

ETHICAL LEADERSHIP AROUND THE WORLD And Why It Matters

A Research Report from ECI's Global Business Ethics Survey

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ethics & compliance initiative

ABOUT ECI

opportunities and certification to its membership. The Ethics & Compliance Initiative (ECI) empowers organizations to build and leading ethics and compliance research and best practices, networking sustain High Quality Ethics & Compliance Programs (HQPs). ECI provides

ETHICAL LEADERSHIP AROUND THE WORLD

And Why It Matters

EXECUTIVE SUMMARY

United States and at multinational organizations has consistently shown that: a pointed research focus at the Ethics & Compliance Initiative. Past research conducted in the Ethical leadership has long been a topic of interest in the ethics and compliance community and

- Ethical leadership is a critical factor in driving down ethics and compliance risk:
- Leaders have a "rosier" view of the state of workplace integrity, and often have more positive beliefs than employees further down the chain of command; and
- determining whether employees report workplace integrity issues to management The quality of the relationship between supervisors and reports goes a long way in

dence about their applicability in numerous regions and cultures. far more similar than different. Key trends were (nearly) universal, which gives us renewed confiit comes to ethical leadership and its impact on workplace integrity, our 13 GBES countries were if these trends held on different continents and in vastly different cultures. We learned that when The Global Business Ethics Survey allowed us to test these ideas in a more global sphere, to see



WHAT IS ETHICAL LEADERSHIP?

tegrity and organizational standards and values. Drawing from Brown, Treviño and Harrison's iors characteristic of ethical leaders: ethical leadership scale (2004) and previous ECI research, GBES investigated several behav-Ethical leadership is a demonstrated commitment to promoting and upholding workplace in-

- Talk about the importance of workplace integrity and doing the right thing
- Set a good example
- \checkmark Do not blame others when things go wrong
- Support employees' efforts to do the right thing
- Hold themselves and others accountable for violating the organization's code of
- Give positive feedback for acting with integrity
- Keep their promises and commitments

EXECUTIVE SUMMARY



KEY FACTS AT A GLANCE

ETHICAL LEADERSHIP is linked to significant reductions in ethics and compliance risk

- Top managers play a critical role in reducing pressure to compromise standards and lowering the rates of observed misconduct and retaliation against reporters.
 - When employees think their supervisors are ethical, they are far more likely to report misconduct they observe.

employee retention. TOP MANAGERS' COMMITMENT TO WORKPLACE INTEGRITY is related to

comes to conveying both their own and the organization's commitment to workplace integrity. SENIOR LEADERS ARE NOT DOING AS WELL AS THEY THINK THEY ARE when it

- Non-management employees are far less likely to give top managers high marks for ethical leadership than top managers give themselves.
- In addition to being less positive about the ethical leadership of their top managers
 - and supervisors, non-management employees are also a) less aware of the ethics and compliance resources available and b) less likely to find their organization's E&C programs valuable and effective.

wrong. Past ECI research demonstrated that when leaders talk about ethics but do not model about top managers characterized by heightened sensitivity, which have a profound impact on employees' beliefs leaders' hypocrisy can fuel employees' cynicism. This is troubling because times of crisis are them it can be worse than if they said nothing at all; when it comes to workplace integrity, the data reveal that a troubling number of workers see leaders blame others when things go importance of workplace integrity, and many believe leaders set a good example. Unfortunately, MOST EMPLOYEES GIVE THEIR LEADERS HIGH MARKS for talking about the

EXECUTIVE SUMMARY

Recommendations for Organizations

- Remind leaders at all levels of their potential to positively impact their organization and example—especially when things go wrong. of not just talking about the importance of workplace integrity, but also providing a good employees' commitment to ethical conduct and workplace integrity. Be particularly mindful
- Provide messaging tools and communication resources to senior leaders to make it easier for them to consistently make workplace integrity a key priority in their communications and interactions.
- × During challenging times, be mindful of the impact on both leaders and employees. Be a to workplace integrity. opportunity to serve as exemplars and to demonstrate the importance of a commitment resource to senior leaders who need support, while also reminding management of the
- Overcommunicate to employees about the E&C resources available to them and explore where resources are underutilized, ineffective, or lacking.
- » Use pulse surveys to get a better sense of employees' awareness of E&C resources.
- Keep your code fresh in employees' minds by releasing it in different forms (e.g., hard copy, online, an app), and work with other functions (HR, health and safety) to also market your message and resources.
- Be proactive about supporting reporters and keeping them informed, especially when they are most likely to feel vulnerable to retaliation.
- Periodically check back with reporters to ensure that they feel safe and supported, and updates in status, which could be signs of retaliation. coordinate with HR and reporters' managers to see if there have been any changes or
- \approx Ask your case management system provider to embed reminders about periodic checkins with reporters to ensure that they feel safe and supported.

