

Global Business Ethics Survey™

ETHICS & COMPLIANCE RISK IN
THE SUPPLY CHAIN

2016

ECI ethics & compliance
initiative™



The Ethics & Compliance Initiative (ECI) empowers organizations to build and sustain High Quality Ethics & Compliance Programs (HQPs). ECI provides leading ethics and compliance research and best practices, networking opportunities and certification to its membership, which represents more than 450 organizations across all industries. ECI is comprised of three nonprofit organizations: the Ethics Research Center, the Ethics & Compliance Association and the Ethics & Compliance Certification Institute.



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KEY POINTS TO KNOW

- » Suppliers provide goods or services to other organizations.
- » Within the GBES data, supplier employees are different than those who work at non-supplier organizations.
- » Employees at suppliers operate within a complex system of relationships.
- » Employees at supplier organizations are more likely to experience workplace integrity challenges.
- » Supplier employees see the same types of violations as other employees, but at far higher rates.
- » The misconduct suppliers observe is frequently ongoing, involves multiple people and is often perpetrated by managers.
- » Supplier employees who observe misconduct are very likely to alert management, often utilizing helplines to do so.
- » Many supplier employees fear retaliation - and with good cause. Almost half of those who reported experienced retaliation as a result.
- » Supplier employees recognize their organizations' efforts to promote workplace integrity and to provide resources for workers.
- » Employees at suppliers show both a confidence in themselves and a belief in their leaders' commitment to doing the right thing.
- » Workers in supplier organizations are far more likely to experience significant organizational change - which is linked to considerable increases in workplace ethics challenges.
- » Employees at suppliers experience more organizational change, but that factor alone does not explain why they experience more workplace integrity challenges.

METRIC	 PRESSURE	 OBSERVED MISCONDUCT	 REPORTED MISCONDUCT	 RETALIATION
GBES	22%	33%	59%	36%
Suppliers	31%	42%	68%	45%
Non-Suppliers	18%	28%	51%	28%

INTRODUCTION

Effective supply chains are crucial for business success. When working properly, partnerships between suppliers and businesses that market to consumers enable goods to reach the market faster and more cheaply.

Supply chain risks have grown exponentially in the global economy; businesses with operations around the world are increasingly dependent on third party suppliers, in addition to their own employees, to get work done. However, extensive reliance on third parties means that the buyer organizations yield a degree of control over the way things get done and whether or not new risks emerge.

“Risk” within the supply chain is often defined by issues such as volatility in raw material prices, market instability and rising labor costs, among other structural and technological factors. Risk is also found in a lack of visibility into the depths of one’s supply chain and in nondisclosure of potential conflicts of interest among suppliers.¹ Oftentimes, however, the risk that employees themselves present is overlooked.²

While ethics and compliance risk may not seem as urgent as concerns about critical raw materials or political unrest, violations of workplace integrity can carry a profound cost for buyer organizations. This is especially true for recognizable brand names that often suffer severe legal and reputational harm when their suppliers go astray.

Time and again, news reports about bribery, sweatshop factories or accidents caused by unsafe work conditions, for example, have shone a negative light on a high-profile company that contracted for work but failed to perform essential due diligence and/or intervene with a supplier to set matters right.

Reliance on supplier organizations can raise the risks related to corruption and employee misconduct. ECI’s *2016 Global Business Ethics Survey™ (GBES™): Measuring Risk and Promoting Workplace Integrity* revealed that there is both more widespread pressure to compromise standards, and higher rates of observed misconduct at supplier companies, compared to non-suppliers. There is additional risk present within these organizations, which in turn creates risk for one’s own organization.³

Time and again, news reports about bribery, sweatshop factories or accidents caused by unsafe work conditions have shone a negative light on a high-profile company that contracted for work but failed to perform essential due diligence and/or intervene with a supplier to set matters right.

1 FTI Consulting. (2015). Industry alert: Manufacturing, supply & distribution: The increasing need for “Know Your Supplier” (KYS) investigations. Retrieved from <http://www.fticonsulting.com/insights/articles/manufacturing-supply-distribution>.

2 Sinha, S. (2015). Your employees: A principal factor in the supply-chain risk equation. Retrieved from: <http://www.qualitydigest.com/inside/risk-management-column/110915-your-employees-principal-factor-supply-chain-risk-equation.html>.

3 The “2016 Global Business Ethics Survey™: Measuring Risk and Promoting Workplace Integrity” report looked specifically at private-sector companies. This report addresses other types of organizations that may be considered as part of the supply chain as well.

When thinking about risk mitigation for ethical misconduct, it is essential to examine the systems and circumstances that invite problems. Organizational structures may impact the opportunity, or ease, of committing misconduct. Whether wrongdoing happens or not is essentially the result of choices made by individual human beings. Employees themselves pose a risk and, as potential whistleblowers, they are also management's best hope in the drive to uncover issues so that they can be addressed.

To date, much of the writing on suppliers and third parties has taken the view of the buyer organizations; rather than, from the perspective of the employees that make up these supplier

ECI's Global Business Ethics Survey™ is a rigorous, multi-country inquiry into worker conduct and workplace integrity. The GBES™ provides insight into workplace ethics in both public and private sector organizations.

WHAT IS THE GBES?

organizations. Less is known about workers at suppliers: Who are they? What are the challenges they face? Do they have the resources and support they need?

This report will provide a snapshot of who "supplier" workers are and what they experience in order to gain a clearer picture of what this ethics and compliance risk really looks like, what leaders can and should be doing and where there is still more to learn.

Employees themselves pose a risk and as potential whistleblowers, they are also management's greatest asset in the drive to uncover issues so they can be addressed.

WHO THEY ARE: SUPPLIER EMPLOYEE PROFILE

Within the GBES data, supplier employees are different than those who work at non-supplier organizations.

