEADERS AND COMPANY LESS FAVORABLY

SURVEY QUESTION	SENIOR LEADER		PPT DIFFERENCE
	MALE	FEMALE	
Employees can question management without fear of retaliation [†]	87%	76%	11 ppt
Senior leaders provide satisfactory information about what is happening in org. [†]	91%	86%	5 ppt
Senior leaders set a good example [†]	94%	89%	5 ppt

Note. PPT = percentage points, or the difference between the two results. PPT differences are calculated based on unrounded percentages.

Note. Percentages in green text are statistically more favorable than percentages in red text.

[†]All NBES 2013 participants

FEMALE MIDDLE MANAGERS VIEW LEADERS AND COMPANY LESS FAVORABLY

SURVEY QUESTION	MIDDLE MANAGER		PPT DIFFERENCE
	MALE	FEMALE	
Company recognizes those who follow ethics [†]	68%	61%	7 ppt
Company does not retaliate against reporters [†]	81%	75%	6 ppt
Senior leaders keep promises and commitments [†]	88%	82%	6 ppt

Note. PPT = percentage points, or the difference between the two results. PPT differences are calculated based on unrounded percentages.

Note. Percentages in green text are statistically more favorable than percentages in red text.

[†]All NBES 2013 participants

section 4:

Leaders Can Improve the Workplace Ethics Environment for Women

The data are clear in that men and women have different experiences in the workplace. No matter what level or position in the organization, women appear to be more vulnerable in regards to ethics experiences at work. As it currently stands, women (overall and/or at various levels in the organization) are more likely to: (a) feel pressure from others to compromise standards, (b) experience retaliation for reporting and (c) cite retaliation as a reason for not reporting. Not surprisingly, women are also less positive in their appraisal of their companies and their leaders' commitment to workplace integrity.¹⁶

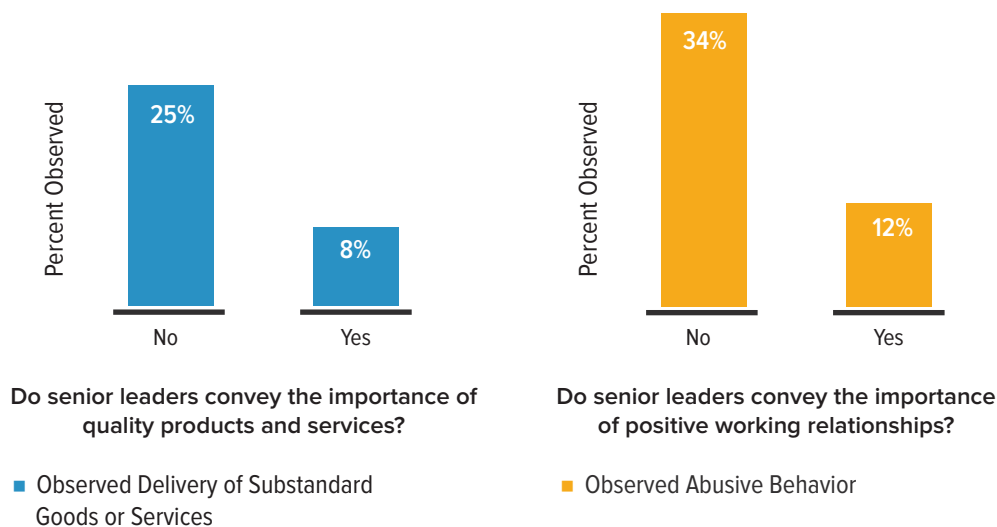
This can change.

LEADERS SET THE TONE AND DETERMINE PRIORITIES FOR WHAT MATTERS IN AN ORGANIZATION.

Employees are likely to perform and behave based on what they know to be important to their leaders. **Employees take cues from their leaders about what matters most and what is less important, and they act based on the messages they receive.**

As seen in the graphs below, we found that when leaders convey the importance of quality products and services, fewer employees observe the delivery of substandard goods and/or services. Similarly, when leaders emphasize the importance of good working relationships, there is a 64 percent reduction in observations of abusive behavior, the most prevalent type of misconduct in organizations.

