ECI ethics & compliance initiative™

2016

Global Business Ethics Survey™

MEASURING RISK AND PROMOTING WORKPLACE INTEGRITY

This report is published by the Ethics Research Center (ERC), the research arm of the Ethics & Compliance Initiative (ECI).

This report reflects the findings from ECI's GBES survey. The findings and conclusions of this report are those of the Ethics & Compliance Initiative alone and do not represent the views of the corporate or individual funders of this research project.

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About The Global Business Ethics Survey™

In the interlocking global economy of the 21st century, businesses, policymakers, investors, law enforcement agencies and other stakeholders need a full picture of ethics in workplaces in a wide range of markets. The Global Business Ethics Survey™ (GBES™) is a rigorous, multi-country inquiry into worker conduct and workplace integrity, providing insight into workplace ethics in both public and private sector organizations.

GBES is the flagship research project of the Ethics & Compliance Initiative (ECI). GBES is the global expansion of the National Business Ethics Survey® (NBES®), the most comprehensive survey of employees in US workplaces. Fielded eight times beginning in 1994, NBES has provided a longitudinal look at ethics trends as well as an independent benchmark of the state of ethics in companies in the United States. Data and findings from NBES have guided numerous organizations in the design and implementation of ethics programs and the development of strong ethics cultures.

Just as NBES illuminated our understanding of workplace ethics in the United States, GBES fills a void in our knowledge of workplaces around the world. GBES builds on NBES while expanding both the survey population and survey content to make findings relevant to many nations across the globe.

This report reflects the findings from ECI's GBES survey. The findings and conclusions of this report are those of the Ethics & Compliance Initiative alone and do not represent the views of the corporate or individual funders of this research project.

The GBES dataset is a rich source of information and includes data beyond the scope of this initial report. In addition to focused resources for ECI members, ECI plans to release additional findings.

To view ECI research, please visit our website at www.ethics.org/research.

To support the GBES or other ECI research projects, please visit our website www.ethics.org/support.

ethics & compliance initiative™

The Ethics & Compliance Initiative (ECI) empowers its members across the globe to operate their businesses at the highest levels of integrity. ECI provides leading ethics and compliance research, networking opportunities and certification to its membership. ECI is comprised of three nonprofit organizations: the Ethics Research Center, the Ethics & Compliance Association and the Ethics & Compliance Certification Institute.

RESEARCH

Founded in 1922, the Ethics Research Center (ERC) is the research arm of ECI. It is America's oldest nonprofit organization devoted to independent research to advance high ethical standards and practices in public and private institutions. Recognized as the industry's leading research group, ERC analyzes current and emerging issues to produce new ideas and benchmarks.

COMMUNITY

The Ethics & Compliance Association (ECA) is the membership community of ECI. This community provides learning through the exchange of ideas and the sharing of best practices in ethics and compliance programs. The association connects global practitioners, thought-leaders, academicians and partners.

CERTIFICATION

The Ethics & Compliance Certification Institute (ECCI) is the certification arm of ECI. It represents a strong rigor in education and certification for ethics and compliance practitioners and represents the evolution of the certification program (formerly conducted by the ECA's Foundation). Certification helps prepare practitioners to deliver a new level of excellence to their organizations.

For more information visit www.ethics.org.

Special Thanks

This report is made possible in part by The Boeing Company.

All of ECI's research has a single goal in mind: arming business leaders and ethics and compliance practitioners with knowledge and resources to encourage ethical conduct in their workplaces. In our work, we analyze current and emerging issues, establish benchmarks, generate new approaches to challenges and guide organizations' ethics and compliance efforts. ECI's research projects, like the Global Business Ethics Survey™, are underwritten by the generous support of our funders from the public and private sectors. We are grateful to thought leaders like The Boeing Company and all our funding partners.

BOEING

Please refer to the back cover of this report for a complete listing of the generous companies whose funding helped to make this report possible.

Foreword

The Global Business Ethics Survey™ (GBES™) is one of the most important research projects that Ethics & Compliance Initiative has undertaken, and on behalf of the board and staff, I am pleased to share the results of this ground-breaking study with you.

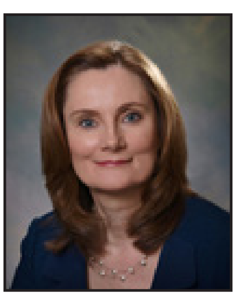
Since 1994 our organization has fielded the National Business Ethics Survey® (NBES®), a longitudinal, cross-sectional study of ethics in US workplaces. Through the NBES we have learned a great deal about trends in ethics and compliance; emerging compliance risks; and the drivers of positive change in an organization. NBES has contributed a number of insights that have served to shape the ethics and compliance industry over the years. Nevertheless, there has been one drawback to the NBES body of work – it has been limited to the perspectives of employees in the United States. As our stakeholders have gradually expanded their global operations, it has been increasingly important for us to extend the boundaries of our research and metrics as well.

That's what makes this GBES so important. It is a rigorous, multi-country inquiry into worker conduct and workplace integrity, providing insight into workplace ethics in both public and private sector organizations. Just as NBES illuminated our understanding of workplace ethics in the United States, GBES fills a void in our knowledge of workplaces around the world. The value of the GBES, like the NBES on which it is based, is that it provides business leaders, public policymakers and regulators and the public with reliable insights about organizational ethics in global economies that are critical to business success.

One of the great benefits of the NBES dataset, and now the GBES dataset, is that they are rich with metrics that help us to understand the drivers of good conduct in business. High-quality ethics and compliance programs (HQPs) are intentionally created; executives seeking "the business case" to undertake the important work of establishing an HQP will find it in the pages that follow.

Importantly, none of this work would happen if not for the generous contributions of the organizations that financially support our research. Additionally, the ECI staff and our Advisory Group also deserve special thanks for many hours of thoughtful analysis. To all who have contributed to this project, I offer my deepest appreciation.

It is ECI's hope that as a reader, you will provide your own insights, commentary, and questions as you read this report. We hope you will join us as we continue to review and discuss the data and what it means.



Patricia J. Harned, Ph.D.

Chief Executive Officer
ECI

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The information contained in the GBES report is for informational purposes and for use by organizations as they establish high-quality ethics and compliance programs.

i 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.

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.

DEMOGRAPHIC BREAKDOWN OF GBES DATA BY AGE, GENDER & ORGANIZATION TYPE[1]

	AGE				GENDER		ORGANIZATION TYPE			
Country	18-29	30-44	45-64	65+	Male	Female	Private Organization	Half-private Half-public Organization	Public Administration Organization	Not-for-profit Organization
Brazil	26%	40%	32%	2%	59%	41%	63%	4%	30%	2%
China	25%	41%	32%	2%	56%	44%	52%	19%	20%	9%
France	21%	38%	40%	1%	52%	48%	54%	6%	36%	4%
Germany	20%	32%	46%	2%	53%	47%	65%	10%	20%	6%
India	34%	38%	25%	3%	69%	31%	78%	7%	13%	3%
Italy	12%	40%	46%	2%	58%	42%	62%	9%	26%	4%
Japan	15%	33%	40%	12%	59%	41%	82%	3%	7%	8%
Mexico	30%	36%	31%	3%	67%	33%	70%	6%	20%	4%
Russia	22%	38%	38%	1%	54%	46%	60%	16%	20%	5%
South Korea	16%	36%	42%	6%	61%	39%	75%	10%	7%	7%
Spain	14%	45%	40%	1%	54%	46%	61%	7%	28%	4%
United Kingdom	23%	35%	39%	4%	53%	47%	63%	4%	27%	6%
United States	24%	34%	37%	6%	55%	45%	59%	6%	23%	12%

1. Percentages may not add up to exactly 100% due to rounding.

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 population[2] 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.

2. 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.

1 Executive Summary

To date, much of the global conversation about "doing the right thing" at work has focused on a narrow definition of doing right – avoiding corruption and complying with the law. The time has come to take a more expansive view of workplace integrity, one that includes compliance with the law, organizational standards and universal ethical principles, e.g., respect, fairness, honesty. Workplace integrity – doing what's right in a professional context – encompasses a top-to-bottom commitment to treating others with respect, being honest and forthright and dealing fairly with those inside and outside the organization.

GBES Countries

- Brazil
- China
- France
- Germany
- India
- Italy
- Japan
- Mexico
- Russia
- South Korea
- Spain
- United Kingdom
- United States

While deliberate efforts to promote workplace integrity do make a difference, they require commitment of focus and resources. It can be difficult to know the most pressing needs and what to do about them. What is missing is factual information: Where are the areas of greatest concern when it comes to workplace integrity? What should leaders worry about right now? And, what, if anything, can they do about it?

Recognizing the need for data-driven insights on workplace integrity throughout the world, the Ethics & Compliance Initiative (ECI) fielded the first-ever Global Business Ethics Survey™ (GBES™) to explore workers' experiences in 13 countries: Brazil, China, France, Germany, India, Italy, Japan, Mexico, Russia, South Korea, Spain, the United Kingdom and the United States. GBES, which is the global expansion of ECI's highly-regarded National Business Ethics Survey® (NBES®), is a rigorous, multi-country inquiry, providing insight into workplace ethics in both public and private sector organizations.

Four key metrics, drawn from NBES research and utilized in numerous multinational ECI client surveys, provide critical insight into the ethics environment and highlight risks that emerge from lapses of workplace integrity: pressure to compromise organizational standards, observed misconduct, reporting of misconduct when observed and retaliation against reporters.

KEY ECI METRICS

Where do these numbers come from?

Medians will be used throughout this GBES report to represent the "global number" as a basis of comparison for each country's results.

For more about the GBES methodology, see page 2.

OTHER KEY GBES FINDINGS AND SELECTED DATA-DRIVEN IMPLICATIONS

PRESSURE TO COMPROMISE STANDARDS & OBSERVED MISCONDUCT

- In the private sector, a majority of bribery involves management (23 percent top managers, 32 percent middle managers).
- Across all sectors, more employees in Brazil, India and Russia both experience pressure to compromise standards and observe misconduct than their counterparts in the other 10 countries surveyed.
- In the private sector, employees of multinational companies are more likely to both feel pressure to compromise standards and to observe misconduct than employees at companies that operate in a single country (differences of 7 percentage points each).
- Respondents who identified their private sector company as a “supplier” (i.e., a company that supplies goods or services to other organizations) are more likely to feel pressure (by 8 percentage points), observe misconduct (by 11 percentage points), and experience retaliation (by 12 percentage points) than those within “non-supplier” companies.
- Across all sectors, on average, **the greatest declines** in key measures occurred at organizations undergoing profound organizational change.

What It Means for You:

- Invest sufficient resources to monitor behavior at every operating location and to develop ethics and compliance (E&C) programs designed around a common code of conduct.
- Make compliance with the law as well as organizational standards and values part of the criteria when selecting third-party partners, especially when contracting with suppliers.
- Convert organizational change into an opportunity to reach out and educate (new and existing) employees about the organization’s values and code. Rigorously monitor suppliers who are undergoing significant organizational changes.

REPORTING & RETALIATION

- High rates of reporting correspond with more widespread retaliation, even though one might imagine that there would be an inverse relationship. Countries with the highest rates of reporting also tend to have the highest rates of retaliation.
- Retaliation tends to happen during a brief window of time immediately following a report. Across all sectors nearly four out of five employees who perceived retaliation (a median of 79 percent) said it happened within three weeks of reporting.

What It Means for You:

- Organizations that put significant resources into increasing and encouraging employee reporting should also implement strategies to protect against a potential increase in retaliation.
- Outreach to whistleblowers should be especially strong during the first three weeks after a report is filed.
- Consider systems that monitor the long-term success of employees who report concerns.

2 Why GBES? Why Now?

Global businesses face complicated challenges. Along with opportunities for growth, the global, interconnected economy brings new business challenges: expanding third-party networks, potential for corruption and conflicting standards of workplace integrity. Regulations, expectations and customs diverge; each layer of complexity brings with it new areas of risk.

To date, much of the global conversation about "doing the right thing" at work has focused on either a narrow definition of doing wrong or a narrow definition of doing right. Being a "good" organization or a country with a reputation for "good" workplaces means avoiding egregious and illegal wrongdoing, such as bribery and financial fraud, and perhaps even making some decisions which are beneficial to society, the world or the environment. Being "good" means avoiding corruption, protecting the environment, respecting the basic human rights of workers and being transparent about issues that surface.