EXECUTIVE SUMMARY

The Positive Impact of Ethical Leadership

STRONG TOP MANAGEMENT COMMITMENT TO WORKPLACE INTEGRITY		KEEP VALUED EMPLOYEES
STRONG TOP MANAGEMENT COMMITMENT TO WORKPLACE INTEGRITY	(E)	REDUCED RETALIATION AGAINST REPORTERS
STRONG SUPERVISOR COMMITMENT TO WORKPLACE INTEGRITY	Ó	INCREASED REPORTING OF MISCONDUCT WHEN OBSERVED
STRONG TOP MANAGEMENT COMMITMENT TO WORKPLACE INTEGRITY		REDUCED OBSERVED MISCONDUCT
STRONG TOP MANAGEMENT COMMITMENT TO WORKPLACE INTEGRITY		REDUCED PRESSURE TO COMPROMISE STANDARDS
CONNECTED TO	Š m	DESIRED OUTCOME

ETHICAL LEADERSHIP AROUND THE WORLD And Why It Matters

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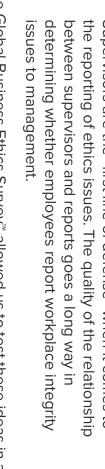
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	EXECUTIVE SUMMARY

INTRODUCTION

organizations, we found time and again¹ that: ings in the National Business Ethics Survey® and work with practitioners at U.S. and multinational a pointed research focus at the Ethics & Compliance Initiative (ECI). Based on our research find-Ethical leadership has long been a topic of interest in the ethics and compliance community and

- Ethical leadership is a critical factor in driving down ethics and compliance risk.
- Leaders have a "rosier" view of the state of workplace integrity down the chain of command. and often have more positive beliefs than employees further
- Supervisors are the "first line of defense" when it comes to determining whether employees report workplace integrity between supervisors and reports goes a long way in the reporting of ethics issues. The quality of the relationship

and cultures their applicability in confidence about which gives (nearly) universal, Key trends were



see if these truisms held on different continents and in vastly different cultures Global Business Ethics Survey™ allowed us to test these ideas in a more global sphere, to

renewed confidence about their applicability in numerous regions and cultures. countries were far more similar than different. Key trends were (nearly) universal, which gives us They did. When it comes to ethical leadership and its impact on workplace integrity, our 13 GBES



ABOUT GBES

sector organizations. See Methodology (page 30) for more information. workplace integrity. The GBES" provides insight into workplace ethics in both public and private ECI's Global Business Ethics Survey™ is a rigorous, multi-country inquiry into worker conduct and



^{1.} For example, see: Ethics Resource Center. (2014). Ethical Leadership: Every leader sets a tone. Arlington, VA: ERC

KEY TERMS

WHAT IS ETHICAL LEADERSHIP?



integrity and organizational standards and values. Drawing from Brown, Treviño and Harrison's ethical leadership scale (2004) and previous ECI research, GBES investigated several behaviors characteristic of ethical leaders: Ethical leadership is a demonstrated commitment to promoting and upholding workplace

- √ Talk about the importance of workplace integrity and doing the right thing
- Set a good example
- Do not blame others when things go wrong
- Support employees' efforts to do the right thing

- Hold themselves and others accountable for violating the organization's code of conduct
- Give positive feedback for acting with integrity
- Keep their promises and commitments



WHAT IS TOP MANAGEMENT?

executives at your organization, including Chief Executive Officer (CEO), President, Counsel, etc." Chief Financial Officer, Chief Administrative Officer, Chief Operating Officer, General The GBES survey instrument defined "Top management" as "the most senior







TOP MANAGEMENT COMMITMENT TO WORKPLACE INTEGRITY



SUPERVISOR COMMITMENT TO WORKPLACE INTEGRITY



EMPLOYEE RETENTION

that are linked to reduced ethics and compliance risk. linked to higher ethics and compliance risk; green text and graphics denote conditions Red text and graphics throughout the report denote conditions and findings that are

WHAT WE LEARNED - AND YOU NEED TO KNOW

compliance risk and increased employee engagement. Ethical leadership is linked to significant reductions in ethics and

ECI, we look at ethics and compliance risk through the lens of four related indicators: Ethics and compliance risk is the potential harm caused by a violation of workplace integrity. At

ЕТНІС	ETHICS & COMPLIANCE RISK FACTOR	WHY IT MATTERS
©	Pressure to compromise organizational standards, policy, or the law	Pressure is a leading indicator of misconduct. Where there is pressure to compromise standards, misconduct is far more likely to occur.
	Observed misconduct in the workplace	Misconduct puts the organization at serious reputational, financial and legal risk. It also creates a negative work environment, decreasing employee engagement and intent to stay at the organization.
Ó	Rate of reporting misconduct when observed	When management is aware of an issue it can be mitigated. Problems that go unreported, however, cannot be addressed and can worsen.
©	Retaliation experienced as a result of making a report	Retaliation is a form of misconduct and is indicative of a toxic environment that fosters misconduct.

pliance risk and increased likelihood that organizations will keep valued employees. Our findings make clear that—stronger ethical leadership equates to reduced ethics and com-

- In every country we surveyed, when top managers show a commitment to workplace misconduct is lower. integrity, pressure to compromise standards is less widespread and the rate of observed
- In many countries, reporting of observed misconduct is more commonplace when there is ethical leadership. Retaliation follows a similar positive trend in seven of 13 GBES countries
- In 11 GBES countries, employees' intent to stay is linked to whether they believe their top managers are ethical leaders.