GBES respondents were asked whether, or not, their employers provide goods or services to a larger organization. Based on their responses, the GBES data was divided into a group of respondents from “supplier” organizations, and a group of respondents from “non-supplier” organizations. Several notable differences emerged between the two groups of employees in the data.

Demographically, compared to non-supplier employees, workers within supplier organizations in the GBES sample are somewhat more likely to be male and at higher levels of management than the sample of employees from non-supplier organizations. The group of employees from suppliers also trended younger than workers in the sample from non-suppliers.

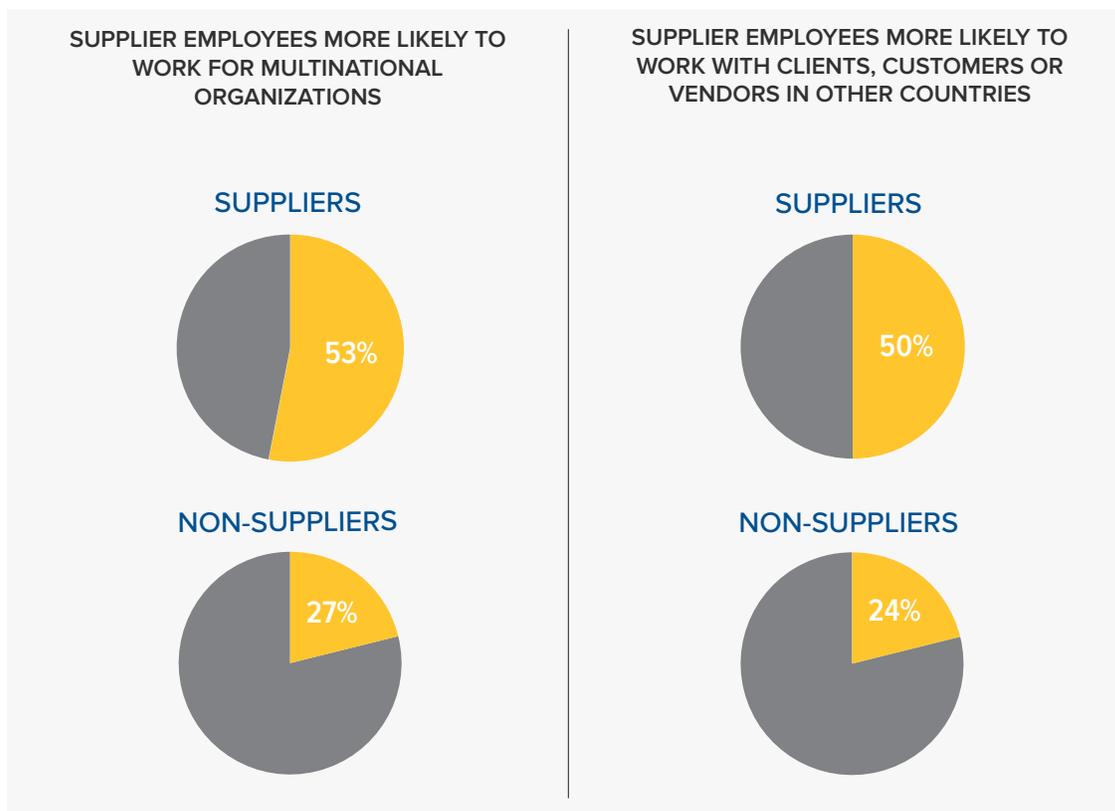
PERSONAL CHARACTERISTICS OF SUPPLIER EMPLOYEES ⁴		
GENDER	SUPPLIERS	NON-SUPPLIERS
Male	64%	56%
Female	36%	44%
AGE	SUPPLIERS	NON-SUPPLIERS
18-29	23%	19%
30-44	38%	36%
45-64	34%	42%
65+	3%	2%
TENURE WITH ORGANIZATION	SUPPLIERS	NON-SUPPLIERS
Less than 1 year	7%	7%
1-2 years	14%	14%
3-5 years	28%	23%
6-10 years	26%	22%
11+ years	25%	32%
MANAGEMENT LEVEL	SUPPLIERS	NON-SUPPLIERS
Top manager	11%	6%
Middle manager	29%	24%
First-line supervisor	16%	15%
Not in management	35%	58%

⁴ In this report, medians rather than averages are used to represent a single “global number” for the GBES data on suppliers. A median value represents the point at which half the values of a given set are higher and half the values are lower; medians are more resistant to the impact of outliers in a set of values than averages. Given wide variation between GBES countries on a number of metrics and the limited number of countries selected to represent the “global” workforce, medians were selected for use in analysis as the way to best represent the data collected. In this table, each percentage represents the GBES median for that demographic out of the 13 countries that are a part of the data set. As a result, each demographic category may not sum to 100 percent.

Employees at suppliers operate within a complex system of relationships.

Economists Gregory Daco and Chris G. Christopher, Jr. note that there has been a shift away from a clear linear, “point A” to “point B”, supply chain. This has resulted from many changes in the global business environment, including innovations in production, movement toward “fragmentation” of the production process to achieve cost savings, more open borders between countries and free and de-regulated trade.⁵

Even though GBES supplier organizations are not appreciably different in size⁶, their reach and scope reflect the inherent complexity in being part of the supply web. When comparing supplier and non-supplier workplaces, a common theme emerges: according to employees in this data set, supplier organizations, in general, have a larger global footprint. Compared to non-suppliers, far more employees within suppliers say their organizations operate outside their geographic borders. Additionally, supplier employees themselves are also far more likely to personally interact with contacts outside their country.