The time has come to take a more expansive view of workplace integrity. Workplace integrity is more than anti-corruption and compliance. It is even more expansive than being transparent. Workplace integrity includes compliance with the law and organizational standards, as well as with universal ethical principles, e.g., respect, fairness, honesty. More than just following the rules, workplace integrity is doing what's right in a professional context. It encompasses the law, but also involves a top-to-bottom commitment to treating others with respect, being honest and forthright and dealing fairly with those inside and outside the organization. In addition, today's newest workforce entrants around the world have higher expectations for their employers regarding how they conduct their business and how they treat their own employees.[3]

Such a goal may seem lofty, but past experience shows it is attainable. Numerous organizations in the public and private sectors as well as civil society have already done so by implementing comprehensive initiatives to assess and abate the organization's legal, ethics and other compliance risks and establish and perpetuate an organizational culture that prizes ethical decision-making and the raising of concerns. Their efforts have yielded multiple benefits:

- Reduced risk of wrongdoing by parties employed by or aligned with the organization;
- Increased likelihood that, when it occurs, wrongdoing will be made known to management within the organization;
- Increased likelihood that the organization will responsibly handle suspected and substantiated wrongdoing; and
- Integrity in the organization's performance and its reputation as a responsible business.[4]

3. Institute of Business Ethics. (2015). *Ethics at work: 2015 survey of employees—main findings and themes*. London, UK: IBE. and Deloitte. (2015). *Mind the gaps: The 2015 Deloitte millennial survey*. New York, NY: DTTL Global Brand & Communications.

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

Deliberate efforts to promote workplace integrity do make a difference, but they require commitment. And, unfortunately, focus and funding are usually finite resources. It can be difficult to know the most pressing needs, the greatest risks and what to do about them. There are a lot of theories, a plethora of experiences and many hypotheses to explain it all. But even educated guesses are not facts. What is missing is data — factual information about the problems and vulnerabilities that exist — and data-based insights about workplace integrity in countries throughout the world.

It is time to find out: Where are the areas of greatest concern when it comes to workplace integrity? What should leaders worry about right now? And, what, if anything, can they do about it?

For over 20 years, ECI's Ethics Research Center has been a thought leader in the field of business ethics research and benchmarking. Through its National Business Ethics Survey ® (NBES®), ECI has provided business leaders, regulators and the public with key insights on the state of ethics in organizations within the United States along with strategies for building high-quality ethics and compliance programs and strong ethics cultures. Recognizing the need for data-driven insights on workplace integrity throughout the world, ECI fielded the first-ever Global Business Ethics Survey™ (GBES™) to explore workers' experiences with workplace integrity in 13 countries: Brazil, China, France, Germany, India, Italy, Japan, Mexico, Russia, South Korea, Spain, the United Kingdom and the United States.[5]

GBES is a rigorous, multi-country inquiry into worker conduct and workplace integrity, providing insight into workplace ethics in both public and private sector organizations.

The GBES arms business leaders with critical insights and actionable data about:

- Workplace integrity lapses and risks, including some that may be unique to particular countries or types of organizations;
- The nature and frequency of misconduct on an international level;
- If and where challenges differ with geography; and
- Key vulnerabilities and ways to mitigate these risks.

5. GBES builds upon the knowledge of the NBES, but as the methodology differs, the GBES data for the US may differ from past NBES results.

3 Workplace Integrity:

What It Is, When It's Lacking & How You Can Tell The Difference

In organizations where workplace integrity is the norm, leaders and employees at all levels know, care about and are committed to upholding professional and organizational standards and values. Ethics and compliance risk is the extent to which an organization and/or its employees are vulnerable to violations of workplace integrity. Four key metrics, drawn from ECI's longstanding NBES research and utilized in numerous multinational client surveys, provide insight into the ethics environment by highlighting the risks that emerge from lapses of workplace integrity:

- **Pressure to compromise organizational standards** is an important warning sign of future workplace misconduct.
- **Observed misconduct**, the most fundamental indicator of the state of integrity in the workplace, is whether or not employees follow the rules and live out core values.
- **Reporting**[6] of observed misconduct alerts management about the need to address violations, versus silence that allows wrongdoing to continue and grow worse.
- **Retaliation against reporters**, such as the silent treatment, verbal harassment, demotions, undesirable assignments or even violence. Perceived retaliation erodes trust and often deters employees from reporting misconduct, which allows bad behavior to fester and spread.

KEY ECI METRICS

Where do these numbers come from?

Medians will be used throughout this GBES report to represent the "global number" as a basis of comparison for each country's results. As the median corresponds with results from one country, that country will be highlighted like the median itself.

For more about the GBES methodology, see page 2.

6. 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.

WHERE THERE'S SMOKE, THERE'S FIRE: PRESSURE TO COMPROMISE INTEGRITY IS WIDESPREAD, FORESHADOWING FUTURE MISCONDUCT

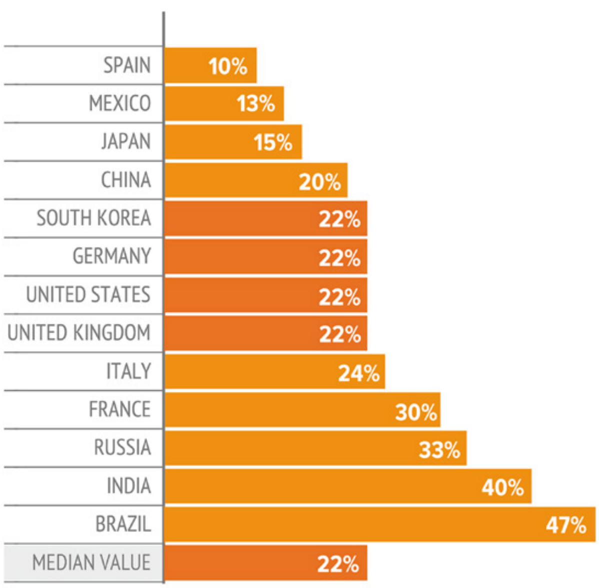
Rates of pressure matter. **The extent to which employees feel pressure to compromise organizational standards is a leading indicator of a larger potential threat: the presence of actual wrongdoing**. Nearly three-quarters (a median of 73 percent) of all public and private sector employees surveyed who felt pressure also said they witnessed misconduct where they worked. In the absence of pressure, by comparison, a median of only 17 percent said they observed misconduct in their place of business.

what is "misconduct"?

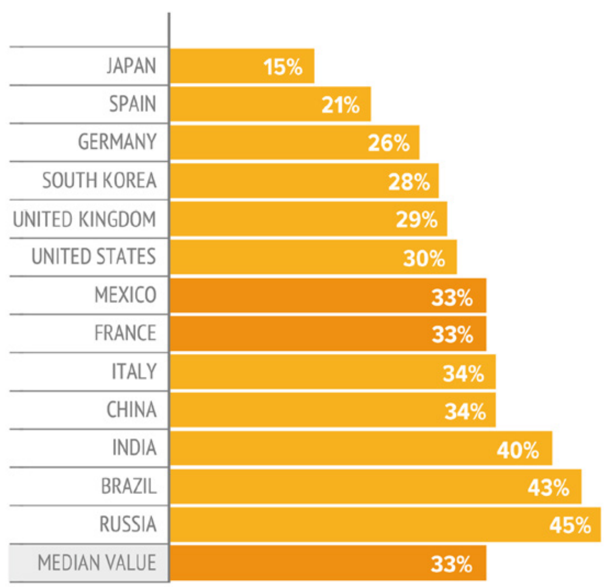
Misconduct is a violation of the law, an organization's values or principles and/or universal ethical principles, e.g., respect, fairness, honesty.

Although the correlation is not one-to-one, pressure and misconduct went hand-in-hand across the countries in the GBES data. More employees in Brazil, India and Russia reported feeling pressure than their counterparts in other countries. Though the ordering was different, those three countries also topped the list when it came to misconduct. At the other end of the spectrum, workers in Japan[7] and Spain were near or at the bottom for both pressure and misconduct.

IN MOST GBES COUNTRIES, PRESSURE TO COMPROMISE STANDARDS IS FELT BY MORE THAN 1 IN 5 EMPLOYEES



MISCONDUCT IS OBSERVED BY LARGE NUMBERS OF EMPLOYEES ACROSS GBES COUNTRIES



7. ERC is aware of past research which has shown some different response tendencies in survey results from Japan, as well as other countries including India, Italy, South Korea and the United Kingdom. See Tellis, G. J., & Chandrasekaran, D. (2010). "Extent and impact of response biases in cross-national survey research." *International Journal of Research in Marketing*, 27(4), 329-341. and Bernardi, R. A. (2006). Associations between Hofestede's cultural constructs and social desirability response bias. *Journal of Business Ethics*, 65, 43-53.

3 Workplace Integrity:

What It Is, When It's Lacking & How You Can Tell The Difference

Both pressure to compromise standards and observed misconduct are commonplace in organizations. A median of more than one in five respondents across all sectors (22 percent) felt pressure to compromise standards. Observations of misconduct were even more widespread, with a median of 33 percent.

Public and private sector employees generally varied little when it came to feeling pressure to compromise standards, differing by only three percentage points – a median of 25 percent of public sector employees said they felt pressure, compared to 22 percent of private sector employees. Where differences exist, public sector employees are more likely to experience pressure and to observe misconduct. **The widest gaps between public and private sector employees appeared in Brazil, India and the United Kingdom**.

	PRESSURE TO COMPROMISE STANDARDS			OBSERVED MISCONDUCT		
COUNTRY	Private Sector	Public Sector	Percentage Point Difference[8] Between Private and Public Sectors	Private Sector	Public Sector	Percentage Point Difference Between Private and Public Sectors
GBES MEDIAN	**22%**	**25%**	**3 ppts**	**32%**	**34%**	**2 ppts**
BRAZIL	43%	54%	11 ppts	40%	50%	10 ppts
INDIA	37%	54%	17 ppts	40%	52%	12 ppts
UNITED KINGDOM	18%	31%	13 ppts	25%	41%	16 ppts

What It Means for You:

The GBES data show that where pressure to compromise standards is high, misconduct is also more common – regardless of sector. Organizations of any type that want to project forward about the possibility of future misconduct should determine whether employees feel pressured to compromise integrity standards or the law.

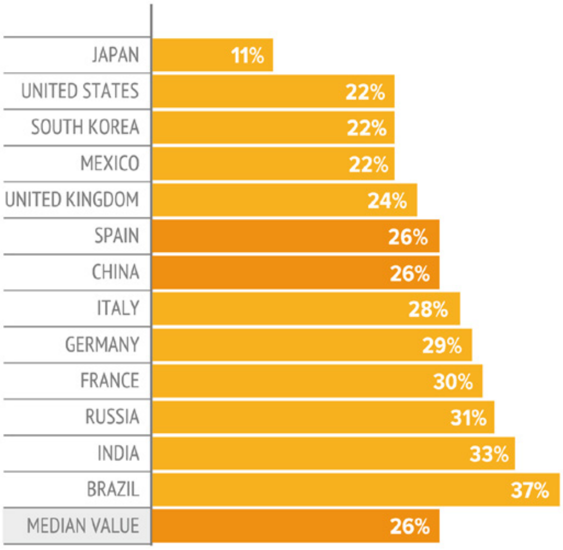
8. Percentage point (ppt) difference is used to show an arithmetic difference between two results (e.g., 25% - 22% = 3 ppt difference). PPT differences in this report are calculated based on rounded percentages.

- Take measures to identify where there is pressure and the root of such pressure. If possible, poll your global workforce regarding the presence of pressure to compromise workplace standards or the law to uncover (potential and existing) problems before they become more serious.
- Ensure that management training and leadership development programs for those in supervisory positions emphasize their responsibility to act as role models for integrity, give them the skills to identify and minimize sources of pressure and train them to continually advocate the organization's commitment to workplace integrity.
- Evaluate internal performance systems (e.g., quotas, bonus structures) that might lead to compromised standards. Ensure that expectations and reward systems are not sending the message that standards are less important than results.