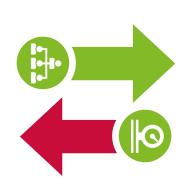
ETHICAL LEADERSHIP AND PRESSURE TO COMPROMISE STANDARDS

TOP MANAGERS PLAY A CRITICAL ROLE IN REDUCING PRESSURE TO COMPROMISE STANDARDS.



workplace integrity then fewer employees experience pressure to compromise standards. If top management shows stronger commitment to

workplace integrity then more employees experience pressure to compromise standards. If top management shows weaker commitment to



TRUE FOR

- BRAZIL V MEXICO
- CHINA · RUSSIA
- FRANCE V SOUTH KOREA
- GERMANY V SPAIN
- UNITED KINGDOM

INDIA

- ITALY UNITED STATES
- JAPAN

For detailed information about top management and pressure, please see Appendix A (p. 19).

RESEARCH CONNECTION

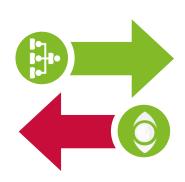
For more information on the power of leadership and leading strategies in organizations, see the Blue Ribbon Panel report Principles and Practices of High-Quality Ethics & Compliance Programs, specifically HQP3 and its Supporting Objectives and Practices, available at: ethics.org/blue-ribbon



. LEADERSHIP & MISCONDUCT



OBSERVED MISCONDUCT. TOP MANAGERS CAN HAVE A POSITIVE IMPACT ON THE RATE OF



workplace integrity then fewer employees observe If top management shows stronger commitment to misconduct.

misconduct. workplace integrity then more employees observe If top management shows weaker commitment to

TRUE FOR

- BRAZIL
- **RUSSIA**

MEXICO

- SOUTH KOREA
- SPAIN

GERMANY

FRANCE CHINA

UNITED KINGDOM

INDIA ITALY

JAPAN

UNITED STATES

management and observed misconduct, For detailed information about top please see Appendix B (p. 20).

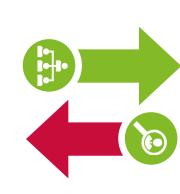
ETHICAL LEADERSHIP & RETALIATION

TOP MANAGERS CAN KEEP RETALIATION AGAINST REPORTERS LOWER.



workplace integrity then fewer employees experience retaliation for reporting misconduct when observed. If top management shows stronger commitment to

retaliation for reporting misconduct when observed. workplace integrity then more employees experience If top management shows weaker commitment to



TRUE FOR

BRAZIL

<

MEXICO

RUSSIA

- CHINA
- FRANCE

SOUTH KOREA

- **GERMANY**

SPAIN

ITALY

JAPAN

INDIA

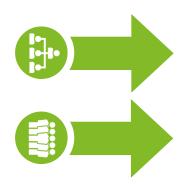
- UNITED KINGDOM
- ✓ UNITED STATES

management and retaliation, please see For detailed information about top Appendix C (p. 21).

ETHICAL LEADERSHIP & EMPLOYEE RETENTION



STAY WITH THE ORGANIZATION. TOP MANAGERS PLAY A CRITICAL ROLE IN INSPIRING EMPLOYEES TO



stay on for five years or more or until retirement. workplace integrity then more employees intend to If top management shows stronger commitment to

workplace integrity then more employees intend to leave in the next year. If top management shows weaker commitment to

TRUE FOR

- BRAZIL CHINA
- RUSSIA

<

MEXICO

- SOUTH KOREA
- SPAIN
- **GERMANY**

FRANCE

INDIA

ITALY

JAPAN

- **UNITED KINGDOM**
- **UNITED STATES**

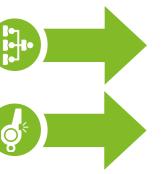
management and retention, please see For detailed information about top Appendix D (p. 22).

SUPERVISORS & REPORTING

leader. This trend held in every country surveyed as part of the GBES. Supervisors are report (to their supervisors or elsewhere) rises when their supervisor acts as an ethical When it comes to reducing ethics and compliance risk, GBES findings also reveal the management's most effective resource for ensuring that workplace integrity issues critical role that supervisors play. Usually,² employees who observe misconduct and choose to report it go to their supervisors first. The likelihood that an employee will surface so that they can be resolved



WHEN EMPLOYEES THINK THEIR SUPERVISORS ARE ETHICAL, THEY ARE FAR MORE LIKELY TO REPORT MISCONDUCT THEY OBSERVE



reporting. Supervisor commitment to workplace integrity raises

reporting. Lack of supervisor commitment to integrity lowers

TRUE FOR

BRAZIL

MEXICO

- CHINA
- FRANCE

GERMANY

- INDIA
- ITALY
- SOUTH KOREA SPAIN **RUSSIA**
- UNITED KINGDOM
- **UNITED STATES**
- JAPAN



RESEARCH INSIGHT

business concerns, are ones lack of problems. Managers bad news from employees, choose to speak up when A lack of reports does not workplace misconduct or who are open to hearing to whom employees will necessarily equate to a whether it is about the need arises

supervisors and reporting, please see Appendix E (p. 23).