LESS MISCONDUCT OCCURS WHEN LEADERS CONVEY RELATED VALUES

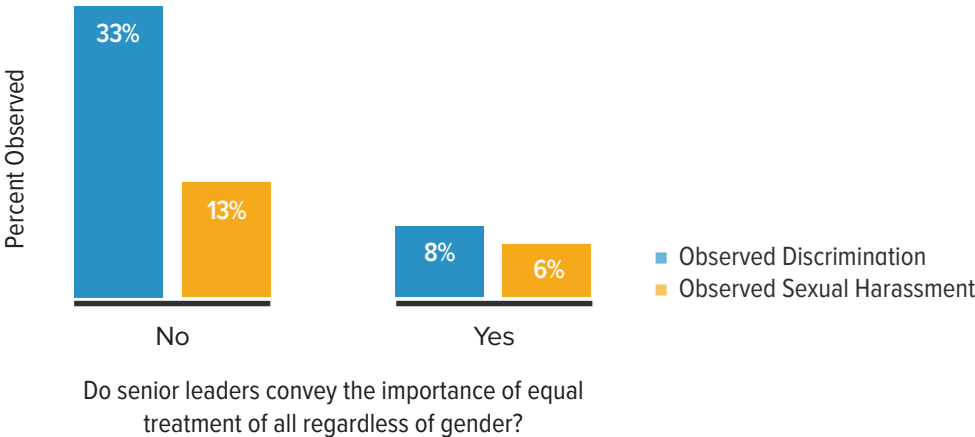


16. In assessing tone from the top, we asked survey respondents to indicate their level of agreement with whether their senior leaders effectively communicated ten different values on a variety of workplace matters, such as expressing the importance of quality products versus expressing his or her concern for employees' well-being. Respondents were asked to give their level of agreement for each item individually.

Effectively communicating values has an inverse relationship with workplace misconduct in general; **when leaders are more effective in communicating values then misconduct declines.** When leaders effectively communicate the importance of ethical conduct in everyday business, 24 of the 28 types of specific misconduct measured in the NBES 2013 are observed at lower rates¹⁷ than when leaders do not effectively convey this message to employees.

In addition, leaders who focus on equality reduce ethics violations and lower their company’s ethics risk. When employees perceive that senior leadership effectively conveys the importance of equal treatment of all employees regardless of gender, they are less likely to observe sexual harassment and discrimination.

WHEN LEADERS EMPHASIZE THE IMPORTANCE OF EQUALITY THERE ARE FEWER INCIDENCES OF MISCONDUCT AGAINST PERSONNEL



17. Statistically significant finding

LEADERS CAN DO MORE TO PROMOTE THE VALUE OF PEOPLE AND THE IMPORTANCE OF VALUES.

Overall, senior leaders effectively communicate the importance of business matters more than they communicate the importance of human-capital matters. Regardless of leadership's gender, employees are most likely to agree that senior leaders effectively communicate the importance of quality products and services (80 percent in agreement). **Leaders are less effective in communicating the importance of matters relating to personnel.** Only 71 percent of employees agree that leaders effectively communicate the importance of equal treatment of all workers, regardless of gender. Less than two-thirds of employees perceive that their leaders effectively convey their concerns for employee well-being (65 percent).

The least-effectively communicated attribute is real-life examples of ethical behavior (58 percent of employees perceive this activity). This is noteworthy because almost three-quarters of respondents (72 percent) say their leaders talk about the importance of ethical conduct. In essence, **leaders are less effective at personalizing ethics than at promoting it conceptually.** Employees can learn ethical values when leaders provide real-life examples of ethical conduct; research supports the importance of story in learning.¹⁸

When we broke down the data by the gender of senior leadership, we found a mix of similarities and differences. Employees are most likely to agree that both male and female leaders are effective in communicating the value of quality products and services. However, employees see men conveying information pertaining to company performance and the value of good working relationships ahead of ethical conduct and equal treatment of all employees regardless of those employees' gender. Female leaders, on the other side, are seen as prioritizing conduct and equality over performance and working relationships.

18. Haven, K. (2007). Story proof: The science behind the startling power of story. Westport, CT: Libraries Unlimited. Green, M.C. (2004). Storytelling in Teaching. *Observer*, 17(4). Retrieved from <http://www.psychologicalscience.org/index.php/publications/observer/2004/april-04/storytelling-in-teaching.html>

**IMPORTANCE OF QUALITY PRODUCTS RANKS NUMBER ONE
(IS MOST EFFECTIVELY COMMUNICATED)**

SENIOR LEADERSHIP EFFECTIVELY CONVEYS:	OVERALL	SENIOR LEADER	
		MALE	FEMALE
The importance of quality products & services	1	1	1
The value of safety	2	3	2
His/her pride in company	3	2	3
Information about company performance	4	4	6
The importance of ethical conduct in business	5	6	4
The importance of equal treatment of all, regardless of gender	6	7	5
The value of good working relationships	7	5	7
His/her concern for employee well-being	8	8	8
Employee accomplishments	9	9	9
Real-life examples of ethical behavior	10	10	10

Note. Items are ranked from 1 to 10, with 1 being the top, most effectively communicated attribute to 10 being the least effectively communicated attribute.

conclusion & recommendations:

Recognizing and Addressing the Risks

We went into this study intending to explore the difference between men and women as ethical leaders. We found that there are some distinctions between the two and how they exercise ethical leadership. But the data revealed a deeper divide: **when it comes to workplace ethics, women's experiences are less positive than men's which also corresponds with less favorable views of their company and its leaders.** Fortunately, the data also uncover a strategy for addressing the issue.