⁵ Daco, G., & Christopher, C. G., Jr. (2010). From supply chain to “supply web.” CSCMP’s Supply Chain Quarterly, Q4/2010. Retrieved from <http://www.supplychainquarterly.com/columns/scq201004monetarymatters/>

⁶ A comparison of organization sizes for supplier and non-supplier organizations shows that the medians are nearly identical for organizations of 2-499 employees; 5,000-19,999 employees; and 20,000 employees or more. Among GBES countries, a higher median (31 percent supplier vs. 23 percent non-supplier) occurs only at the 500-4,999 employee level.

THE EMPLOYEE EXPERIENCE: ETHICS AND COMPLIANCE RISK AT SUPPLIER ORGANIZATIONS

Ethics and compliance risk, or the extent to which an organization and/or its employees are vulnerable to violations of workplace integrity, is measured in the GBES by four indicators of key outcomes:

- » **pressure** to compromise organizational standards, policy or the law;
- » observed **misconduct** in the workplace;
- » rate of **reporting** misconduct when witnessed and
- » **retaliation**⁷ experienced as a result of making a report.

Organizations should strive to make sure that ethics-related problems (pressure to compromise standards, observed misconduct, and retaliation against reporters) are as infrequent as possible, and due to high levels of reporting, management is aware of the concerns that do exist.

Employees at supplier organizations are more likely to experience workplace integrity challenges.

Supplier firms are more ethically vulnerable to risks than non-suppliers based on the experiences of their employees. Employee misconduct happens more often, pressure to compromise standards is more widespread and employees who blow the whistle on rules violations, and ethics and compliance breaches, are more likely to experience retaliation than at non-supplier organizations.

METRIC	 PRESSURE	 OBSERVED MISCONDUCT	 REPORTED MISCONDUCT	 RETALIATION
GBES	22%	33%	59%	36%
Suppliers	31%	42%	68%	45%
Non-Suppliers	18%	28%	51%	28%

Supplier employees see the same types of violations as other employees, but at far higher rates.

Employees at supplier organizations observe the same types of misconduct as employees at non-supplier firms, and the most common types of misconduct are similar across the board. However, each specific type of wrongdoing is observed more often at supplier firms than at non-suppliers. Nearly one in three supplier employees have observed health and safety violations, conflicts of interest and/or hiding possible violations in advance of on-site inspections. Those rates are 11-13 percentage points higher, than for comparable violations at non-suppliers.

It is worth noting that the frequency of specific violations varies from country to country. Observation rates for certain types of misconduct appear to be particularly high in Brazil, Germany, India, Russia and the United States (see table on p. 6). For more detailed information, please see the Appendix, beginning on p. 16.

⁷ As researchers we are not in a position to determine the veracity of respondents' claims of reporting or retaliation, so we respond as if each claim was accurate and consider its potential impact on the organization. Retaliation, as defined in this report, is a negative consequence experienced by an employee for reporting observed misconduct. While not all claims of reporting and retaliation have merit, each claim and the means by which it is handled will leave the employee with an impression about the way things are done within the organization. Even when retaliation is nothing more than a misperception, employee concerns merit attention.

The misconduct suppliers observe is frequently ongoing, involves multiple people and is often perpetrated by managers.

One worrisome element, shared by some of the most common types of misconduct supplier employees observe, is a relatively high volume of management involvement. In many cases, the majority of perpetrators were top or middle managers (including hiding potential violations, anti-competitive practices, conflicts of interest and retaliation against employees who have reported misconduct). Leaders were involved in approximately 40 percent or more of the incidents of four other common types of misconduct.

Sometimes, the nature of the misbehavior itself provides something of an explanation for the higher likelihood of leadership involvement. For example, 55 percent of anti-competitive practice incidents (such as price fixing or bid rigging) were committed by top or middle managers. Other times, however, the proportion of management involvement in the misconduct is less a matter of access and opportunity and more clearly the result of lapses in ethical leadership. For instance, 51 percent of incidents of retaliation were perpetrated by top or middle managers.

RESEARCH INSIGHT

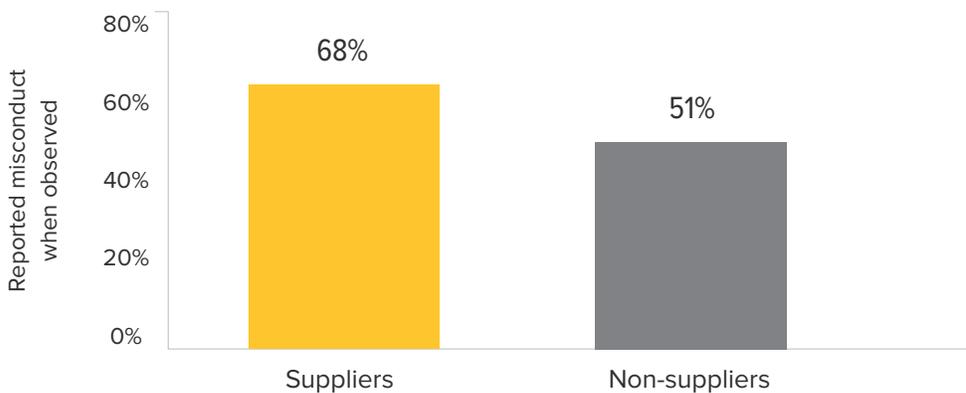
The high rate of misconduct by management at supplier organizations should not be dismissed as merely an unfortunate side effect of greater access and opportunity. As leaders, managers teach and model “appropriate” conduct. If they are engaged in misconduct, it sends a powerful message that such misdeeds are acceptable, lowering the standard for all employees.