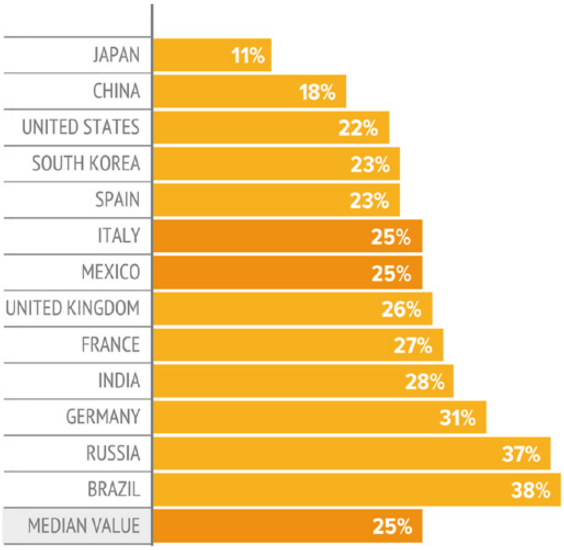
WE'RE ALL IN THIS TOGETHER: AROUND THE WORLD, PEOPLE BEHAVE BADLY IN SIMILAR WAYS

Economic conditions, local customs and national cultures differ, but when it comes to workplace behavior, a few types of misconduct predominate everywhere. Although much of the conversation focuses on high-profile problems such as bribery and fraud, the most common issues involve problematic communication and poor conduct in day-to-day relationships. **Employees in nearly every country cited lying to employees, customers, vendors or the public and abusive behavior more frequently than other forms of misconduct** asked about.

LYING



ABUSIVE BEHAVIOR



3 Workplace Integrity:
What It Is, When It's Lacking & How You Can Tell The Difference

Lying was among the three most widely observed forms of misconduct among employees of all sectors in every country except Russia.[9] Abusive and intimidating behavior also stood out, ranking among the most widely observed forms of misconduct in 11 of 13 countries and being the most widely observed in seven.

There were few substantive differences between observation rates among public and private sector employees. The difference for abusive behavior was two percentage points (26 percent public, compared to 24 percent private). For lying, the difference was less than one percentage point (27 percent, rounded, for both sectors).

Observed Misconduct in China

A Noteworthy Exception

When it comes to problematic behavior, China was an exception. As in other countries, lying on the job was an issue in China among both private and public sector respondents; however, violations with greater implications for the supply chain, such as offering bribes and hiding potential regulatory infractions, were more common than abusive behavior.

9. Thirty-one percent of Russian respondents said they had witnessed lying at work, more than in all but two other countries; however lying was not one of the top three most witnessed behaviors by Russian respondents specifically. See page 39 for additional detail regarding Russia.

MISCONDUCT FREQUENTLY CONTINUES OVER TIME – AND MANAGERS ARE OFTEN RESPONSIBLE

When it comes to misconduct within an organization, one-time violations are generally less worrisome than chronic rule breaking, and misbehavior by lower level employees is typically less threatening than misbehavior in the executive suite. While misconduct is often committed by a single person, across all sectors a median of 10 percent of those who observed lying or health violations classified the misconduct as being "organization-wide." In total, GBES asked respondents about 16 different forms of potential wrongdoing, and several of these were particularly likely to be committed by top management[10] or to occur for extended periods of time.

SPECIFIC BEHAVIOR	MORE LIKELY FOR TOP MANAGERS TO BE PERPETRATORS[11]	MORE LIKELY FOR MIDDLE MANAGERS TO BE PERPETRATORS[12]	MORE LIKELY TO OCCUR FOR TWO YEARS OR MORE[13]
Abusive or intimidating behavior towards employees	✓	✓	✓
Accepting bribes, kickbacks and/or inappropriate gifts	✓	✓	–
Decisions made or actions taken to benefit the employee (or friends/family) over the interests of your organization (conflicts of interest)	✓	✓	–
Engaging in anti-competitive behavior (e.g., price fixing, bid rigging)	✓	✓	✓
Hiding (potential) violations before on-site inspections	✓	✓	✓

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

11. Behaviors for which the percentage of perpetrator(s) identified as "top manager(s)" exceeded the GBES median of 24 percent (all sectors).

12. Behaviors for which the percentage of perpetrator(s) identified as "middle manager(s)" exceeded the GBES median of 23 percent (all sectors).

13. Behaviors for which the percentage of incidents identified as "ongoing pattern that lasted 25 months or more" exceeded the GBES median of 11 percent (all sectors).

SPECIFIC BEHAVIOR	MORE LIKELY FOR TOP MANAGERS TO BE PERPETRATORS[11]	MORE LIKELY FOR MIDDLE MANAGERS TO BE PERPETRATORS[12]	MORE LIKELY TO OCCUR FOR TWO YEARS OR MORE[13]
Human rights violations[14]	✓	—	—
Improper contracting or violating contract terms with customers or suppliers	✓	✓	—
Inappropriate alteration, falsification and/or misrepresentation of your organization's documents or records	—	✓	✓
Lying to employees, customers, vendors or the public	✓	—	✓
Offering bribes, kickbacks and/or inappropriate gifts	—	✓	✓
Violations of health and/or safety regulations	—	—	✓
Delivery of goods or services that fail to meet specifications	—	—	—
Improper access to, disclosure of and/or use of customers' or employees' personal or private information	—	—	—
Retaliation against someone who has reported misconduct	—	—	—
Stealing or theft	—	—	—
Violations of environmental regulations	—	—	—

14. 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.

Within the public sector, top managers were pointed to as the perpetrators of misconduct more frequently than were top managers in the private sector. Contracting violations, stealing, offering bribes and retaliation were each much more likely to be committed by top managers in the public sector compared to the private sector (by at least 10 percentage points, each).

What It Means for You:

While experience shows that ethics and compliance officers at multinationals are often confronted with issues traceable to local conditions and culture, misconduct looks remarkably similar in workplaces in all sectors in different countries.

- Organizations can combat misconduct by focusing their efforts on a few behaviors that are commonplace – abusive behavior and lying. Perceptions can vary broadly by location and culture. Explore the communication and specific behaviors that are a problem. Through focus groups, employee surveys or other proven methods, understand what employees are experiencing (both the positive and the negative) and how they perceive the ethics-related actions[15] of their leaders and supervisors. These methods can also illuminate differences between locations, work groups or other segments of the organization's employee population, which can help target resources and solutions.
- Employees tend to follow leaders' cues for both good and ill, which makes it especially problematic when leaders break rules or violate standards of integrity. To build strong ethical leadership and/or address deficiencies, emphasize integrity as a requirement for promotions to all levels of leadership, establish ethical leadership as an essential job function and include ethical leadership measures in employee reviews and evaluations.
- Recognize that certain misconduct is likely to be a pattern of bad behavior, rather than an isolated incident. When even a single incident occurs, invest the resources necessary to follow the trail and determine whether it is part of a larger, ongoing pattern.

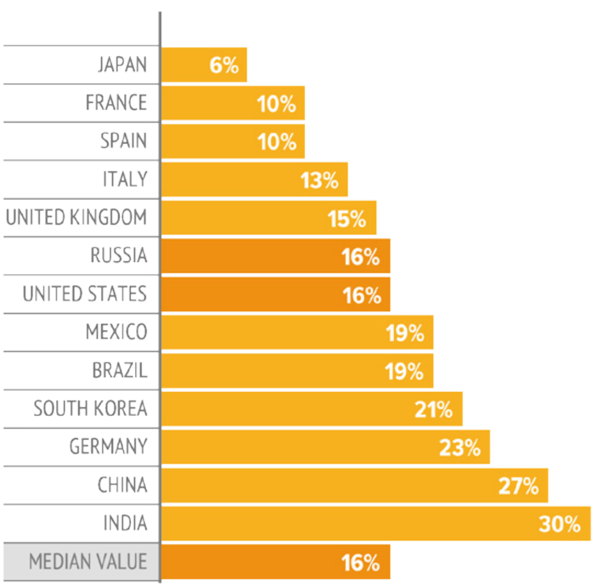
15. For more information about ethics-related actions (ERAs), see Ethics Resource Center. (2005). National Business Ethics Survey®: *How employees view ethics in their organizations 1994-2005*. Arlington, VA: ERC.

Bribery & Corruption:
Key Facts at a Glance

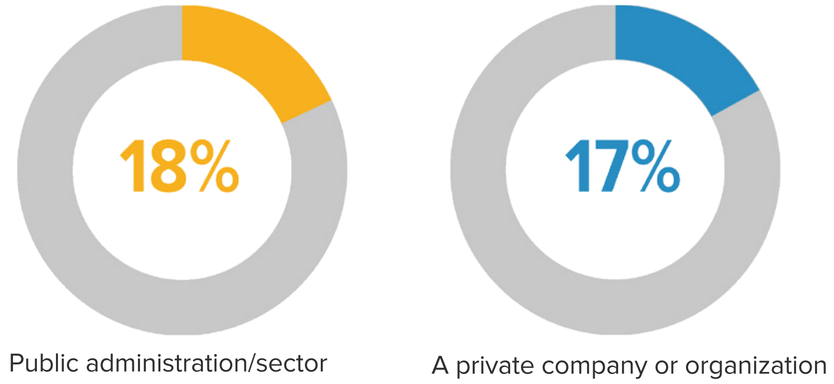
While all misconduct in the workplace is problematic, bribery and corruption-related misconduct are particularly likely to result in legal and reputational risks. Such violations can undermine fair competition and open the door to shoddy work products or services because a bribe recipient may close his or her eyes to deficiencies. Although there are many ways to define corruption, the GBES looks specifically at “offering bribes, kickbacks and/or inappropriate gifts” and “accepting bribes, kickbacks and/or inappropriate gifts.” The GBES data show that the risks of bribery are particularly acute in some countries and in certain types of organizations.

In the following charts and throughout the remainder of this report, the term “companies” is used exclusively when showing data for private sector organizations, as opposed to organizations of all sectors.

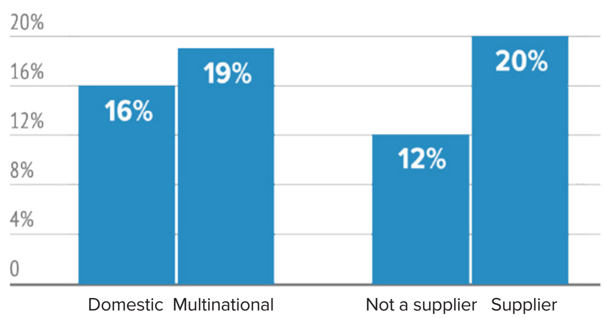
RATES OF BRIBERY AND CORRUPTION-RELATED MISCONDUCT VARY GREATLY ACROSS GBES COUNTRIES IN ALL SECTORS



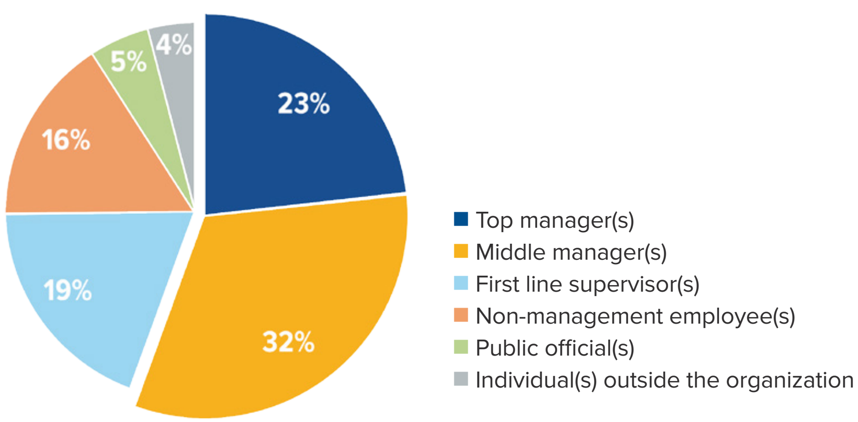
EMPLOYEES IN PRIVATE AND PUBLIC SECTOR OBSERVE BRIBERY AND CORRUPTION-RELATED MISCONDUCT AT SIMILAR RATES