- Promoting equality and diversity makes a difference. Effectively communicating to employees *especially female employees as the more vulnerable population* that they are valued can change the workplace experience. **Treating all employees equally and recognizing employees' accomplishments and ethical behavior communicates to employees that they are valued.**
- Companies and leaders should consider the population they are currently working with and strategically involve employees in efforts to enhance the ethics experience for both men and women. **Involve employees and solicit their feedback on how to ensure equality in the workplace.** Employees *especially female employees* can give valuable input on what companies and leaders can do to help them have a better experience. Experience tells us that even small changes can have a big impact.
- Prioritizing values can make a difference. Senior leaders have a lot of important values to communicate. In addition, employees may not receive every message exactly as senior leaders anticipate, because each employee hears the message through the filter of his or her past experiences. Leaders need to be intentional in communicating their priorities and how they expect employees to behave. This is why **it is important not only to communicate with employees through internal messaging and companies policies, but also through personal actions and words, and through use of real-life examples of issues that personalize ethics concepts.** Conversing with employees provides a better understanding of both leaders' and employees' views and interpretations of various matters.
- All employees need to know that their concerns are being taken seriously and that they are safe reporting. **Following up with reports is essential so employees feel that they are heard. Accountability is important so employees can feel confident that they did the right thing by speaking up.** Monitoring reporters also ensures their safety. When employees feel heard and trust their managers and companies, ethics culture will strengthen and ethics risk will decline.

All data used for this report were collected as part of ECI's National Business Ethics Survey® (NBES®) 2013, which captures the views of private sector workers in the United States. It provides a comprehensive understanding on how employees view ethics and compliance at work.

NBES 2013 STUDY

The NBES 2013 reflects responses from 6,420 private sector workers. Participants were 18 years of age or older; employed at least 20 hours per week for their primary employer; and working for a company that employs at least two people. Participants were randomly selected to attain a representative national distribution.

About one-quarter of survey participants were interviewed by telephone (both landline and cellular), and the remaining three-quarters of the survey population participated through an online survey (using online panels and communities). The data were weighted by age, gender and education to align with proportional representations found in the Census Bureau's U.S. Current Population Survey (CPS); organization size to align with U.S. Census data from the Small Business Administration; and phone type (cell/landline) and survey mode (telephone/online).

The NBES 2013 survey opened September 30, 2013 and closed November 15, 2013. Survey questions and sampling methodology were established by ECI; data collection was managed by Survey Sampling International (SSI). The sampling error of the findings presented in the NBES 2013 report is +/- 1.2 percent at the 95 percent confidence level.

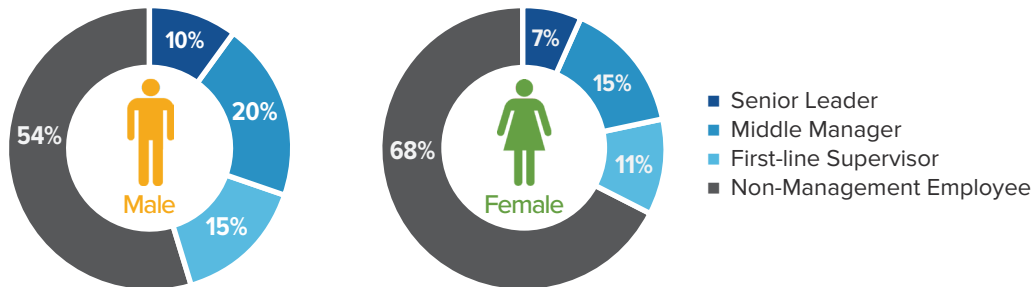
FOLLOW-UP 2014 STUDY

ECI arranged for SSI to re-contact participants in the original NBES 2013 and collect additional data pertaining to gender and ethical leadership. Phone data collection began November 21, 2014 and online data collection began November 24, 2014. Data collection ended on December 16, 2014. A total of 1,606 surveys were completed: 1,321 online surveys and 285 telephone interviews (215 cellular and 70 landline). A total of 1,549 useable cases remained after data cleaning.

Weighting followed the same basic procedure as the NBES 2013 (see above) with a few manual adjustments to account for small sample sizes. This weight is factored from the demographics – age, gender, and education; landline/cell proportions; and online/phone proportions. The sampling error of the findings presented in this follow-up study is +/- 2.5 percent at the 95 percent confidence level.

Demographic Characteristics of the Sample

The 2014 follow-up study sampled men and women at all levels of the organization. Demographics of our sample aligned with men and women’s distribution in the original NBES 2013 sample which was based on the dichotomous distribution of men and women in the U.S. workforce.¹⁹



Note. These percentages are based on rounded percentages.

To request a detailed explanation of methodology and the methodological limitations of this report and demographic information on survey participants, please email the Ethics Research Center at research@ethics.org.

19. Demographic percentages of men and women’s distribution in the workforce held true in the larger NBES 2013 sample – Men (14 percent were senior leaders, 21 percent middle managers, 17 percent supervisors, and 49 percent non-management employees) and Women (nine percent senior leaders, 16 percent middle managers, 16 percent supervisors, and 59 percent non-management employees).

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MEN, WOMEN AND ETHICAL LEADERSHIP

GENDER'S INFLUENCE ON TONE AT THE TOP

A Research Report from the National Business Ethics Survey®

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