EMPLOYEES' **EADERS' EXPERIENCES DIFFER FROM**

not doing as well as they think they are. workplace integrity, many top managers are In terms of promoting and supporting

to workplace integrity. demonstrating both their own and the organization's commitment ethics risk. Unfortunately, leaders need to do a better job of Our data show that ethical leadership is critical for reducing

managers and supervisors, non-management employees are also and b) less likely to find the E&C program effective. a) less aware of the ethics and compliance resources available to being less positive about the ethical leadership of their top as ethical leaders and top managers are most likely to. In addition non-management employees are least likely to view supervisors non-management employees give them. Also, in all 13 countries, likely to give themselves high marks for ethical leadership than In seven GBES countries, top managers are significantly more



WHO ARE NON-MANAGEMENT EMPLOYEES?

The GBES survey asked employees whether they considered themselves to be top management, first-line direct supervisors, or not members of management employees" are self-designated.



RESEARCH INSIGHT

Leaders should not assume that their employees are aware of or feel comfortable using the E&C resources available to them.

- Overcommunicate about the strategies and tools available to employees
- Take the time to learn what employees do and do not choose to utilize and why.
- Evaluate the efficacy of your E&C resources using both qualitative and quantitative and how. methods, so you have a sense of gaps and strengths, where to make improvements

EMPLOYEES' LEADERS' EXPERIENCES DIFFER FROM

integrity and the organization's E&C program. ees are less impressed by their leaders' commitment to workplace Compared to top management employees, non-management employ-

Countries Where Top Managers Have "Rosier" Views Than Non-management Employees About...

<	<	<		United States
<	<	<		United Kingdom
	<	<	<	Spain
<	<	<	<	South Korea
<	<	<	<	Russia
	<	<	<	Mexico
<	<	<	<	Japan
<	<	<	<	Italy
<	<	<		India
<	<	<		Germany
<	<	<	<	France
<	<	<		China
	<	<		Brazil
Effectiveness of E&C Programs	Availability of E&C Resources	Their Supervisor's Commitment to Workplace Integrity	Top Management's Commitment to Workplace Integrity	Country

resources, and their organizations' E&C programs, please see Appendices F (p. 24), G (p. 25), For detailed information about employee perceptions of top management, supervisors, E&C H (p. 26), and I (p. 27) respectively.

THICAL LEADERSHIP IN ACTION

less likely to demonstrate ethical leadership. integrity matters; however, when things go wrong top managers are Most employees agree that top managers say and act as if workplace

hypocrisy can fuel employees' cynicism. it can be worse than if they said nothing at all; when it comes to workplace integrity, leaders because past ECI research demonstrated, when leaders talk about ethics but do not model them than sets such an example. (Interestingly, in China, the reverse is true.) This trend is worrisome countries, significantly more employees believe top management talks about workplace integrity employees believe their top leaders set a good example. It is worth noting that in eight of 13 integrity and the importance of doing the right thing. In 11 of 13 GBES countries,³ a majority of In every GBES country, a majority of employees agree that top managers talk about workplace

visit ethics.org/ethical-leadership). particularly critical for shaping employees' beliefs about top managers (for more information blame others when things go wrong. This is especially problematic because times of crisis are leaders actively avoid blaming others and a troubling number of workers see leaders actually Exploration of other employee beliefs is even more disconcerting. The data reveals that few

responsibility and acting with integrity. and to send a clear and powerful message to employees about the importance of accepting problems and crises are also unique opportunities for leaders to focus on organizational values addressed, but that leaders have also taken the time to understand why. While never pleasant, and move on. Nevertheless, it is important for employees to see not only that problems are When challenges arise, it is natural for leaders to want to right the ship as quickly as possible

^{3.} In South Korea, the results round to 50 percent, but technically are not a majority of responses

ETHICAL LEADERSHIP IN ACTION

example. importance of workplace integrity; fewer see them setting a good Most employees give their leaders high marks for talking about the

	Top Management TALKS About the Importance of Workplace Integrity	Top Management Sets a Good EXAMPLE of Workplace Integrity
Brazil*	84%	75%
China	84%	91%
France	56%	55%
Germany*	58%	52%
India	89%	88%
Italy*	70%	55%
Japan*	70%	62%
Mexico*	83%	79%
Russia*	70%	55%
South Korea*	62%	50%
Spain*	58%	49%
United Kingdom	69%	68%
United States	76%	77%

< 50 percent of employees (red text)

For detailed information about employee beliefs about top management conduct, please see Appendix J (p. 28).

