

Workplace Misconduct and Reporting: A Global Look

2019 GLOBAL BUSINESS ETHICS SURVEY



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The Ethics & Compliance Initiative (ECI) is a best practice community of organizations that is committed to creating and sustaining high-quality ethics & compliance programs. With a history dating back to 1922, ECI brings together ethics and compliance professionals and academics from all over the world to share techniques, research and, most of all, exciting new ideas.

ECI

2650 Park Tower Dr., Suite 802
Vienna VA 22180
Telephone: 703.647.2185
FAX: 703.647.2180
www.ethics.org | research@ethics.org

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About this Report

Each year ECI conducts the Global Business Ethics Survey® (GBES®) to better understand the state of ethics in the workplace from the perspective of employees. In the 2019 GBES, ECI built upon its existing research by further exploring select areas of workplace misconduct observed by employees. The 2019 GBES asked about six types of misconduct:

- 1) **Abusive behavior** – *behavior that is abusive, intimidating or creates a hostile work environment*
- 2) **Conflicts of interest** – *decisions or actions to benefit the employee/friends/family over the interests of one's organization*
- 3) **Corruption** – *the abuse of entrusted power for private gain*
- 4) **Discrimination** – *actions against employees based on race, sex, age, religion, sexual orientation, or similar categories*
- 5) **Sexual harassment** – *unwelcome sexual advances, requests for sexual favors, other verbal or physical harassment of a sexual nature and/or offensive remarks about a person's sex*
- 6) **Violations of health and/or safety regulations**

The rates of observed misconduct for each of these misconduct areas are discussed. In addition, the report examines whether the observed misconduct was reported and if so, to whom it was reported and if the employee who reported the behavior experienced retaliation.

The 2019 GBES findings included in this report are based on employee responses from 18 countries. Global percentages consist of the median from all 18 countries. The results are provided by five global regions, composed of the following countries:

Africa & Middle East: South Africa, United Arab Emirates

Asia Pacific: China, India, Indonesia, Japan, South Korea

Europe: France, Germany, Italy, Russia, Spain, Turkey, United Kingdom

North America: United States, Mexico

South America: Argentina, Brazil

Note: Unless otherwise specified, the regional percentages in this report consist of the average of all employee responses within each region. Global percentages consist of the median from all 18 countries. See the Methodology and About GBES sections for more information.



Rates of Observed Misconduct

The reporting of observed misconduct and the rates at which retaliation occur are among the most fundamental indicators of the state of integrity in the workplace and the overall health of an organization's culture. Organizations with strong ethics cultures empower their employees to report misconduct and make it clear that retaliation against reporters is never tolerated.