EMPLOYEES AT MULTINATIONAL AND SUPPLIER COMPANIES MORE LIKELY TO OBSERVE BRIBERY AND CORRUPTION-RELATED MISCONDUCT

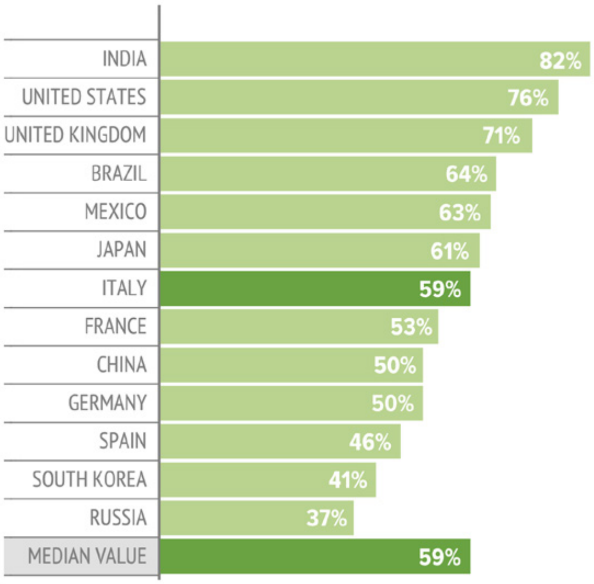


IN COMPANIES, MAJORITY OF BRIBERY INVOLVES MANAGEMENT



REPORTING AND RETALIATION – GOOD NEWS AND BAD NEWS GO HAND-IN-HAND: MANY EMPLOYEES REPORT OBSERVED MISCONDUCT, THEN SUFFER RETALIATION FOR THEIR EFFORTS

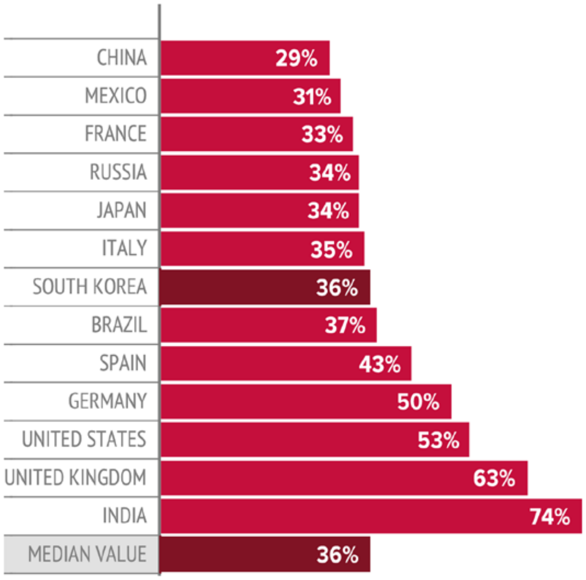
IN MOST GBES COUNTRIES, MAJORITY REPORT MISCONDUCT THEY OBSERVE



A problem management does not know about is a problem management cannot address. Reporting of observed misconduct enables committed leaders to tackle issues and fix them. But silence in the face of misconduct allows problems to take root and creates greater risk in the long term. Given the importance of reporting, it is good news that in most of the countries surveyed, employees across all sectors do report misconduct when observed.

Unfortunately, retaliation against reporters is quite high. At least one in three reporters across all sectors experienced retaliation in 11 of 13 countries surveyed.

AT LEAST ONE THIRD OF REPORTERS EXPERIENCE RETALIATION IN MOST GBES COUNTRIES



Retaliation: Does Sector Make a Difference?

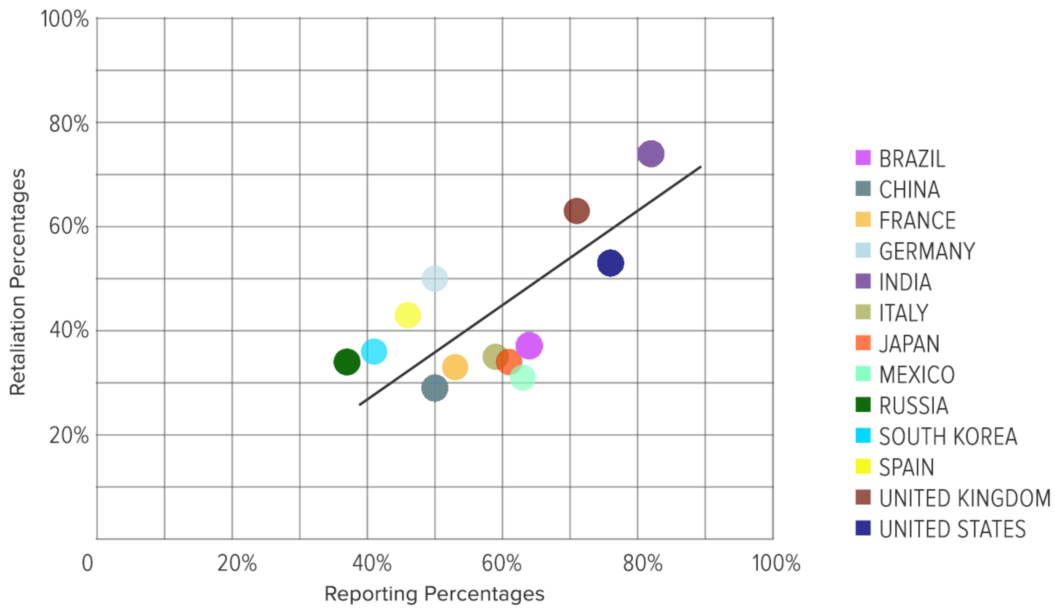
Reporters in the public sector are more likely to experience retaliation than their counterparts in the private sector. **Of all four key metrics, retaliation represents the most significant difference between the public and private sectors.** In two countries, however, employees in private companies are far more likely to experience retaliation: Germany and South Korea.

EXPERIENCED RETALIATION FOR REPORTING

	PRIVATE SECTOR	PUBLIC SECTOR	PPT DIFFERENCE
GBES MEDIAN	33%	41%	8 ppts
GERMANY	55%	17%	38 ppts
SOUTH KOREA	29%	18%	11 ppts

Organizations encourage reporting, but there is still work to be done in keeping workplaces free from retaliation. Fear of retaliation is one of the principal reasons people elect not to report; a median of 59 percent of those who chose not to report cited fear of retaliation as a reason for their decision. This suggests an inverse relationship between retaliation and reporting. But, the GBES data paint a different picture: **high rates of reporting correspond with more widespread retaliation**. Countries with the highest rates of reporting also tend to have the highest rates of retaliation.

RETALIATION RATE INCREASES WITH REPORTING



REPORTERS NEED PROTECTION – FOR LESS TIME THAN YOU MIGHT EXPECT

One new and surprising discovery in the GBES is the timeframe in which retaliation occurs – nearly four out of five victims across all sectors (a median of 79 percent) said that retaliation happened within three weeks of reporting. In 11 of the 13 countries surveyed,[16] at least 90 percent of retaliation occurred in the first six months after the report was made. Globally, a median of only six percent of retaliation occurred after six months or longer after the report. When trying to protect whistleblowers, companies need to be especially vigilant in the days and weeks right after a report is filed.

What It Means for You:

Increased reporting often coincides with more widespread risk or perceptions of retaliation, and often, this retaliation happens during a brief window of time immediately following a report. Organizations looking to put significant resources into increasing and encouraging employee reporting should implement strategies to protect against a potential increase in retaliation.

- Consider tactics identified in ECI's Blue Ribbon Panel report *Principles and Practices of High-Quality Ethics & Compliance Programs* (see box below).[17] Possible approaches include training for leaders on how to listen and respond to employee concerns, outreach to and protective monitoring of employees who report misconduct, and publicizing organizational discipline for those who violate anti-retaliation policies.
- Outreach to whistleblowers should be especially strong during the first three weeks after a report is filed. Similarly, supervisors should provide special support and watch closely for retaliation during this period. Consider systems that monitor the long-term success of employees who report concerns.

In April 2016, ECI released a report, *Principles and Practices of High-Quality Ethics & Compliance Programs*. The report, prepared by a Blue Ribbon Panel of leading ethics experts and compliance practitioners, academicians, legal experts, whistleblower attorneys and former enforcement officials, identifies five principles common to high-quality programs (HQPs). The five principles are:

PRINCIPLE 1: Ethics and compliance is central to business strategy.

PRINCIPLE 2: Ethics and compliance risks are identified, owned, managed and mitigated.

PRINCIPLE 3: Leaders at all levels across the organization build and sustain a culture of integrity.

PRINCIPLE 4: The organization encourages, protects and values the reporting of concerns and suspected wrongdoing.

PRINCIPLE 5: The organzation takes action and holds itself accountable when wrongdoing occurs.

Detailed organizational objectives, practices and pitfalls are provided in the panel's report.

16. In China and Russia, a higher percentage of retaliation happened longer after the initial report.

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

PLACES TO WATCH: GREATER RISK IN BRAZIL, INDIA & RUSSIA

GBES data clearly identified three countries in which organizations face significant risks from misconduct. Across all sectors, more employees in Brazil, India and Russia both experience pressure to compromise standards and observe misconduct than their counterparts in the other 10 countries surveyed.

	PRESSURE	OBSERVED MISCONDUCT
GBES	22%	33%
BRAZIL	47%	43%
INDIA	40%	40%
RUSSIA	33%	45%

Moreover, these three countries collectively held the highest rates of observation in a number of categories of specific misconduct.

CATEGORIES OF MISCONDUCT[18]	COUNTRY WITH HIGHEST RATE OF OBSERVATION	GBES MEDIAN
Talent-related Misconduct	Brazil (44%)	28%
Bribery and Corruption-related Misconduct	India (30%)	16%
Fraud, Lying and Stealing	India (44%)	31%
Regulatory-type Violations	Russia (52%)	31%
Contracts-related Misconduct	India (38%)	21%

18. See next page for definitions.

The high rates of misconduct in these countries may partly reflect high levels of organizational change, which tends to create stress and erode ethical conduct. Organizational change includes expanded operations, mergers and acquisitions, leadership changes or restructuring/cost-cutting measures (see page 26 for more information on the impacts of organizational change). Organizations with operations in India experienced the highest volume of organizational change. Organizations in Brazil and Russia also were involved in relatively high amounts of change compared to the global medians.

Categories of Misconduct

Talent-related Misconduct:

- Abusive or intimidating behavior towards employees
- Retaliation against someone who has reported misconduct

Bribery and Corruption-related Misconduct:

- Offering bribes, kickbacks and/or inappropriate gifts
- Accepting bribes, kickbacks and/or inappropriate gifts

Fraud, Lying and Stealing:

- Inappropriate alteration, falsification and/or misrepresentation of your organization's documents or records
- Lying to employees, customers, vendors or the public
- Stealing or theft

Regulatory-type Violations:

- Violations of health and/or safety regulations
- Violations of environmental regulations
- Hiding (potential) violations before on-site inspections

Contracts-related Misconduct:

- Delivery of goods or services that fail to meet specifications
- Improper contracting or violating contract terms with customers or suppliers

Bigger Reach, Bigger Problems:
Risk Is Greater For Multinational Companies & Companies In The Supply Chain

With increased scope comes increased risk. **Looking exclusively at the private sector**, a comparison of multinational versus domestic companies (i.e., those companies operating only in the respondent's country) reveals key differences. Employees at multinationals are more likely to feel pressure to compromise standards, which is noteworthy because, as discussed previously, higher rates of pressure align closely with increased violations. **The rate of misconduct is also higher in companies that operate in more than one country.**

The misconduct problem for multinational companies is widespread, encompassing many different forms of misconduct. Survey participants were asked whether they had witnessed 16 specific types of misconduct, and observation of 14 types was greater by employees at multinational companies than at domestic ones.

The rate at which employees report observed misconduct is similar between respondents from domestic companies and multinationals. Retaliation is also experienced at a similar rate in these organizations.

KEY METRICS	DOMESTIC COMPANIES	MULTINATIONAL COMPANIES[19]
Pressure to compromise standards	18%	**25%**
Personally observe misconduct in previous 12 months	29%	**36%**
Report observation of misconduct	60%	59%
Experience retaliation for reporting misconduct	35%	32%

19. Red shading indicates a less favorable outcome for employees within multinational companies compared to those within domestic companies.

Differences in key workplace integrity metrics are even more striking when looking at companies through a different lens: the data showed that **respondents who identified their company as a "supplier"** (i.e., company that supplies goods or services to other organizations) **are more likely to feel pressure, observe misconduct and experience retaliation than those within "non-supplier" companies**. The data on supplier organizations confirms the widely-held belief that **companies' relationships with third parties create openings for ethics and compliance violations**.