METRIC	SUPPLIERS	NON-SUPPLIERS	COUNTRIES WITH HIGHEST OBSERVATION RATES (SUPPLIER)
Violations of health and/or safety regulations	30%	19%	Russia (52%)
Conflicts of interest	29%	19%	India (47%)
Hiding (potential) violations before on-site inspections	28%	15%	Russia (36%) Germany (33%)
Delivery of goods or services that fail to meet specifications	25%	12%	India (40%)
Violations of environmental regulations	25%	11%	Germany (36%) India (34%)
Retaliation against someone who has reported misconduct	23%	12%	India (38%) Germany (36%) Brazil (33%)
Inappropriate alteration, falsification, and/or misrepresentation of your organization’s documents or records	20%	8%	Germany (33%) India (31%) United States (30%)
Engaging in anti-competitive behavior (e.g., price fixing, bid rigging)	19%	9%	India (31%) Germany (29%)

Supplier employees who observe misconduct are very likely to alert management, often utilizing helplines to do so.

While generally lagging behind in ethics and compliance performance, workers at supplier organizations are far more likely than non-supplier employees to alert management when they see violations. Nearly seven out of ten employees at supplier organizations say they reported violations when they saw them, compared to just over half at non-suppliers.

EMPLOYEES IN SUPPLIERS MORE LIKELY TO REPORT OBSERVATIONS OF WRONGDOING



When they report, employees of supplier firms are much more likely to use helplines. Twelve percent of supplier employees utilize helplines as a first recourse when they observed misconduct, compared to just four percent of employees in non-supplier organizations. Past ECI research has shown that as few as five percent of employees first turn to the helpline when making a report.⁸ Supplier employees also defy another important trend seen in past research. At non-suppliers, the majority of reporters (57 percent) turn to their supervisors first – but just 45 percent of suppliers who report go to their supervisor first.

RESEARCH INSIGHT

Employees at supplier organizations are much more likely to make their first report to a helpline. This validates continued investment in helplines and other confidential reporting options. Employees in some organizations, however, may have many helpline options depending on obligations from different buyer organizations. Further exploration is recommended to determine the rationale that employees use for selecting between these options, and determining whether internal or external buyer helplines are the main recipients of these reports.

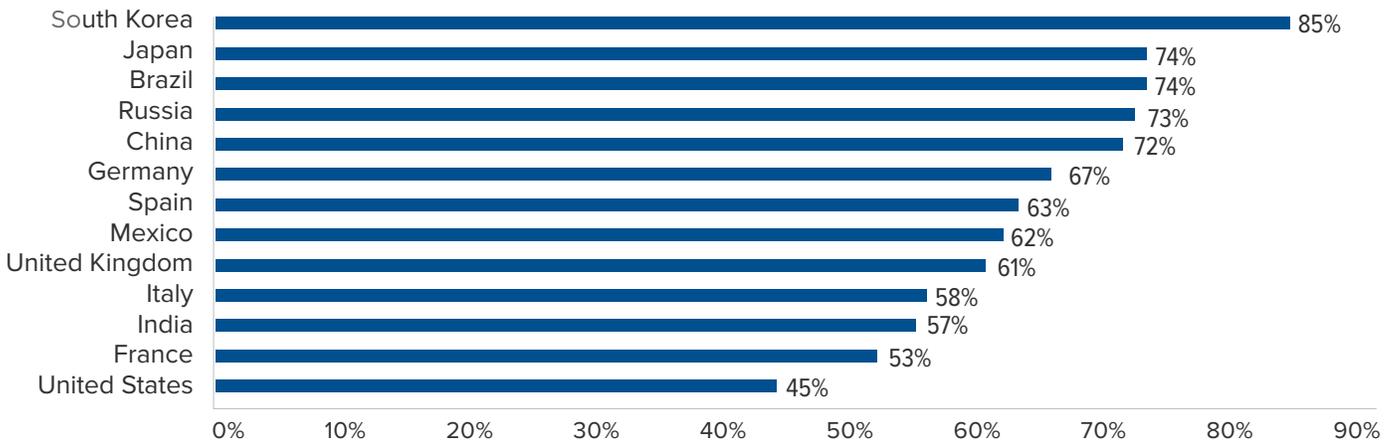
⁸ Ethics Resource Center. (2012). Inside the mind of a whistleblower: A supplemental report of the 2011 National Business Ethics Survey®. Arlington, VA: ERC.

Many supplier employees fear retaliation - and with good cause. Almost half of those who reported experienced retaliation as a result.

Nearly two out of three (65 percent) supplier employees who observed misconduct, and chose not to report, cited fear of retaliation as a reason. Fortunately, the vast majority of supplier employees who observe misconduct overcome that fear and do choose to report wrongdoing. Non-reporters' fear of retaliation is not entirely unfounded, however, as nearly half of reporters (45 percent) experienced retaliation as a result. The combination of high rates of reporting alongside widespread retaliation may seem counterintuitive, but it is consistent with the overall GBES finding that reporting and retaliation move in lockstep: when one goes up, so does the other. Countries with the highest rates of reporting tended to have the highest rates of retaliation,⁹ and that relationship is also true among suppliers.

Of even greater concern than retaliation for some non-reporters, however, is how they are perceived by those around them. Almost two-thirds say they do not want to be regarded as a "snitch." In 12 of 13 of GBES countries, a majority of supplier workers who observed but chose not to report observed misconduct cited fear of being seen as a "snitch" as a reason. Only in the United States was fear of being seen as a "snitch" for reporting felt by fewer than half of non-reporters.

IN NEARLY ALL GBES COUNTRIES, THE MAJORITY OF SUPPLIER NON-REPORTERS FEAR BEING SEEN AS "SNITCH"



9 Ethics & Compliance Initiative. (2016). 2016 Global Business Ethics Survey: Measuring risk and promoting workplace integrity. Arlington, VA: ECI.