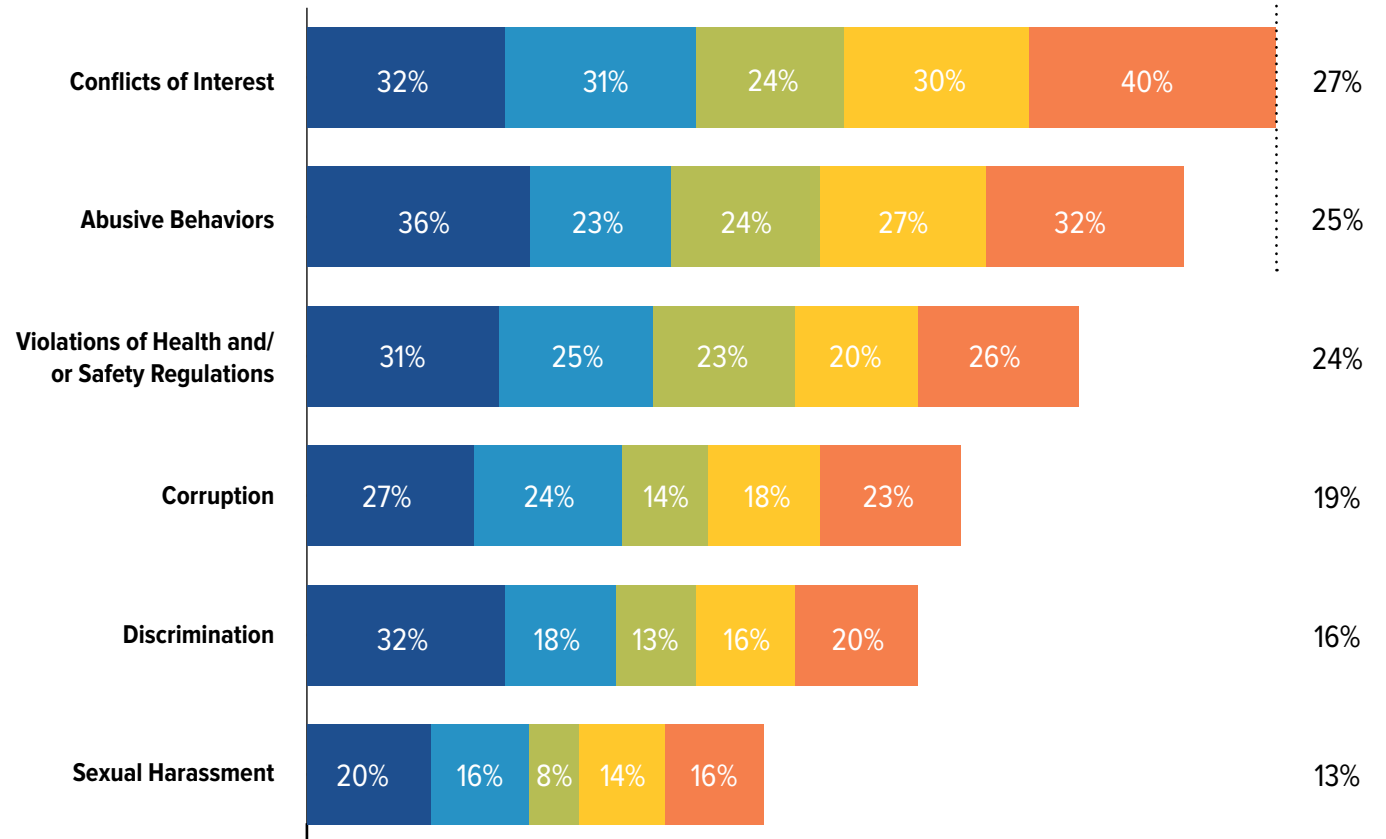
In order to assess the state of ethics cultures around the world, the 2019 GBES examined six specific types of misconduct. Among these six types of misconduct, globally employees were most likely to indicate that they observed conflicts of interest (27%) and abusive behavior (25%). In contrast, employees in Africa and the Middle East and Europe observed the reverse among the top two with abusive behavior most frequently observed and conflicts of interest second. Globally, employees were least likely to observe sexual harassment (13%).

Overall, the data show that since 2017 there has not been a meaningful change in the rates at which employees observe the most common types of misconduct. In 2017, based on surveying employees in the same 18 countries, 26% of employees observed conflicts of interest and 26% of employees observed abusive behavior.

Employees Who Observed Misconduct

Globally, of all employees who observed misconduct, the most common types were: **Conflicts of interest 27%** and **Abusive behavior at 25%**.