KEY METRICS	COMPANIES THAT ARE NOT SUPPLIERS	COMPANIES THAT ARE SUPPLIERS[20]
Pressure to compromise standards	18%	**26%**
Personally observe misconduct in previous 12 months	27%	**38%**
Report observation of misconduct	54%	66%
Experience retaliation for reporting misconduct	27%	**39%**

Beyond the four key workplace integrity metrics, violations of all 16 specific types of misconduct asked in the GBES are higher at companies that are suppliers than at non-suppliers. The differences were most pronounced for supply chain-related misconduct such as hiding potential infractions from inspectors (22 percent versus 11 percent) and delivery of substandard goods (21 percent versus 11 percent). Abusive behavior (30 percent versus 20 percent), lying (32 percent

20. Red shading indicates a less favorable outcome for employees within supplier companies compared to those within non-supplier companies.

Quick Fact

Employees at companies that are suppliers are more likely than employees in non-supplier companies to report concerns to helplines (9 percent versus 3 percent) instead of turning to front-line supervisors (52 percent versus 57 percent). This may be related to differing resource availability and awareness: 62 percent of respondents from supplier companies are aware of a helpline at their organization that an employee can use to confidentially or anonymously report violations of workplace integrity, compared to only 44 percent at companies that are not suppliers.

Organizational Resources to Promote Workplace Integrity

Common Elements in Comprehensive Ethics & Compliance Programs:[21]

1. Written standards of ethical workplace conduct
2. Training on the standards
3. Organizational resources that provide advice about ethics issues
4. A means to report potential violations confidentially or anonymously
5. Performance evaluations of ethical conduct
6. Systems to discipline violators

versus 23 percent) and inappropriate document alteration (17 percent versus 7 percent) also differed by a wide margin.

What This Means for You:

Because they operate over large geographic areas and often in locales with different customs and economic conditions, **multinational companies face greater workplace integrity challenges.**

- Ensure your ethics and compliance (E&C) program is strong and incorporates the five key principles of High-Quality Programs.[22]
- Establish standards of integrity that will be equally honored by employees in all locations.
- Invest sufficient resources to monitor behavior at every operating location and to develop localized E&C programs designed around a common code of conduct.
- Prioritize ethical leadership that intentionally models ethical behavior in ways which respect local customs and resonate with employees at each of the company's individual locations.

Workplace **integrity risks appear greater for suppliers** than companies that are not suppliers. High-quality E&C programs can help companies address potential integrity risks.

- Train employees on how to work with and monitor suppliers and other third parties. Also, provide employees resources for addressing possible misconduct at supplier organizations.
- Make workplace integrity and compliance part of the criteria when selecting third-party partners, especially when contracting with suppliers.
- E&C offices should contribute and monitor third-party diligence processes and standards. Encourage suppliers and third parties to implement strong E&C programs; consider requiring third parties to attest to the organization's E&C standards.

21. United States Sentencing Commission, Guidelines Manual, §8B2.1 (Nov. 2014).

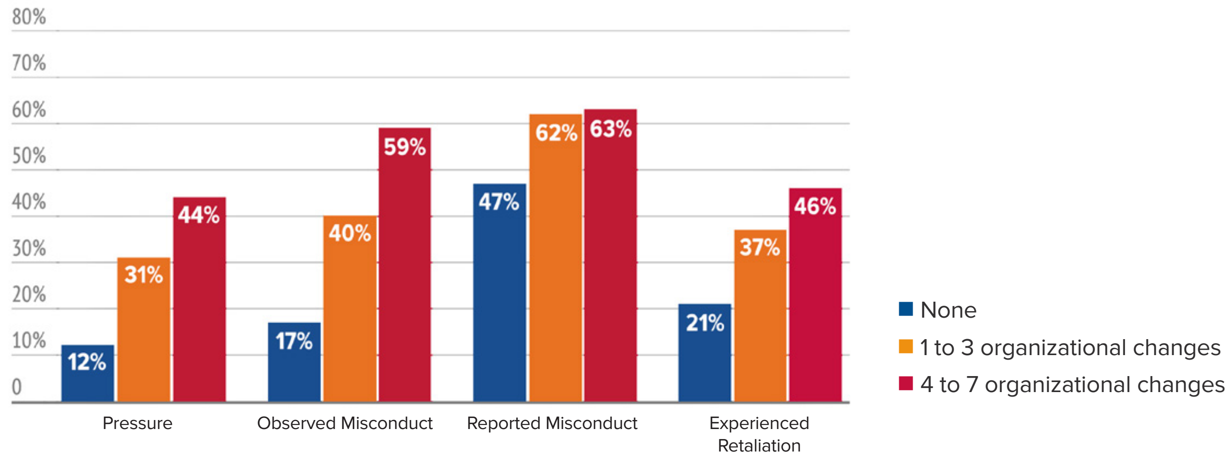
22. Ethics & Compliance Initiative. (2016). *Principles and practices of high-quality ethics & compliance programs: Report of ECI's Blue Ribbon Panel*. Arlington, VA: ECI.

5 The More Things Change...The More You Need To Worry:
Organizational Change Linked To Compliance Shortfalls

Regardless of public or private sector, new situations can create uncertainty for employees about organizational values and standards, as well as their application. Big changes within an organization can place stress on employees at all levels up to the executive suite, which opens the door to misconduct as employees worry about what the changes mean for them personally.

Organizational change may improve financial or business performance, but ethics and compliance risks often accompany these changes. In addition to creating uncertainty among employees, big changes may distract leaders from focusing on integrity issues and shift their attention to managing change. GBES shows that, across all sectors, on average, key ethics measures decline at organizations undergoing profound change. **Significantly, as the number of organizational changes increases, so does the impact on risk**.

ORGANIZATIONAL CHANGE LINKED TO COMPLIANCE SHORTFALLS



Organizational Changes Included in Survey

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

Quick Facts:
Organizational Change and Ethics & Compliance Risk

The data also show that some types of changes are more problematic than others.

- Employees in organizations that have been acquired are far more likely to feel pressure to compromise standards.
- Employees in organizations that had merged with another organization or were acquired by an organization are most likely to observe misconduct.
- Employees in organizations that have implemented cost-cutting measures are least likely to report misconduct when observed.
- Employees in organizations that have been acquired are far more likely to experience retaliation.
- Overall, the single greatest risk area is within organizations that have recently been acquired.

Ethics risk is compounded with increased organizational change; **the more change, the more risk.**

What It Means for You:

Significant organizational changes, especially mergers and acquisitions, create a substantial risk of ethics and compliance breakdowns. The risk is heightened when multiple organizational changes take place at the same time. But, because they are typically planned in advance, organizations have a chance to mitigate risk with stepped-up attention to employees' sensitivities and to E&C in general.

- Take account of the human impact of organizational change, and add ethics and compliance to the priority list when two organizations become one.
- Pro-actively inform employees about planned changes and the likely impact on their employment status and responsibilities.
- Convert organizational change into an opportunity to reach out and educate (new and existing) employees about the organization's values and code. Rigorously monitor suppliers who are undergoing significant organizational changes.
- Provide opportunities for employees to raise concerns and answer questions about planned changes, as well as the organization's code, values, policies and procedures and how they apply to employees' specific circumstances.
- Vet potential acquisitions and mergers for cultural fit in terms of commitment to ethics, as well as strategic business objectives.
- Identify and address misalignment between the cultures of organizations that are combining operations through a merger or acquisition.
- Ensure that change management and crisis plans put values at the forefront.[23]

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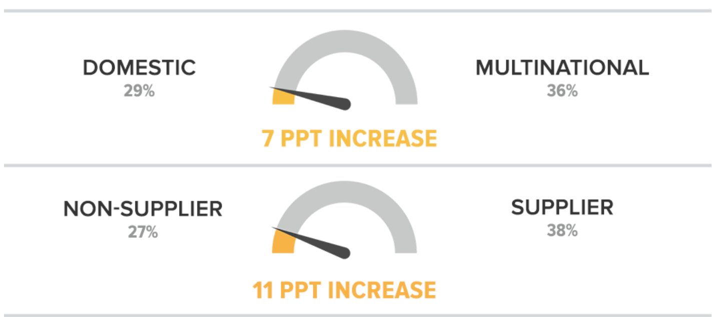
23. For additional information, please consult other ECI publications. Ethics Resource Center. (2011). *The ERC Fellows Program supervisory support working group: The ethically supportive supervisor*. Arlington, VA: ERC. Ethics Resource Center. (2004). *Ethics and compliance "due diligence" and "integration" processes for new acquisitions.* Arlington, VA: ERC. Ethics Resource Center. (2011). *Accepting responsibility responsibly: Corporate response in times of crisis*. Arlington, VA: ERC.

6 Conclusion:
It's What's On The Inside That Counts

Understanding a challenge is a critical step in addressing it. Recognizing the dearth of practical data on workplace integrity around the world, particularly in private sector organizations, ECI surveyed thousands of workers in 13 countries to gain a better picture of their workplace integrity experiences. The GBES reveals a strong connection between employees feeling pressure to compromise organizational standards and their likelihood of observing misconduct. Similarly, there is a link between reporting rates and the likelihood of experiencing retaliation.

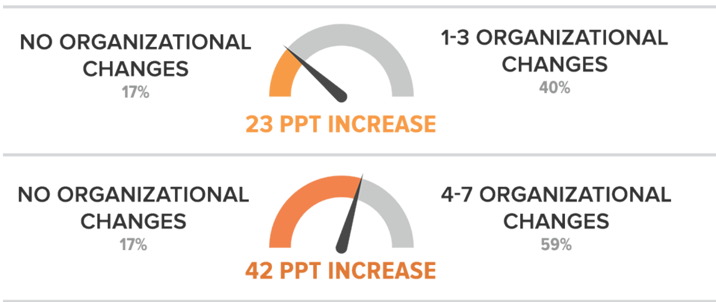
When it comes to the percentage of employees that have observed misconduct, there is a difference in the private sector between companies that are globally dispersed and companies that are only operating within one country. That difference is even more striking when comparing companies that identify as suppliers and those that do not.

BIGGER REACH, BIGGER PROBLEMS: RATES OF OBSERVED MISCONDUCT AND COMPANY TYPE



Ultimately, both public and private organizations should be attuned to the impact of significant organizational change. Ethics and compliance risks often accompany major changes, and the risk is greater as more of these changes take place.

THE MORE THINGS CHANGE… THE MORE YOU NEED TO WORRY: RATES OF OBSERVED MISCONDUCT AND ORGANIZATIONAL CHANGE



The time is now. Building and sustaining a culture that prizes ethical decision-making and speaking up will benefit employees *and* mitigate risks associated with operating in today's complex global economy. A high quality ethics and compliance program is an essential part of building and sustaining an ethical culture. While context does matter, leaders of all organizations—regardless of location or sector—should take steps to heighten the priority of integrity in their workplaces.

7 More To Come

The GBES data set is a rich source of information and includes insights beyond the scope of this initial report. In the coming months, ECI members will receive additional findings and resources. Based on member feedback, ECI will explore additional topics, such as regional and country-level findings, profiles of public and private sector workplaces and a more focused look at management-level differences in leadership and culture building.