^{*=}significantly more employees say top management talks vs. sets an example of workplace integrity.

ETHICAL LEADERSHIP IN ACTION

others and many agree that leaders do blame others. go wrong; few employees believe top management avoids blaming Employee views of top management are far less positive when things

	Top Management TALKS About the Importance of Workplace Integrity	Top Management Sets a Good EXAMPLE of Workplace Integrity	Top Management Does NOT BLAME OTHERS When Things Go Wrong
Brazil	84%	75%	32%
China	84%	91%	40%
France	56%	55%	35%
Germany	58%	52%	37%
India	89%	88%	26%
Italy	70%	55%	30%
Japan	70%	62%	36%
Mexico	83%	79%	39%
Russia	70%	55%	26%
South Korea	62%	50%	25%
Spain	58%	49%	23%
United Kingdom	69%	68%	29%
United States	76%	77%	42%

< 50 percent of employees (red text)

For detailed information about employee beliefs about top management behaviors, please see Appendix K (p. 29).

^{*=}significantly more employees say top management talks vs. sets an example of work.

THICAL LEADERSHIP DURING CRISES

Employees Believe Top Management Talks About Workplace Integrity and Sets a Good Example—Until Things Go Wrong

MEDIAN Percent of Employees Who Agree that Top Management...



wrong. In every GBES country, more than one in four held such a belief.4 In four of 13 GBES countries, nearly half said that top management blames others when things go

not blame others are more likely to plan on staying for the long haul—at least five years or until months or less. Also, employees in 11 of 13 GBES countries⁶ who believe top management does blames others are more likely to intend to leave the organization imminently, i.e., in the next 12 It is worth noting that, in nearly every⁵ GBES country, employees who believe top management retirement.

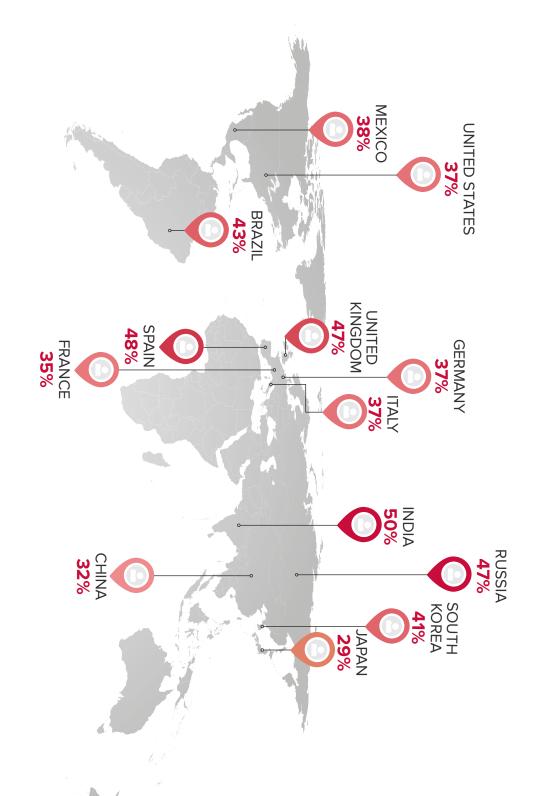
and K (p. 29). 4. For detailed information about employee beliefs about top management blaming others, please see Appendices J (p. 28)

^{5.} Japan and South Korea do not follow this pattern.

^{6.} China and Japan do not follow this pattern

LEADERSHIP DURING CRISES

Many Employees See Top Management BLAME OTHERS When Things Go Wrong



CONCLUSION & RECOMMENDATIONS

and send powerful messages about their organization's commitment to workplace integrity. By utilizing GBES data we learned that the power of ethical leadership is more universal than challenges are learning opportunities to be faced and addressed instead of problems to be Local leadership and supervisors can create smaller microcultures where mistakes and culture-bound. Top leaders can be agents for change who set the tone for their organizations feared and swept under the rug.

intent to stay at the organization. ineffective E&C resources put organizations at risk and drive down workers' engagement and integrity and the quality of the E&C resources afforded to them. Lack of ethical leadership and believe it to be, both in terms of workers' beliefs about leaders' commitment to workplace especially in how they react when things go wrong. The picture is not as rosy as many leaders Our data reveal that leaders, on the whole, are doing well but could be doing even more

Taken together, our research into ethical leadership uncovered several key next steps for