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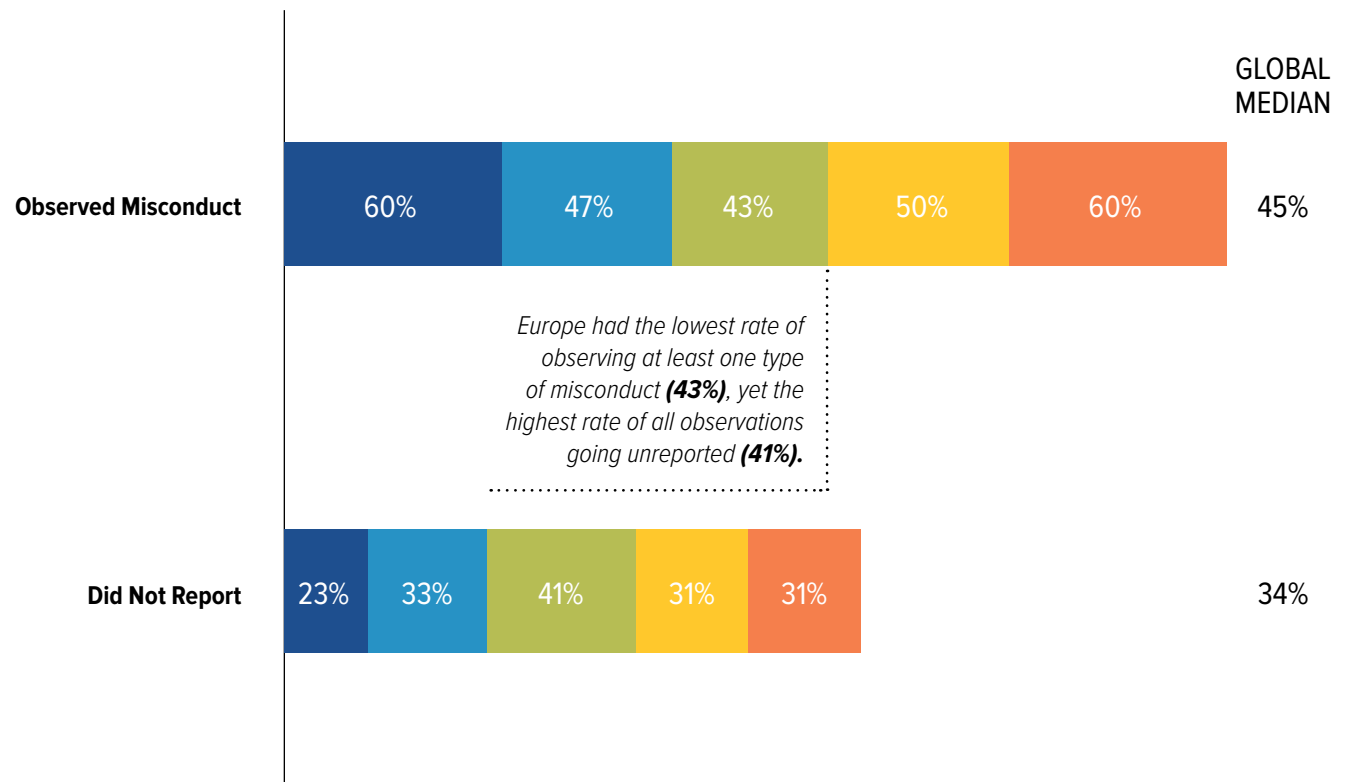
■ Africa & Middle East ■ Asia Pacific ■ Europe ■ North America ■ South America

Observed Misconduct and Reporting

The rate of misconduct combined with the rate of reporting helps identify the level of ethics and compliance risk. The most severe risk is when misconduct is observed and not reported. **The reporting of misconduct is critical as it allows organizations to react to incidents of misconduct that have occurred and to put measures in place to mitigate further wrongdoing.**

When looking across all types of misconduct, globally nearly one-half (45%) of employees observed at least one type of misconduct and slightly more than one-third (34%) did not report any of the incidents they observed. Employees in Europe were least likely to observe at least one type of misconduct, but were also most likely to not report any of the incidents they observed. Employees in Africa and the Middle East and South America had the highest rate of observed misconduct (60%), yet 23% and 31%, respectively, of employees in each region did not report any misconduct they observed.