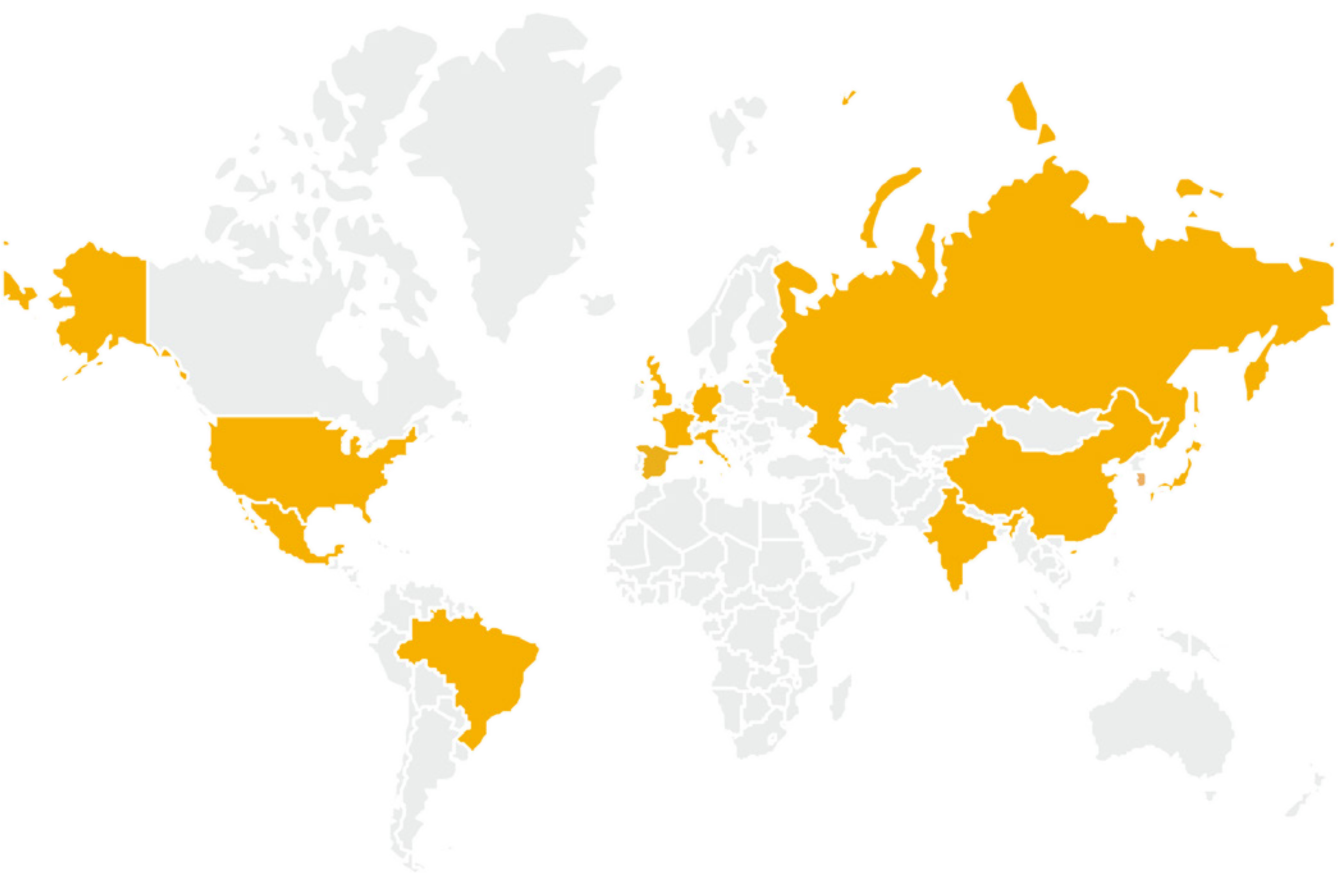
The first follow-on report will be a deeper look at issues related to third parties and the supply chain, providing a unique global view of employee experiences with bribery, document falsification and anti-competitive behavior.

8 Appendix:
Countries At A Glance

The following pages provide a brief snapshot of key points and findings for each of the countries surveyed in the GBES.

A NOTE ABOUT MISCONDUCT:

The GBES survey inquires about misconduct in two ways. First, respondents were asked whether they personally observed misconduct in the previous 12 months. This key metric is charted in YELLOW. Respondents were also asked about 16 specific kinds of violations. These results are presented in BLUE. In some cases, these two lines of inquiry result in observation rates for particular forms of misconduct which are higher than for misconduct generally.



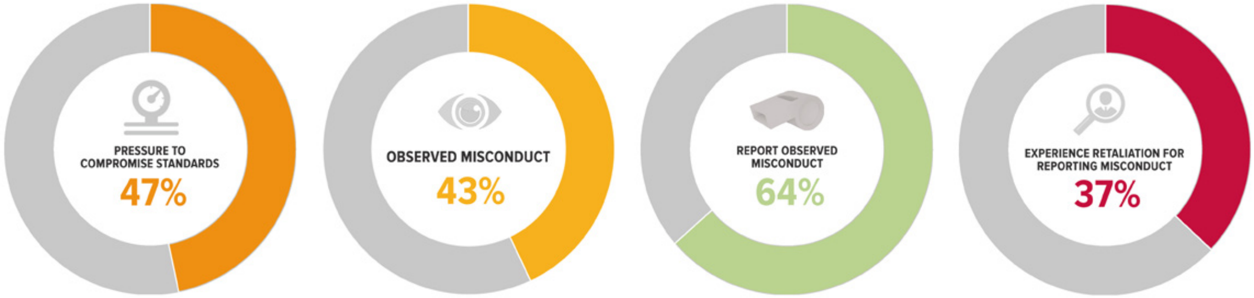
BRAZIL

DATA SPOTLIGHT:

Respondents from Brazil observed “talent-related” misconduct more often than employees in any other country (44 percent). Observation rates among Brazilian respondents for the individual behaviors in the “talent-related” grouping are above the GBES medians:

- Abusive or intimidating behavior: 38 percent
- Retaliation against someone who has reported misconduct: 30 percent

KEY METRICS



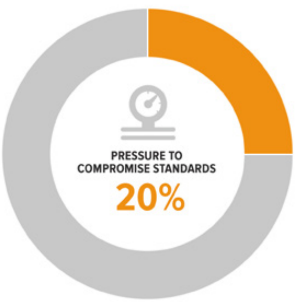
OBSERVED MISCONDUCT: MOST COMMON TYPES

CHINA

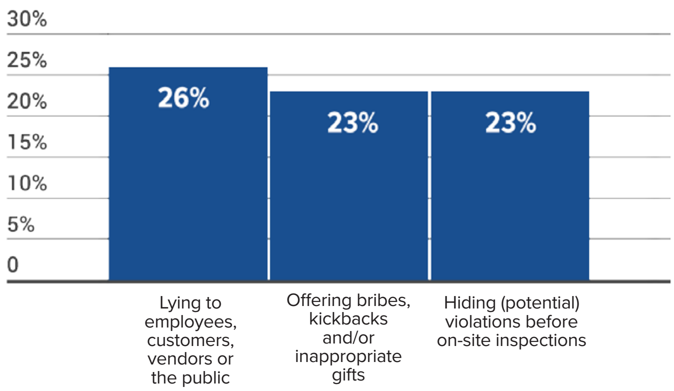
DATA SPOTLIGHT:

A median of 79 percent of GBES respondents in all sectors who experienced retaliation said it occurred within the first three weeks after making their report, and in 11 of 13 countries, 90 percent happened within the first six months. The timeline for retaliation for Chinese respondents was quite different. Only 55 percent of reporters indicated their retaliation occurred within the first three weeks. One in six (17 percent) said their retaliation occurred more than six months after making their report of misconduct.

KEY METRICS



OBSERVED MISCONDUCT: MOST COMMON TYPES

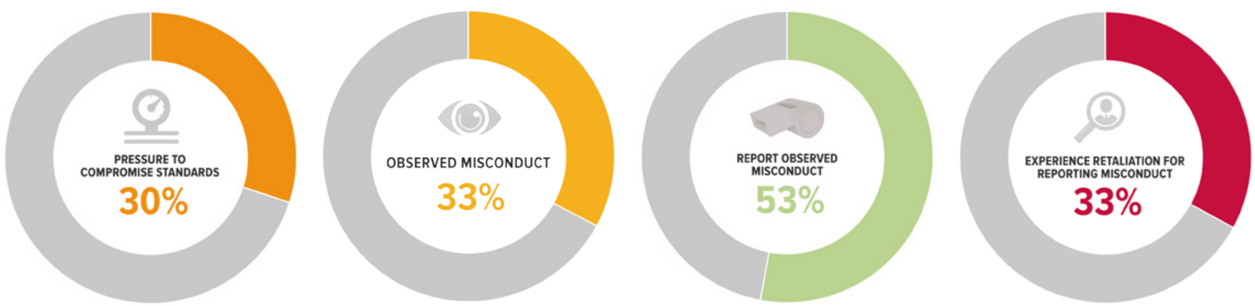


FRANCE

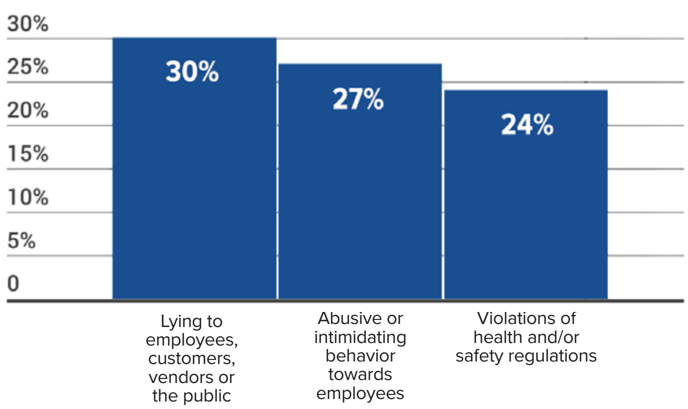
DATA SPOTLIGHT:

Respondents in France were least likely to indicate that they felt prepared to handle situations that could lead to violations. Thirty-five percent said they were prepared; the GBES median is 56 percent. There may be a connection between this low percentage feeling prepared and training on organization standards: just 36 percent said they were aware of ethics training in their organization (compared to the GBES median of 62 percent).

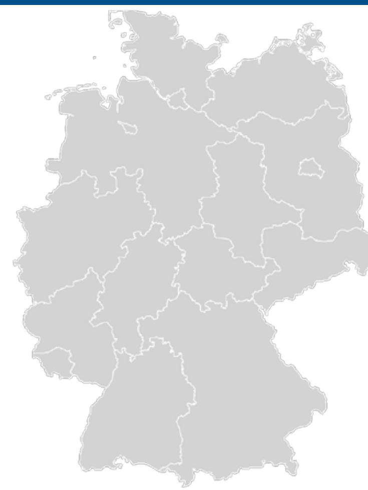
KEY METRICS



OBSERVED MISCONDUCT: MOST COMMON TYPES



8 Appendix:
Countries At A Glance

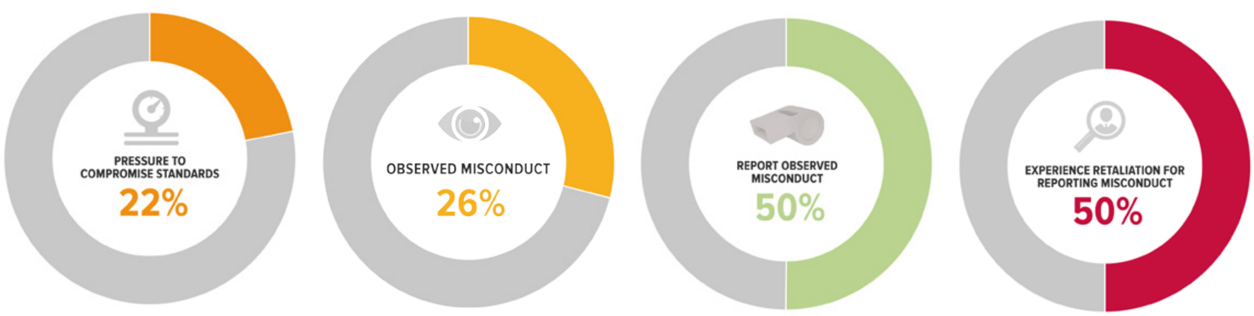


GERMANY

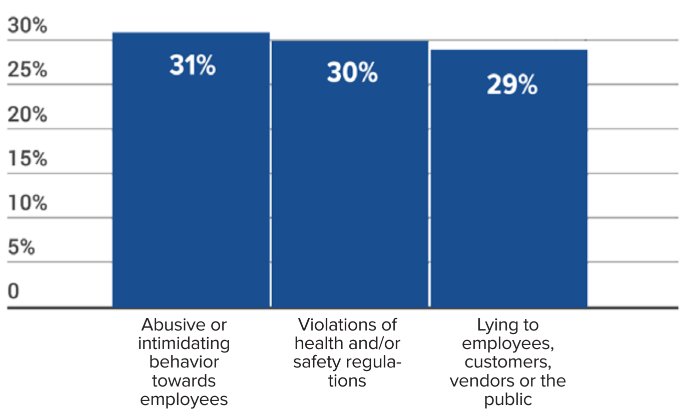
DATA SPOTLIGHT:

German respondents were least likely to be aware of four of the six ethics and compliance program elements[1] in the GBES survey: a formal program that includes written standards of workplace integrity (40 percent vs. median of 59 percent); orientation or training on workplace integrity standards (36 percent vs. median of 62 percent); evaluation of workplace integrity as part of regular performance appraisals (35 percent vs. median of 57 percent); and a formal process to discipline employees who violate the organization's code of conduct (35 percent vs. median of 62 percent).