- Remind leaders at all levels of their potential to positively impact their organization and shaping employee perceptions of leadership.⁷ when things go wrong. Times of challenge and crisis are particularly important for the importance of workplace integrity, but also providing a good example—especially attitudes make an enormous difference. Be particularly mindful of not just talking about employees' commitment to ethical conduct and workplace integrity. Their actions and
- Provide messaging tools and communication resources to senior leaders to make it easier for them to consistently make workplace integrity a key priority in their communications and interactions
- During challenging times, be mindful of the impact on both leaders and employees. management of the opportunity to serve as exemplars and to demonstrate the Be a resource to senior leaders who need support, while also reminding importance of a commitment to workplace integrity.
- where resources are underutilized, ineffective, or lacking. Overcommunicate to employees about the E&C resources available to them and explore
- Use pulse surveys to get a better sense of employees' awareness of E&C resources The survey itself will also serve as a communication vehicle
- Keep your code fresh in employees' minds by repackaging and re-releasing it in different forms, e.g., hard copy, online, an app.
- × Work with other functions (HR, health and safety) to distribute your message and resources

For more information about how employees form beliefs about their leaders, please see ethics.org/ethical-leadership

CONCLUSION & RECOMMENDATIONS

- Be proactive about supporting reporters and keeping them informed, especially when susceptible and be more sensitive after going to managers. they are most likely to feel vulnerable to retaliation. Reporters are likely to feel particularly
- Supervisors can support employees and promote a positive reporting experience unrelated to the report—may be perceived by the reporter. by being particularly mindful of how actions and attitudes—even those which are
- Make extra efforts to connect with the reporter in case he/she perceives retaliation and and impact of procedural justice, go to: ethics.org/procedural-justice-presentation to communicate that the report made a difference. To learn more about the importance
- Periodically check back with reporters to ensure that they feel safe and supported and any changes or updates in status for the reporter, which could be signs of retaliation. speak up. Also coordinate with HR and reporters' managers to see if there have been that they and their careers are not adversely impacted by their courageous decision to
- Ask your CMS (Case Management System) provider to embed reminders about in the reminders a brief explanation about why monitoring is so important. periodic check-ins with reporters to ensure that they feel safe and supported. Include
- Provide support systems for leaders at all levels, and top managers in particular. and oftentimes isolation. Leadership carries with it great opportunity, but also heightened responsibility, pressure
- Train middle managers and newer managers on the importance of ethical leadership, actions that could (even unintentionally) be perceived as being retaliatory. protecting potential victims of retaliation, behaviors that encourage speaking up and as well as strategies for communicating the importance of workplace integrity,
- Support top managers who are at risk because they face a unique set of challenges. By nature of their position, senior leaders usually have fewer peers and people they supportive relationships with internal and external colleagues. can turn to for advice and support--especially internally. Encourage them to develop

leadership and a call to action for leaders to promote workplace integrity. countries throughout the world. These findings provide another reminder of the value of ethical ethics and compliance risk. The GBES confirms this and extends the findings to multiple Past ECI research has shown that ethical leadership plays an important role in driving down

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STANDARDS APPENDIX A: PRESSURE TO COMPROMISE

Workplace Integrity Standards for Weaker vs. Stronger Top Management Commitment to **Country-by-Country Comparison of Rates of Pressure to Compromise**

PRESSURE TO COMPROMISE STANDARDS	Weaker top management commitment to workplace integrity	Stronger top management commitment to workplace integrity
Brazil	53%	39%
China	29%	13%
France	36%	19%
Germany	28%	15%
India	50%	26%
Italy	28%	16%
Japan	20%	8%
Mexico	19%	6%
Russia	37%	24%
South Korea	25%	12%
Spain	12%	6%
United Kingdom	30%	8%
United States	32%	11%

APPENDIX B: OBSERVED MISCONDUCT

Integrity for Weaker vs. Stronger Top Management Commitment to Workplace **Country-by-Country Comparison of Rates of Observed Misconduct**

OBSERVED MISCONDUCT	Weaker top management commitment to workplace integrity	Stronger top management commitment to workplace integrity
Brazil	52%	31%
China	44%	26%
France	40%	21%
Germany	33%	15%
India	49%	28%
Italy	40%	22%
Japan	18%	10%
Mexico	45%	20%
Russia	52%	27%
South Korea	31%	21%
Spain	25%	11%
United Kingdom	37%	14%
United States	41%	18%

APPENDIX C: RETALIATION

Workplace Integrity Reporters for Weaker vs. Stronger Top Management Commitment to **Country-by-Country Comparison of Rates of Retaliation Against**

RETALIATION AGAINST REPORTERS	Weaker top management commitment to workplace integrity	Stronger top management commitment to workplace integrity
Brazil	45%	21%
China	45%	11%
France	42%	9%
Germany	50%	43%
India	78%	64%
Italy	39%	23%
Japan	33%	37%
Mexico	39%	18%
Russia	31%	41%
South Korea	39%	27%
Spain	43%	44%
United Kingdom	64%	59%
United States	63%	30%

APPENDIX D: RETENTION

vs. Stronger Top Management Commitment to Workplace Integrity Country-by-Country Comparison of Rates of Intent to Stay for Weaker