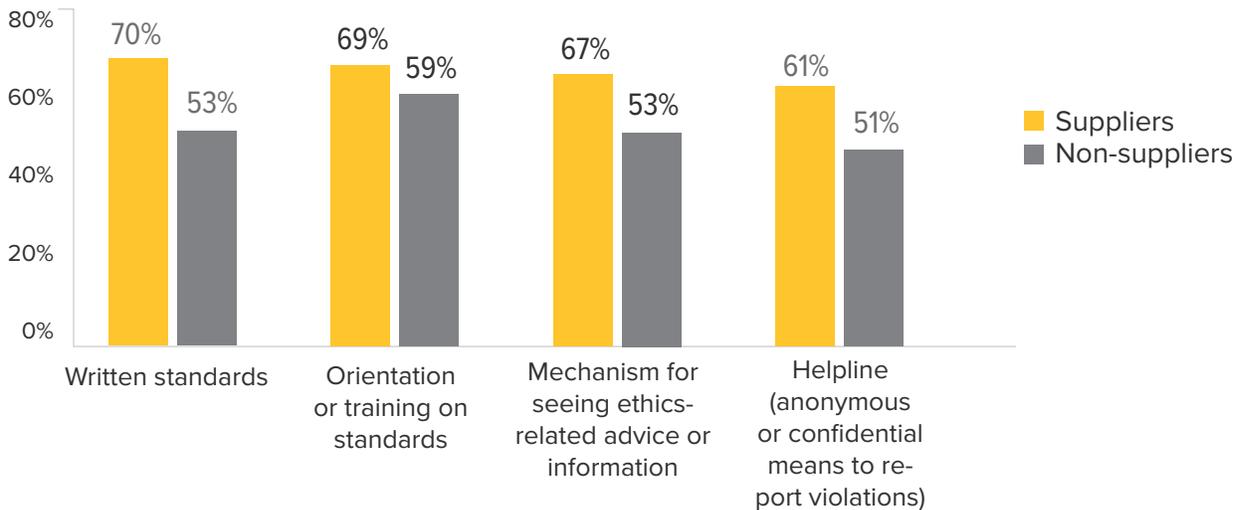
Supplier employees recognize their organizations' efforts to promote workplace integrity and to provide resources for workers.

It is not all bad news for supplier organizations. Compared to non-supplier employees, workers at supplier organizations have high levels of awareness of ethics and compliance program resources. Most supplier employees know of their organization's written standards, training on those standards and resources to help employers address ethics-related issues. They are also more likely than non-suppliers to be aware of helplines or other confidential channels for workers to raise concerns or report rules violations (the fruit of which can be seen in the reporting statistics, as discussed in the previous section).

RESEARCH INSIGHT

It is essential that organizations provide options for whistleblowers and ensure that all employees are aware of their options in the event they wish to make a report. The presence of a helpline is connected to greater levels of reporting.¹¹ Also, for some types of misconduct, such as fraud, insider tips are the most common way that companies uncover wrongdoing – and helplines play a key role in the ability of the organization to uncover violations.¹²

MORE EMPLOYEES WITHIN SUPPLIER ORGANIZATIONS ARE AWARE OF E&C PROGRAM ELEMENTS

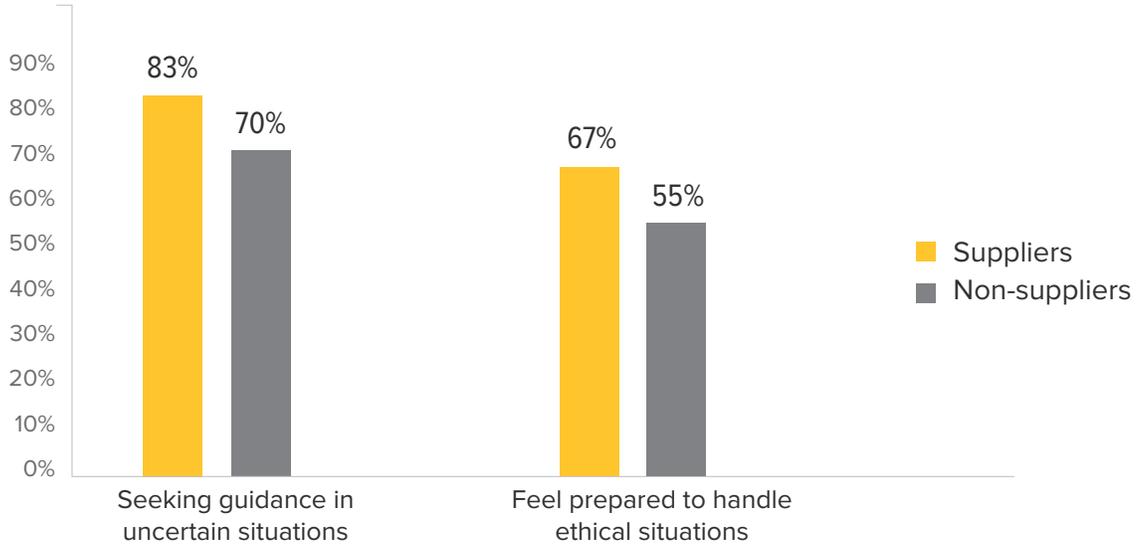


10 Association of Certified Fraud Examiners. (2016). 2016 global fraud study. Retrieved from <http://www.acfe.com/rtn2016/about/executive-summary.aspx>