KEY METRICS



OBSERVED MISCONDUCT: MOST COMMON TYPES



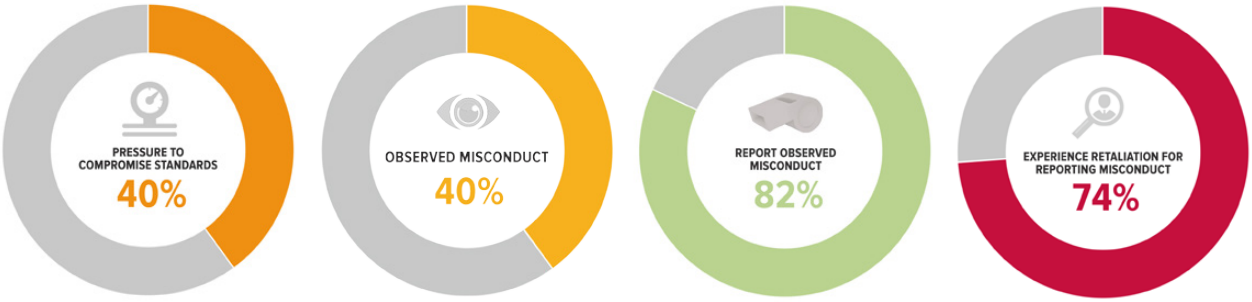
1. For more information on these elements, please refer to page 25.

INDIA

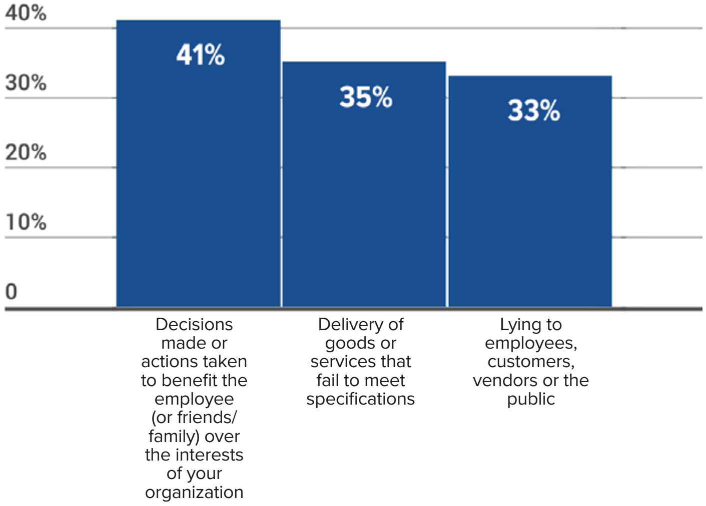
DATA SPOTLIGHT:

Indian respondents were most likely to have observed conflicts of interest (decisions made or actions taken to benefit the employee over the interests of their organization). They were also most likely to cite public officials as the perpetrators (8 percent, compared to the GBES median 4 percent).

KEY METRICS



OBSERVED MISCONDUCT: MOST COMMON TYPES

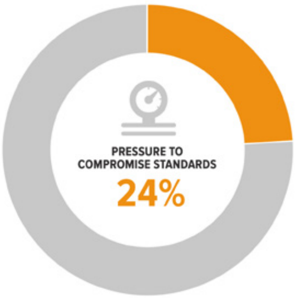


ITALY

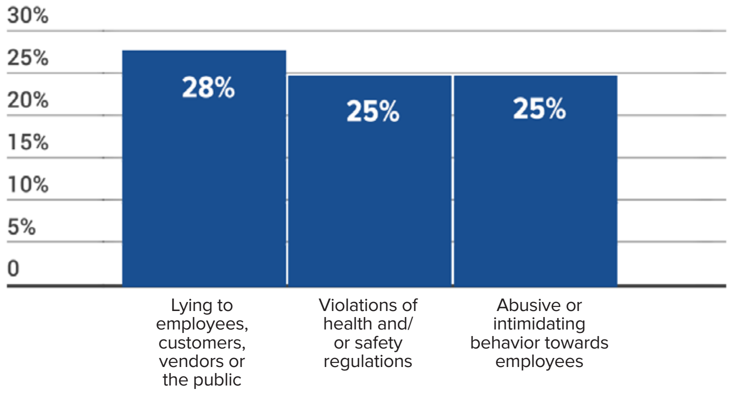
DATA SPOTLIGHT:

Thirteen percent of Italian respondents who witnessed the offering of a bribe indicated that the perpetrator was a public official. This is the highest percentage among GBES countries, and more than twice the median rate (5 percent).

KEY METRICS



OBSERVED MISCONDUCT: MOST COMMON TYPES

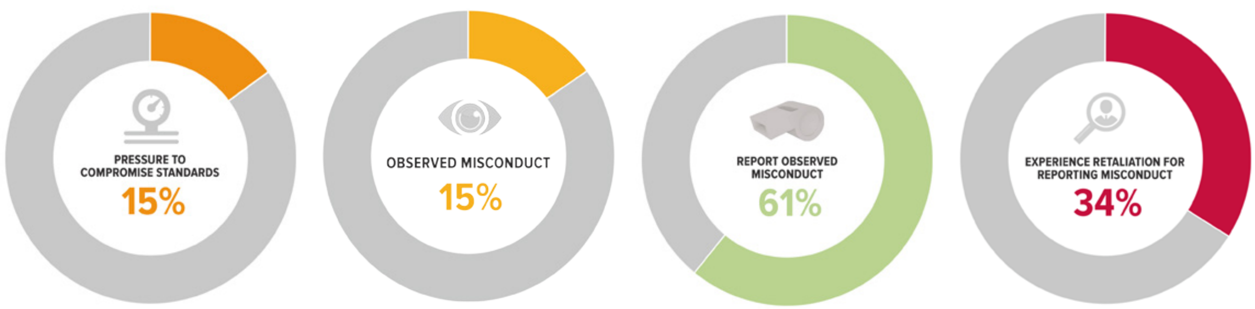


JAPAN

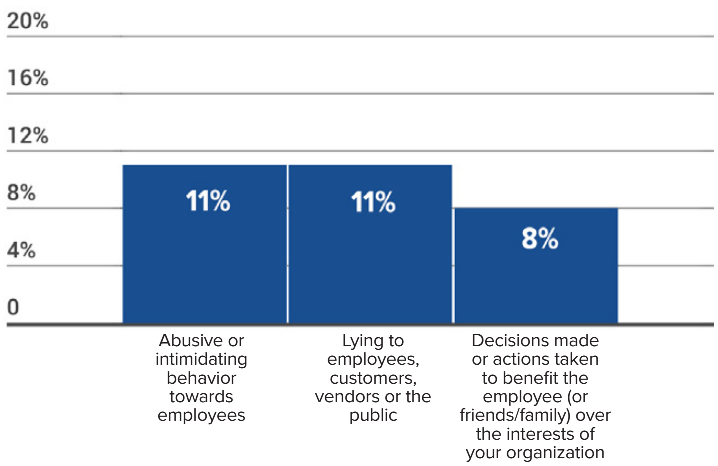
DATA SPOTLIGHT:

The perpetrators of bribery offers in Japan fit a somewhat different profile than in other countries. Japanese respondents were the least likely of all GBES countries to implicate a single person rather than say multiple individuals were involved or that it was an organization-wide issue. Thirty-seven percent who observed a bribery offer said a single person was the perpetrator. Additionally, they were less likely to identify the perpetrator(s) as top management (9 percent) than respondents from all other GBES countries.

KEY METRICS



OBSERVED MISCONDUCT: MOST COMMON TYPES

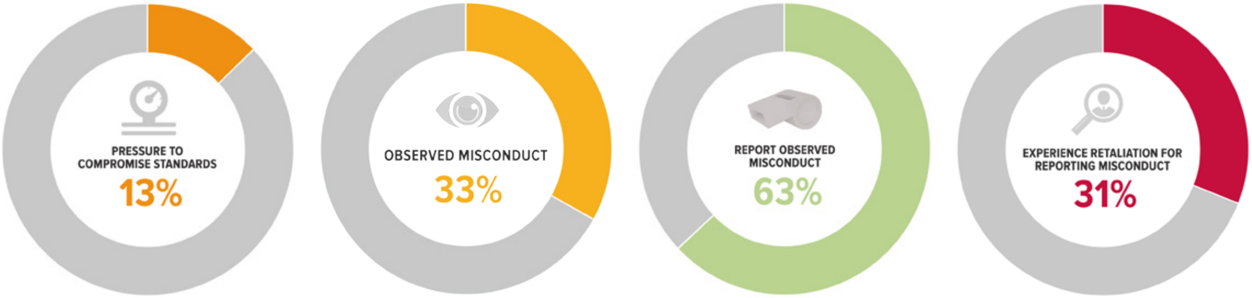


MEXICO

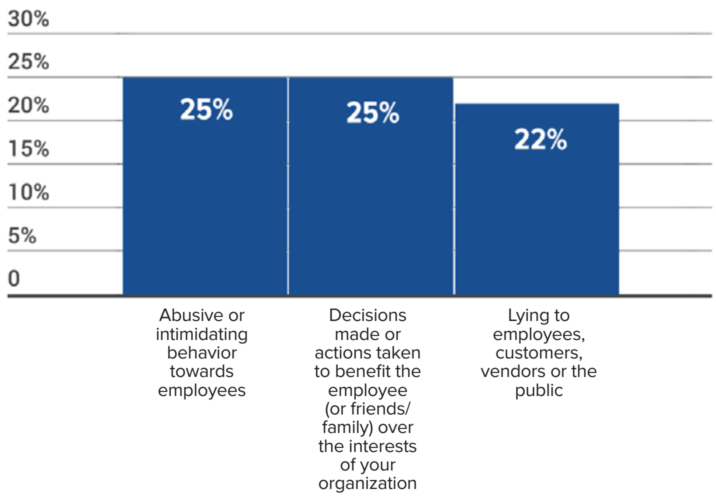
DATA SPOTLIGHT:

Respondents in Mexico who observed hiding potential violations were more likely to point to a public official as the perpetrator(s) (16 percent) than respondents in other countries. (The median percentage of a public official as perpetrator(s) was four percent.)

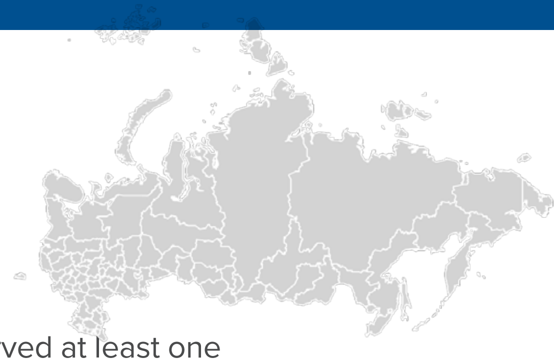
KEY METRICS



OBSERVED MISCONDUCT: MOST COMMON TYPES



RUSSIA

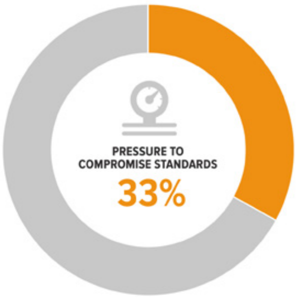


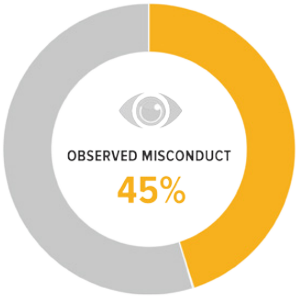
DATA SPOTLIGHT:

Fifty-two percent of Russian respondents indicated they observed at least one "regulatory-type" violation, greater than in any other country surveyed. Russian respondents were more likely than respondents in other countries to observe two of the three individual behaviors, as well:

- Violations of health and/or safety regulations: 45 percent (highest)
- Violations of environmental regulations: 23 percent (3rd highest)
- Hiding (potential) violations before on-site inspections: 36 percent (highest)