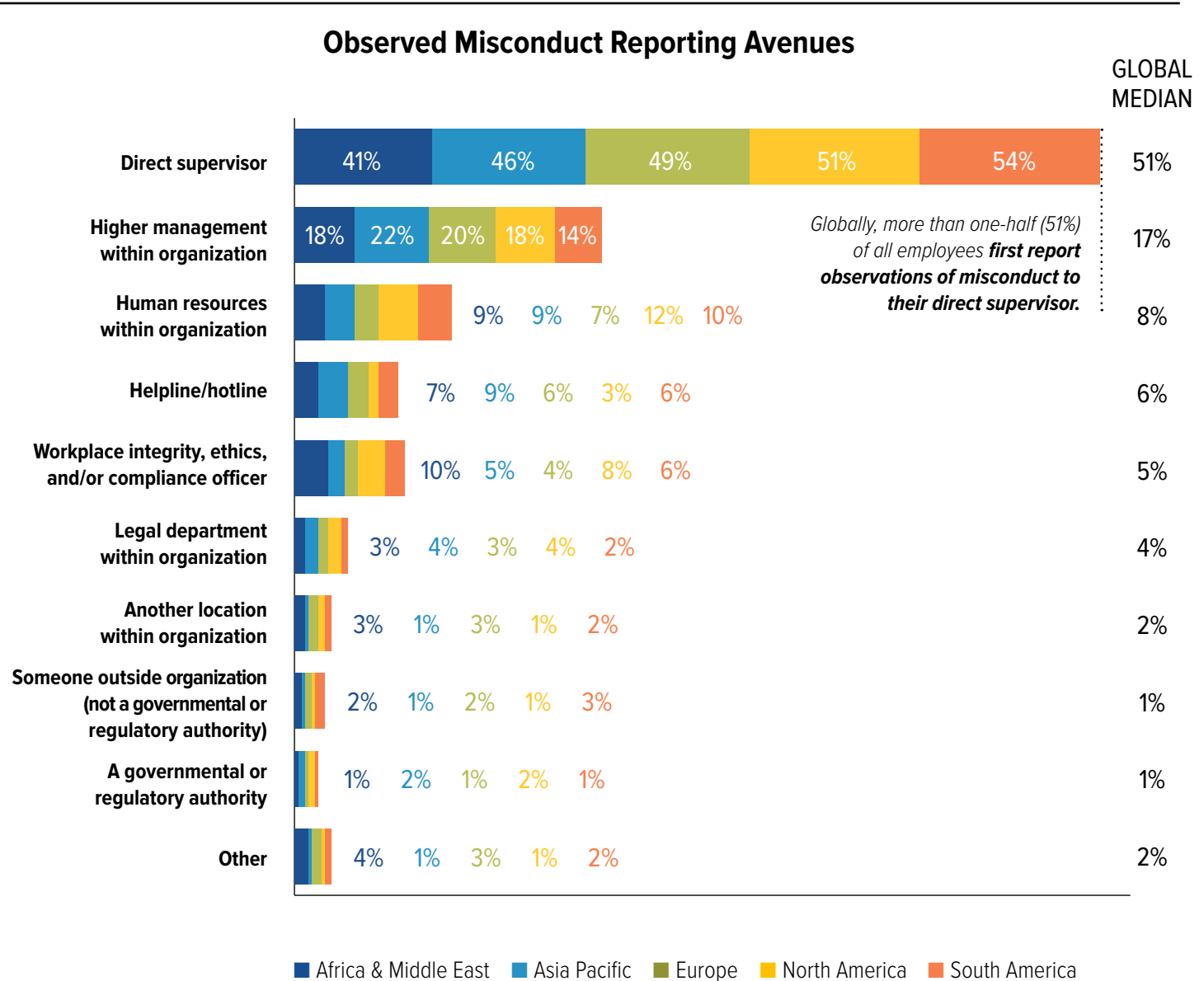
Employees Who Observed Misconduct, but Did Not Report



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Where Do Employees Report Misconduct?

Global results showed that across the six types of observed misconduct examined, the most common reporting location was an employees' direct supervisor (51%). This was followed by higher management (17%) and human resources (8%). These findings are consistent with ECI's prior research on reporting locations. While direct supervisors, higher management and human resources receive the bulk of the reports, employees do report to other locations such as ethics officers and helplines or hotlines. **These findings reinforce the need for organizations to train supervisors on how to respond to reports of misconduct from their direct reports.**