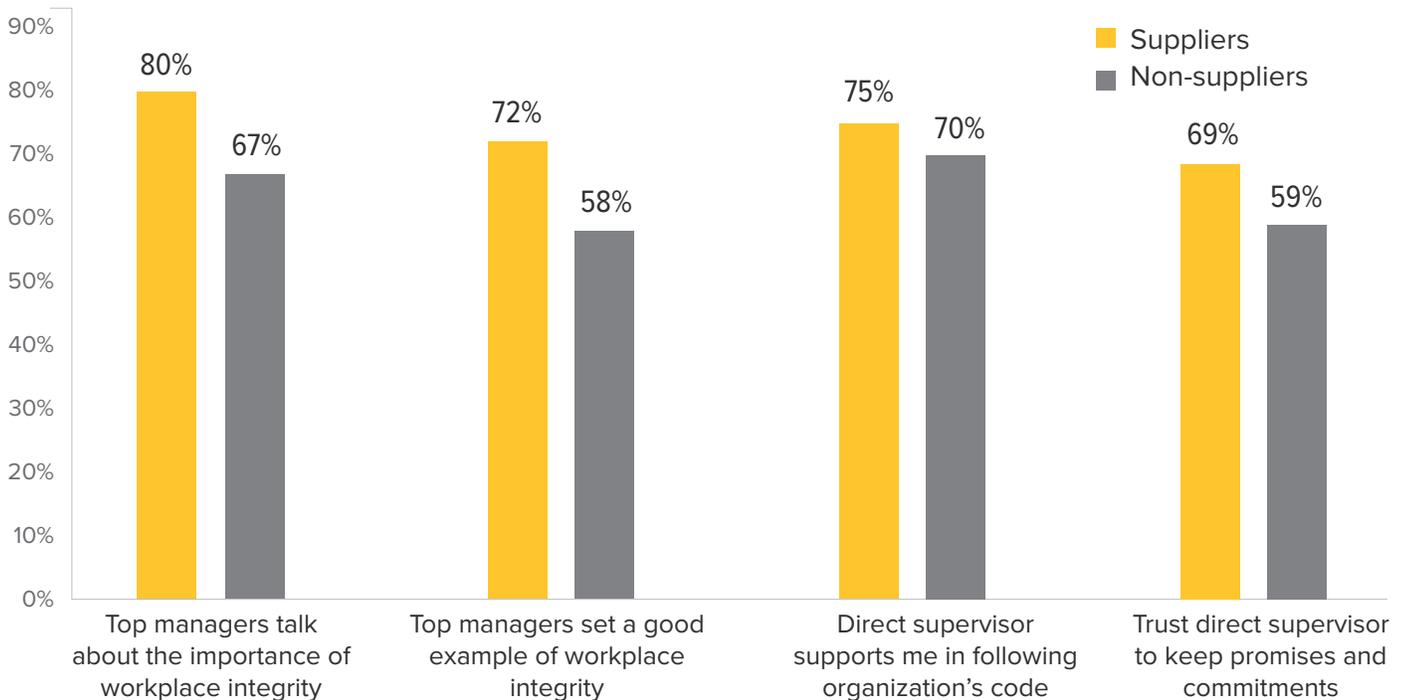
AT A GLANCE: ETHICS CULTURE

Employees at suppliers show both a confidence in themselves, and a belief in their leaders' commitment to doing the right thing.

EMPLOYEES IN SUPPLIER ORGANIZATIONS ARE MORE LIKELY TO SEEK GUIDANCE, AND FEEL PREPARED TO HANDLE ETHICAL SITUATIONS



EMPLOYEES IN SUPPLIER ORGANIZATIONS ARE MORE LIKELY TO BELIEVE THEIR LEADERS SUPPORT WORKPLACE INTEGRITY



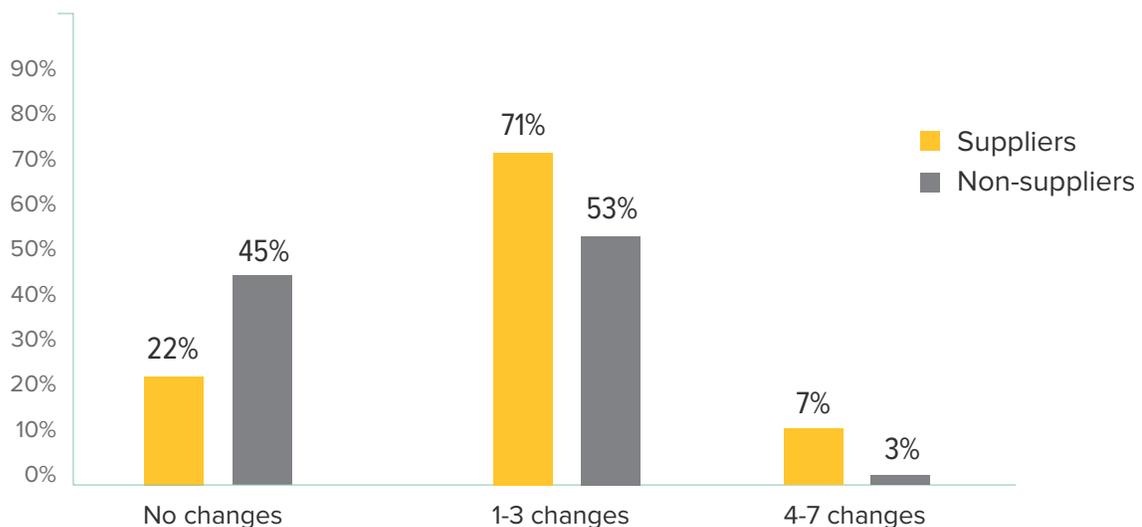
Workers in supplier organizations are far more likely to experience significant organizational change - which is linked to considerable increases in workplace ethics challenges.

Negative outcomes persist despite the positive findings regarding supplier employees' awareness of program resources, confidence in their ability to handle ethical situations and perceptions of healthy ethical behaviors around them. One likely reason is the dynamics of organizational change. Organizational changes, such as shifts in senior leadership and mergers and acquisitions, substantially increase ethics and compliance risk. Unfortunately, supplier organizations experience a relatively high level of such upheaval. Nearly eight of ten employees in supplier organizations experienced significant organizational change in the 12 months prior to the GBES survey, compared to 55 percent of non-suppliers. Seven percent of supplier employees experienced 4 to 7 changes, more than twice the percentage of non-suppliers who faced that high degree of change.