EMPLOYEE INTENT	Weaker top management commitment to workplace integrity	nanagement o workplace rity	Stronger top management commitment to workplace integrity	management to workplace yrity
TO STAY	Less than 1 year	5 years or more/Until retirement	Less than 1 year	5 years or more/Until retirement
Brazil	84%	49%	16%	51%
China	66%	45%	34%	55%
France	88%	66%	12%	34%
Germany	95%	63%	5%	37%
India	75%	54%	25%	46%
Italy	87%	65%	13%	35%
Japan	74%	62%	26%	38%
Mexico	81%	43%	19%	57%
Russia	88%	66%	12%	34%
South Korea	88%	77%	12%	23%
Spain	93%	74%	7%	26%
United Kingdom	86%	60%	14%	40%
United States	84%	46%	16%	54%

MISCONDUCT APPENDIX E: REPORTING OF OBSERVED

Workplace Integrity Misconduct Weaker vs. Stronger Supervisor Commitment to **Country-by-Country Comparison of Rates of Reporting of Observed**

REPORTING OF MISCONDUCT WHEN OBSERVED	Weaker supervisor commitment to workplace integrity	Stronger supervisor commitment to workplace integrity
Brazil	49%	79%
China	25%	72%
France	45%	73%
Germany	42%	65%
India	72%	86%
Italy	51%	78%
Japan	43%	85%
Mexico	51%	74%
Russia	24%	62%
South Korea	28%	79%
Spain	35%	60%
United Kingdom	55%	87%
United States	61%	84%

ABOUT TOP MANAGEMENT APPENDIX F: EMPLOYEE LEVEL AND BELIEFS

Workplace Integrity Beliefs About Strength of Top Management's Commitment to **Country-by-Country Management-Level Comparison of Employee**

BELIEVE TOP MANAGEMENT DISPLAYS ETHICAL LEADERSHIP	Not a member of management	First-line direct supervisor	Middle management	Top management
Brazil	38%	40%	46%	42%
China	48%	51%	54%	49%
France	24%	37%	32%	54%
Germany	28%	27%	30%	31%
India	38%	42%	37%	44%
Italy	27%	29%	45%	42%
Japan	31%	24%	30%	60%
Mexico	43%	38%	55%	62%
Russia	22%	25%	36%	47%
South Korea	17%	28%	20%	35%
Spain	21%	23%	26%	41%
United Kingdom	30%	30%	32%	28%
United States	45%	38%	45%	43%

ABOUT SUPERVISORS APPENDIX G: EMPLOYEE LEVEL OF BELIEFS

Workplace Integrity Country-by-Country Management-Level Comparison of Employee Beliefs About Strength of Their Supervisor's Commitment to

BELIEVE SUPERVISOR DISPLAYS ETHICAL LEADERSHIP	Not a member of management	First-line direct supervisor	Middle management	Top management
Brazil	47%	52%	66%	78%
China	43%	53%	68%	76%
France	26%	46%	35%	70%
Germany	41%	46%	44%	69%
India	50%	59%	72%	81%
Italy	30%	48%	47%	66%
Japan	35%	53%	48%	74%
Mexico	55%	63%	71%	87%
Russia	32%	33%	49%	72%
South Korea	17%	29%	32%	54%
Spain	43%	48%	61%	77%
United Kingdom	46%	58%	61%	93%
United States	61%	63%	67%	94%

AWARENESS AND E&C RESOURCES APPENDIX H: EMPLOYEE LEVEL OF

Awareness of E&C Program Resources Country-by-Country Management-Level Comparison of Employee

AWARENESS OF ALL E&C PROGRAM ELEMENTS*	Not a member of management	First-line direct supervisor	Middle management	Top management
Brazil	28%	31%	40%	52%
China	23%	30%	42%	54%
France	13%	20%	24%	29%
Germany	9%	14%	21%	24%
India	29%	44%	46%	44%
Italy	21%	31%	38%	50%
Japan	21%	36%	39%	32%
Mexico	31%	39%	39%	57%
Russia	11%	15%	27%	27%
South Korea	18%	23%	32%	31%
Spain	28%	36%	29%	52%
United Kingdom	29%	35%	41%	54%
United States	35%	52%	39%	53%

workplace conduct; training on the standards; organizational resources that provide advice about tions of ethical conduct; and systems to discipline violators. ethics issues; a means to report violations confidentially or anonymously; performance evalua-*Comprehensive E&C programs include six key program elements8: written standards of ethical

^{8.} ECI measures these six elements, which are outlined in Chapter Eight of the Federal Sentencing Guidelines Manual.