Misconduct and Retaliation

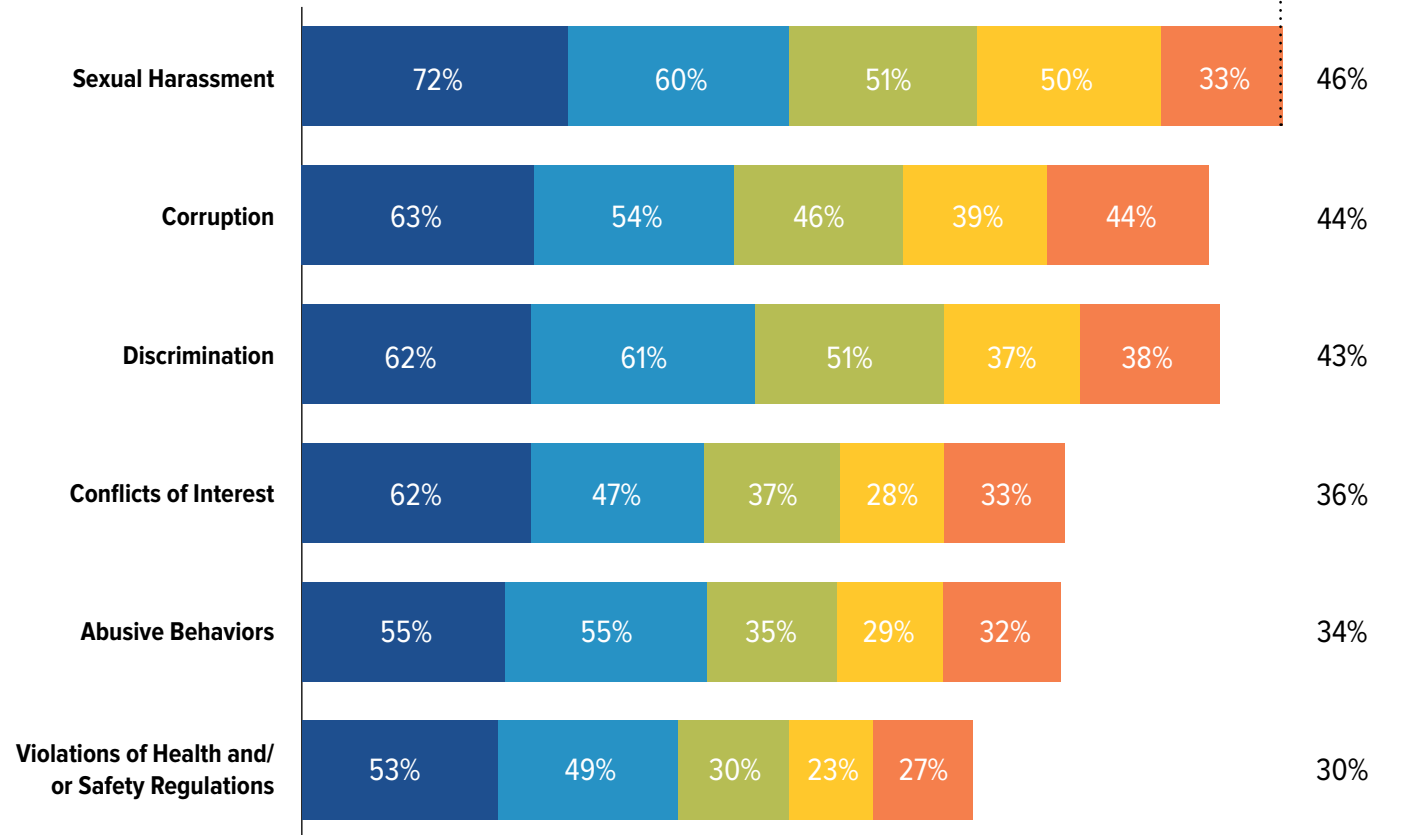
Retaliation comes in many forms, ranging from a decrease in work hours, providing unfavorable work assignment(s), and coworker avoidance. **Whether perception or reality, it is pertinent that an organization investigate all employee reports of retaliation.**

According to the 2019 GBES, globally, employees reporting sexual harassment are most likely to experience retaliation (46% of those who reported this type of misconduct experienced retaliation). Whereas those reporting violations of health and/or safety regulations are least likely to experience retaliation (30% of those who reported this type of misconduct experienced retaliation).

Employees from Africa and the Middle East generally reported the highest rate of retaliation overall—especially pronounced was that 72% of employees who reported sexual harassment experienced retaliation. Whereas, the lowest retaliation rate was experienced by employees in North America who reported violations of health and/or safety regulations (23%).