- » Expanded operations into new countries and/or markets
- » Merged with another organization
- » Acquired another organization
- » Was acquired by another organization
- » Experienced changes in top management
- » Implemented layoffs, restructuring and/or downsizing
- » Implemented cost-cutting measures (e.g., compensation/benefits reductions, adjusted work schedules)

ORGANIZATIONAL CHANGES

SUPPLIERS ARE MORE LIKELY TO EXPERIENCE MULTIPLE ORGANIZATIONAL CHANGES



Increased organizational change coincides with increased workplace integrity challenges. Employees within organizations dealing with change are more likely to feel pressure to compromise standards, observe misconduct and experience retaliation when they report wrongdoing.

Employees at suppliers experience more organizational change, but that factor alone does not explain why they experience more workplace integrity challenges.

The relatively greater frequency of organizational change at supplier firms appears to explain much of the workplace integrity gap between suppliers and non-suppliers. But, the overall workplace integrity gap between supplier and non-supplier firms persists when comparing firms with similar amounts of organizational change. The difference between suppliers and non-suppliers does narrow substantially when comparing only those firms that are not experiencing any organizational change. Organizational change is an important piece of the puzzle but, it alone does not account for the differences in workplace integrity experiences between supplier and non-supplier employees.

RESEARCH INSIGHT

Organizational change is related to increased ethics and compliance risks. During times of organizational change, ethics and compliance should be a top priority – not relegated to a minor role relative to other business considerations. Critically, analysis of the overall GBES data set showed that organizations that had recently been acquired faced the greatest ethics and compliance risk.

MORE WORK TO BE DONE

ECI's Global Business Ethics Survey™ provides insight into the perspectives of employees in supplier organizations, revealing that these employees have fundamentally different work experiences than their peers at non-supplier organizations.

By listening to their voices, an interesting set of observations is uncovered. As a group, employees in supplier organizations are:

- » More likely to feel pressure to compromise standards and to observe misconduct.
- » More likely to report misconduct when observed and to experience retaliation as a result.
- » More aware of ethics and compliance resources provided to them and feel better about their ability to face workplace integrity challenges.
- » More likely to agree that leadership values workplace integrity and ethical conduct.

Taken together, a question naturally arises: If they are given more resources and leadership support, why is the ethics and compliance risk heightened in supplier organizations?

It is clear that organizational change is a factor. And it is likely that the broader reach of many supplier organizations also has an impact. The majority of supplier firms in the GBES survey operate internationally. Operating in different cultures with different rules and regulations makes compliance more difficult. Serving multiple clients with competing demands, and different standards, may also fuel pressures that eventually lead to misconduct. Perhaps the complexity of the supply web itself creates a more problematic environment. None of these factors alone account for all of the difference in experience between supplier and non-supplier employees. There are questions yet to be answered and more to be learned through furthering this line of research in the future.

NEXT STEPS FOR ORGANIZATIONS

Both the data presented here, and the questions that remain, send a clear message: due diligence about potential suppliers' commitment to ethics and compliance, culture and standards is essential for reducing risks to buyer organizations. Ethics and compliance officers in firms working with suppliers should contribute to and monitor third party diligence processes for all third parties in collaboration with those in other functions.¹¹ Buyer organizations that depend on third party suppliers should take a deep look at potential suppliers' ethics and compliance standards and programs as well as work conditions before committing to a deal.¹²

Due diligence into supplier networks and other third parties should include not just compliance information, but ethics information as well. Reasonable consideration of ethics and compliance risks, from a holistic perspective, should be made. Questions to ask include:

- » Do potential suppliers operate with integrity and expect their employees to do the same?
- » Are employees properly trained to recognize misconduct, and will they report it if they see it?
- » Are senior leaders committed to ethical performance?
- » Will senior leaders support employees who speak up about wrongdoing?

Given the reputational and legal risk to buyer organizations, it is imperative to ask the tough questions necessary to understand supplier organizations and their employees.

¹¹ Ethics & Compliance Initiative. (2016). Principles and practices of high-quality ethics & compliance programs: Report of ECI's Blue Ribbon Panel. Arlington, VA: ECI.

¹² ECI's Blue Ribbon Panel Report on High Quality Ethics Programs (HQP) put it this way: "HQPs do not limit assessment and mitigation of risk to the confines of their internal operations; they work to ensure third party agents, vendors, and acquisitions are held accountable to the organization's standards of responsible ethical conduct and compliance."

METHODOLOGY

Data collection for the Global Business Ethics Survey™ (GBES™) was performed through online panels.

Data collection took place from November 30 – December 31, 2015. Surveys were conducted in the native language of each of the 13 countries selected by ECI for surveying. Countries surveyed include Brazil, China, France, Germany, India, Japan, Mexico, Russia, South Korea, Spain, the United Kingdom and the United States.

Participants in the GBES were 18 years of age or older, currently employed at least 20 hours per week and working for an organization that employs at least two people. Respondents from the private, public and not-for-profit sector were included. A total of 1,000 responses were collected in each country (except the United States, for which 1,046 responses were collected), for a grand total of 13,046 responses in the GBES data set.

A cap was placed on each country's data collection based on a respondent's organization size. No more than 500 responses per country were accepted from respondents who worked in organizations with fewer than 1,000 employees, allowing for a range of organization sizes to be represented within the data.

Data were weighted for analysis by age and gender to best approximate the demographics of the employed population¹³ within each country. The margin of error for each country's data is +/- 3.1 percent at the 95 percent confidence level.

Differences exist between the GBES and prior NBES methodologies, thus comparisons between data cannot be made.