ABOUT E&C PROGRAM EFFECTIVENESS APPENDIX I: EMPLOYEE LEVEL AND BELIEFS

Beliefs About Effectiveness of Organization's E&C Program Country-by Country Management-Level Comparison of Employee

DO NOT AGREE WITH ANY E&C PROGRAM EFFECTIVENESS MEASURES*	Not a member of management	First-line direct supervisor	Middle management	Top management
Brazil	4%	3%	1%	2%
China	23%	11%	6%	1%
France	22%	11%	13%	7%
Germany	18%	11%	7%	5%
India	8%	0%	1%	0%
Italy	11%	4%	1%	0%
Japan	24%	14%	6%	4%
Mexico	3%	1%	0%	0%
Russia	16%	7 %	8%	1%
South Korea	22%	9%	8%	6%
Spain	10%	7%	2%	3%
United Kingdom	14%	7%	4%	2%
United States	8%	8%	3%	1%

willingness to seek ethics advice. feedback for ethical conduct; employee preparedness to address misconduct; and employees warding questionable practices, even if they produce good results for the organization; positive freedom to question management without fear; rewards for following ethics standards; not re-*ECI measures six hallmarks of an organization with an effective ethics and compliance program:

APPENDIX J: PERCEPTIONS OF ETHICAL LEADERSHIP

Management's Ethical Leadership Behaviors Country-by-Country Comparison of Employee Perceptions of Top

	Top Management TALKS About the Importance of Workplace Integrity	Top Management Sets a Good EXAMPLE of Workplace Integrity	Top Management Does NOT BLAME OTHERS When Things Go Wrong
Brazil	84%	75%	32%
China	84%	91%	40%
France	56%	55%	35%
Germany	58%	52%	37%
India	89%	88%	26%
Italy	70%	55%	30%
Japan	70%	62%	36%
Mexico	83%	79%	39%
Russia	70%	55%	26%
South Korea	62%	50%	25%
Spain	58%	49%	23%
United Kingdom	69%	68%	29%
United States	76%	77%	42 %

APPENDIX K: ETHICAL LEADERSHIP DURING CRISIS

Management Blames Others When Things Go Wrong Country-by-Country Comparison of Whether Employees Believe Top

	EMI TOP MANAGEMEN	EMPLOYEES' PERCEPTIONS: TOP MANAGEMENT BLAMES OTHERS WHEN THINGS GO WRONG.	NS: VHEN THINGS GO
	Agree	Neither agree nor disagree	Disagree
Brazil	43%	25%	32%
China	32%	28%	40%
France	35%	31%	35%
Germany	37%	26%	37%
India	50%	25%	26%
Italy	37%	33%	30%
Japan	29%	35%	36%
Mexico	38%	24%	39%
Russia	47%	27%	26%
South Korea	41%	35%	25%
Spain	48%	28%	23%
United Kingdom	47%	24%	29%
United States	37%	21%	42%

METHODOLOGY

Data collection for the Global Business Ethics Survey" (GBES") was performed through online

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

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

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

percent at the 95 percent confidence level. employed population9 within each country. The margin of error for each country's data is +/- 3.1 Data were weighted for analysis by age and gender to best approximate the demographics of the

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

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

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

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



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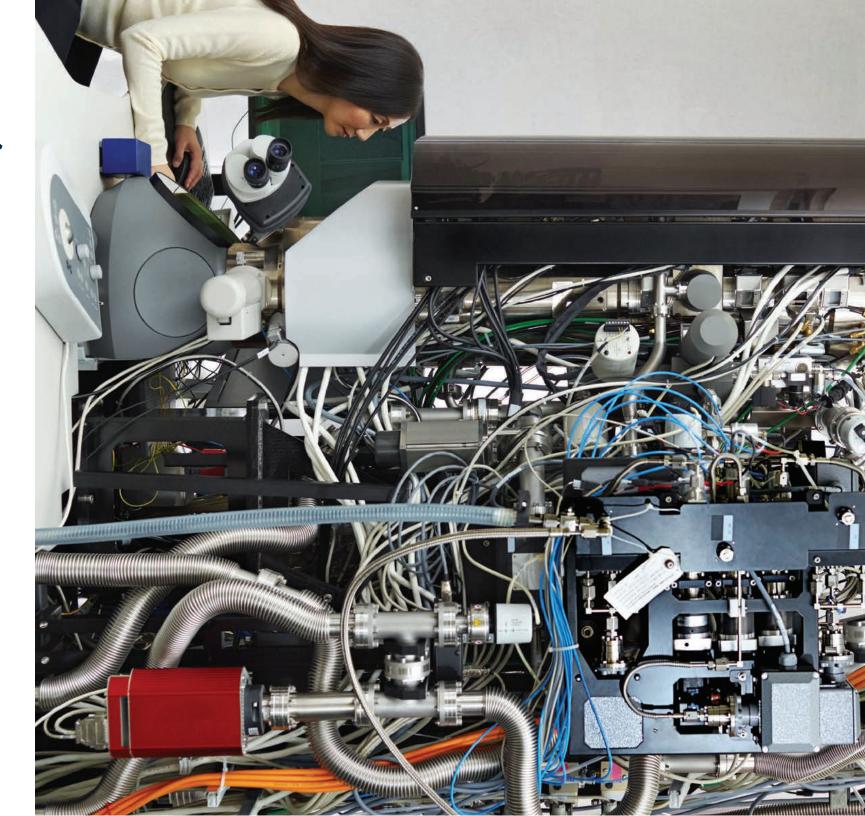
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