Employees Who Experienced Retaliation After Reporting Misconduct

Globally, almost one-half (46%) of employees who **reported sexual harassment experience retaliation.** GLOBAL MEDIAN



■ Africa & Middle East ■ Asia Pacific ■ Europe ■ North America ■ South America

Conclusion

According to the 2019 GBES, the most common type of observed misconduct is conflicts of interest (i.e., decisions or actions to benefit the employee/friends/family over the interests of your organization). Communication with both employees and managers on what constitutes conflicts of interest can help decrease this behavior. Abusive behavior (i.e., behavior that is abusive, intimidating or creates a hostile work environment) is the second most common type of observed misconduct. Awareness training for employees at all levels on how to communicate along with effective conflict resolution strategies can be beneficial in de-escalating difficult workplace situations.

It is important that as misconduct is observed, it is reported so that appropriate steps can be taken to mitigate the recurrence of misconduct in the future. Yet according to employees surveyed in the 2019 GBES, over one-third (34%) do not report any of the misconduct they observe. To help increase reporting of misconduct by employees, organizations can strategically use their resources to achieve the most significant impact. For example, ECI's global research demonstrates that employees will most often report misconduct to their direct supervisors first (51% of employees reported to their direct supervisor). With this in mind, organizations can make it a priority to allocate sufficient resources towards training supervisors on how to effectively respond when their direct reports come to them to discuss suspected misconduct.

It is important to be aware that with the increase of reporting, there is the potential that there could be an increase in retaliatory behaviors against reporters. Employees who report sexual harassment (i.e., unwelcome sexual advances, requests for sexual favors, other verbal or physical harassment of a sexual nature and/or offensive remarks about a person's sex) are most likely to experience retaliation (globally, 46% of those who reported this type of misconduct experienced retaliation). In order to help encourage reporting and increase trust in the reporting procedure, E&C teams can monitor reporters over time to help decrease the chances of retaliatory behaviors.

Based on the results of this survey, ECI recommends that organizations focus on the following areas to encourage the reporting of misconduct:



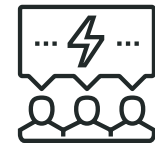
Train direct supervisors to receive reports of misconduct.



Educate employees about the steps in the reporting process and the different places to which they can report misconduct.



Provide a way for employees to report misconduct confidentially and/or anonymously.



Provide employees with informational materials and anonymized, real-world examples of successful responses to reports that address common concerns, such as retaliation.