KEY METRICS





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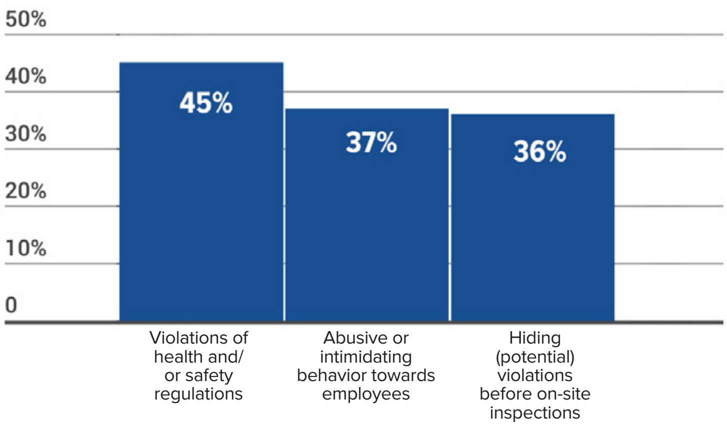
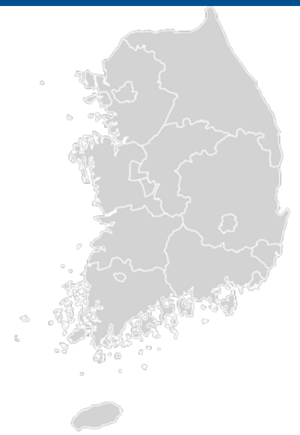


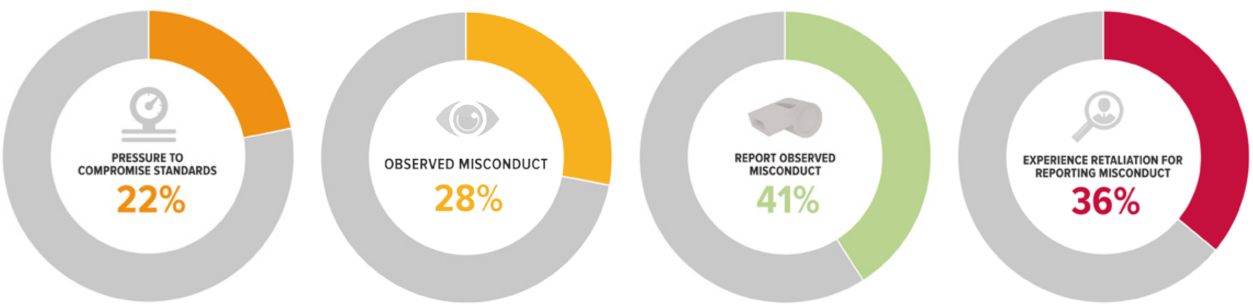


SOUTH KOREA

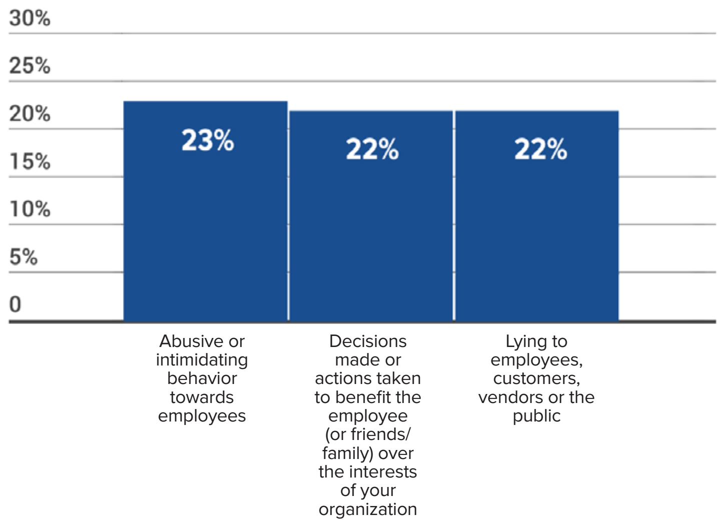
DATA SPOTLIGHT:

South Korean respondents who observed retaliation (against someone who has reported misconduct) were more likely to implicate multiple people compared to their counterparts in other countries (66 percent versus the GBES median of 43 percent). South Korean non-reporters were also more likely to cite fear of retaliation as a reason for not reporting (73 percent versus the GBES median of 59 percent).

KEY METRICS



OBSERVED MISCONDUCT: MOST COMMON TYPES

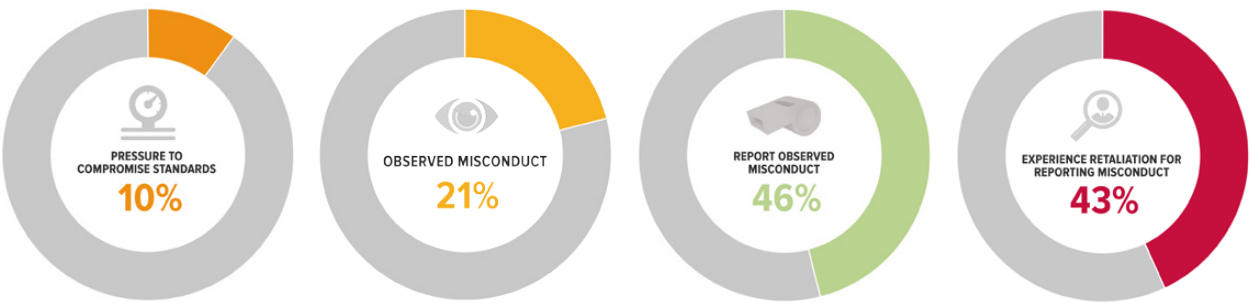


SPAIN

DATA SPOTLIGHT:

More than half (59 percent) of Spanish respondents who experienced retaliation after making a report of misconduct indicated that the retaliation took place within one week of making their report. This was highest among GBES countries (median 37 percent).

KEY METRICS



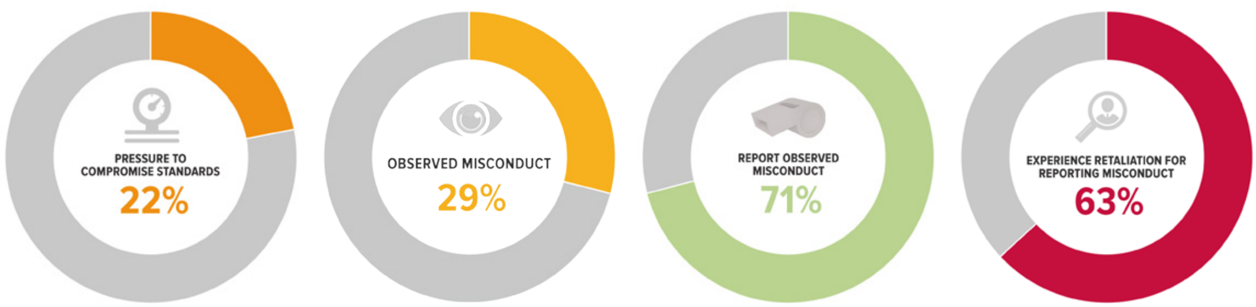
OBSERVED MISCONDUCT: MOST COMMON TYPES

UNITED KINGDOM

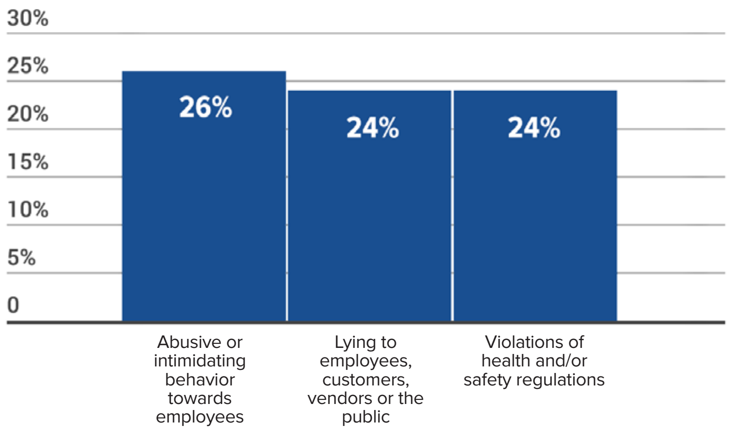
DATA SPOTLIGHT:

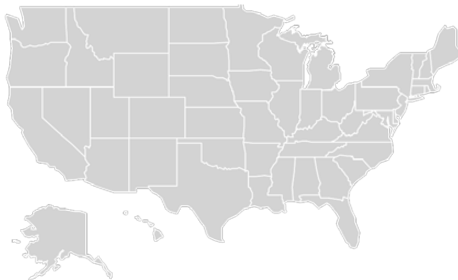
Respondents in the United Kingdom were more likely to identify top managers as the perpetrators in both offering and accepting bribes, kickbacks or inappropriate gifts. Forty-four percent of respondents who observed a bribery offer pointed to top managers, while 42 percent of those who witnessed accepting a bribe implicated top managers.

KEY METRICS



OBSERVED MISCONDUCT: MOST COMMON TYPES





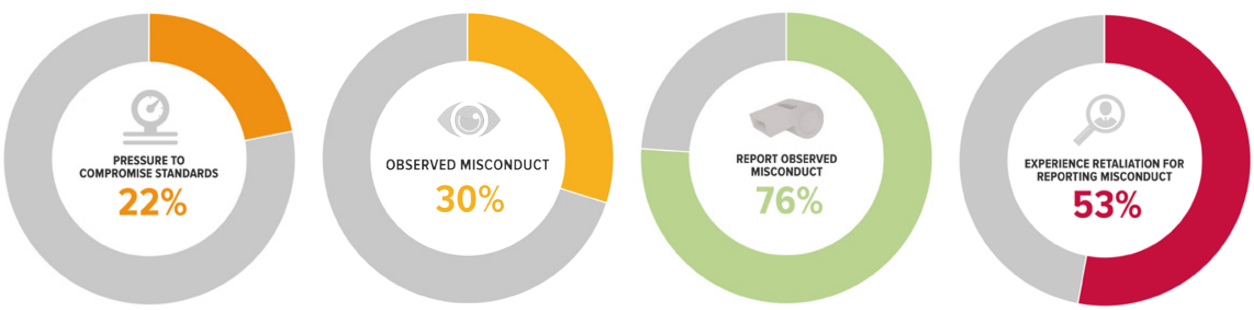
UNITED STATES

DATA SPOTLIGHT:

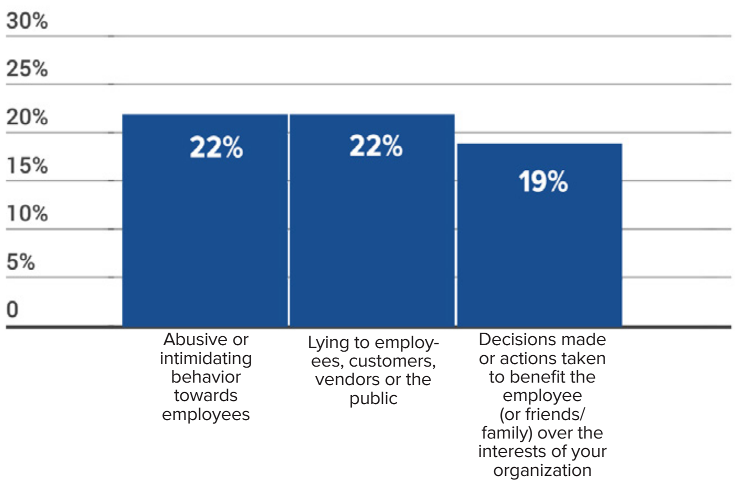
One sign that ethics and compliance programs have gained a significant foothold in the US is the unlikelihood of US respondents to cite a program-related reason for why they did not report observed misconduct. US respondents are least likely to cite as reasons for not reporting:

- they did not know whom to contact (26 percent, compared to GBES median 38 percent),
- there was no designated person or office at their organization for them to contact (32 percent, compared to GBES median 42 percent), and/or
- that anonymous reporting was not available to them (46 percent, compared to GBES median 64 percent).

KEY METRICS



OBSERVED MISCONDUCT: MOST COMMON TYPES



9 GBES Advisory Group

The 2016 GBES Advisory Group includes global thought leaders: ethics and compliance practitioners, academicians and researchers. ECI's 2016 GBES research team thanks the following individuals for their insight and collaborative support, which have been invaluable.

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The GBES team would also like to thank the following individuals for their valuable input into the development of the GBES questionnaire.

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The Global Business Ethics Survey 2016 is the result of a collaborative effort by the staff of ECI:

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ECI contracted with the following organizations to provide support for this project:

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