In this report, medians rather than averages are used to represent a single “global number” for the GBES. A median value represents the point at which half the values of a given set are higher and half the values are lower; medians are more resistant to the impact of outliers in a set of values than averages. Given wide variation between GBES countries on a number of metrics and the limited number of countries selected which reflect only a portion of a truly “global” workforce snapshot, medians were selected for use in analysis as the way to best represent the overall picture of the data collected.

For more information about methodology, please email ECI's Research Team at research@ethics.org.

¹³ The United States Bureau of Labor Statistics defines a person as employed “if they did any work at all for pay or profit during the survey reference week. This includes all part-time and temporary work, as well as regular full-time, year-round employment.” http://www.bls.gov/cps/cps_htgm.htm#concepts. For more information about sources of demographic data, please email research@ethics.org.

APPENDIX

One of the great benefits of GBES data is the ability to benchmark to help inform your organization’s relative risk profile. The following tables provide data for suppliers on key metrics, ethics and compliance program awareness measures and observation rates for specific forms of misconduct, broken out by country.

TABLE 1: Supplier Key Metrics

COUNTRY	 PRESSURE	 OBSERVED MISCONDUCT	 REPORTED MISCONDUCT	 EXPERIENCED RETALIATION
Brazil	50%	47%	71%	39%
China	25%	39%	57%	29%
France	42%	49%	63%	46%
Germany	31%	26%	53%	59%
India	49%	47%	87%	86%
Italy	31%	42%	68%	43%
Japan	18%	17%	77%	40%
Mexico	17%	39%	70%	34%
Russia	34%	48%	40%	45%
South Korea	28%	35%	36%	45%
Spain	17%	31%	59%	62%
United Kingdom	37%	44%	82%	83%
United States	42%	50%	86%	65%

TABLE 2: Suppliers: Ethics and Compliance Program Awareness

COUNTRY	WRITTEN STANDARDS	TRAINING ON STANDARDS	ADVICE LINE	ANONYMOUS OR CONFIDENTIAL MEANS TO REPORT	ETHICS IN PERFORMANCE APPRAISALS	DISCIPLINE PROCESS FOR CODE VIOLATIONS
Brazil	74%	79%	71%	65%	72%	77%
China	67%	78%	73%	68%	73%	78%
France	54%	46%	50%	44%	53%	55%
Germany	55%	49%	57%	50%	50%	44%
India	77%	81%	81%	76%	78%	77%
Italy	72%	69%	67%	59%	65%	68%
Japan	67%	66%	59%	61%	67%	68%
Mexico	81%	82%	80%	74%	78%	82%
Russia	47%	59%	35%	42%	56%	50%
South Korea	57%	59%	61%	61%	59%	62%
Spain	70%	69%	69%	60%	59%	70%
United Kingdom	74%	73%	66%	75%	73%	81%
United States	75%	77%	72%	76%	70%	73%

APPENDIX (continued)

TABLE 3: Suppliers: Specific Types of Observed Misconduct

COUNTRY	ABUSIVE BEHAVIOR	ACCEPTING KICKBACKS OR BRIBES	ANTI-COMPETITIVE BEHAVIOR	CONFLICTS OF INTEREST	CONTRACTS VIOLATIONS	CUSTOMER OR EMPLOYEE PRIVACY BREACH	DOCUMENT ALTERATION	ENVIRONMENTAL VIOLATIONS
Brazil	36%	18%	15%	31%	21%	23%	15%	24%
China	21%	23%	18%	21%	14%	18%	15%	23%
France	36%	13%	19%	29%	16%	20%	22%	18%
Germany	38%	28%	29%	36%	35%	34%	33%	36%
India	31%	28%	31%	47%	29%	32%	31%	34%
Italy	32%	15%	21%	28%	23%	21%	19%	25%
Japan	14%	6%	7%	15%	9%	9%	12%	10%
Mexico	27%	16%	15%	28%	16%	16%	14%	14%
Russia	37%	16%	18%	34%	22%	16%	24%	27%
South Korea	31%	24%	24%	29%	21%	25%	20%	19%
Spain	30%	14%	18%	21%	18%	21%	15%	25%
United Kingdom	36%	25%	23%	31%	22%	28%	26%	29%
United States	38%	27%	25%	35%	27%	26%	30%	26%

COUNTRY	HEALTH OR SAFETY VIOLATIONS	HIDING POTENTIAL VIOLATIONS	HUMAN RIGHTS VIOLATIONS ¹⁵	LYING	OFFERING KICKBACKS OR BRIBES	POOR PRODUCT QUALITY	RETALIATION	STEALING
Brazil	28%	24%	14%	38%	17%	23%	33%	21%
China	27%	28%	10%	28%	25%	22%	13%	13%
France	31%	18%	14%	41%	14%	19%	19%	25%
Germany	41%	33%	30%	36%	32%	32%	36%	31%
India	36%	29%	28%	38%	30%	40%	38%	24%
Italy	33%	24%	17%	36%	19%	25%	24%	21%
Japan	11%	9%	8%	12%	7%	13%	8%	6%
Mexico	18%	18%	10%	25%	13%	16%	23%	17%
Russia	52%	36%	11%	32%	16%	28%	22%	28%
South Korea	27%	29%	17%	28%	28%	26%	15%	14%
Spain	27%	17%	11%	32%	16%	21%	21%	17%
United Kingdom	33%	28%	24%	35%	23%	27%	26%	28%
United States	30%	30%	26%	36%	30%	29%	32%	32%

15 In the survey, human rights violations was asked as “human rights violations (e.g., human trafficking, child labor).” Respondents were also provided additional information: “Human rights violations would include human trafficking, child labor, forced labor, hazardous working conditions, as well as other conditions that make work unhealthy, dangerous or virtually unpaid.” Given the broad nature of the question, further research is required before drawing any conclusions about these particular data points.

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