Methodology

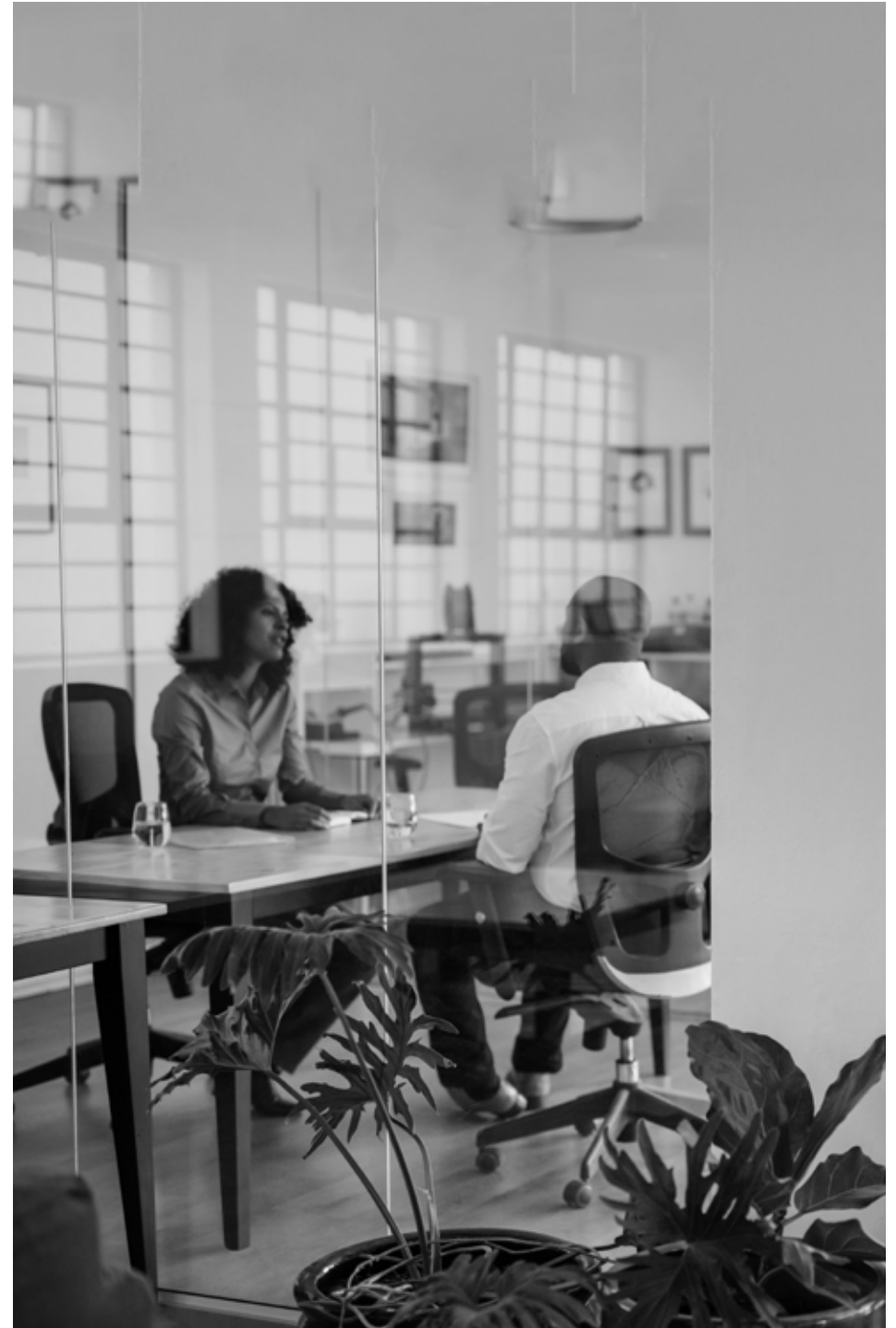
In May 2019, ECI continued its study of the global workforce and collected data from over 18,000 employees around the world. ECI established the survey questions and sampling methodology. A third-party vendor (Precision Sample) executed the global data collection.

Demographic Profile of Respondents²

Organization Size (Number of employees)		Region	
2 to 5	6%	Africa & Middle East	10%
6 to under 25	13%	Asia Pacific	29%
25 to under 50	10%	Europe	39%
50 to under 100	12%	North America	11%
100 to under 500	20%	South America	11%
500 to under 1,000	12%		
1,000 to under 2,500	8%		
2,500 to under 5,000	7%		
5,000 to under 10,000	4%		
10,000 to under 20,000	2%		
20,000 to under 50,000	2%		
50,000 to under 90,000 or	2%		
90,000 or more	3%		

Percentages may not sum to 100% due to rounding.

² *The demographic profile is based on respondents from all 18 countries.*



Our Funders

We are grateful to the following companies whose generosity made this report possible. Corporations and foundations invest in ECI's work and value the impact of our research in which we analyze current and emerging issues, establish benchmarks, generate new approaches to industry challenges, and guide organizations' ethics and compliance efforts.

If you would like to join these distinguished companies to demonstrate to stakeholders, the enforcement community, and the public-at-large your company's commitment to integrity through support of our work, contact ECI at 571-480-4416 or holli@ethics.org.



About GBES

Since 1994, ECI has conducted a longitudinal, cross-sectional study of workplace conduct from the employee’s perspective. Survey participants are asked to provide insight on the strength of the ethics culture in their workplace, the instances of misconduct that they have observed, and what—if any—efforts are underway in their organization to promote integrity. The data from the Global Business Ethics Survey (GBES) provide the international benchmark on the state of ethics & compliance in business. The 2019 GBES, the 12th implementation of the GBES, surveyed over 18,000 employees in 18 countries.

For more information about the study and to access previous reports, please visit our website at www.ethics.org/GBES.



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