ECI's Global Business Ethics Survey®

The State of Ethics & Compliance in the Workplace

LATIN AMERICA

THE GLOBAL BUSINESS ETHICS SURVEY

Since 1994, the Ethics & Compliance Initiative (ECI) has conducted the most reliable longitudinal, cross-sectional study of workplace conduct from the employee's perspective.

Referenced from boardrooms to classrooms, this rigorous study has been a benchmark for many ethics & compliance (E&C) professionals. Over the years, leading academics, survey researchers and experts on culture and business ethics have worked to ensure validity regarding the survey questions, methodology and results.

Now in its 17th iteration, ECI's Global Business Ethics Survey® (GBES®) data provide the global benchmark on the state of ethics & compliance in business around the world. Employees in 42 countries across all regions of the world were surveyed, making this version of the study ECI's largest undertaking in its history.

Survey participants are asked to provide insight on a variety of topics, including 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.

This report is focused on data from employees in 16 countries in the Caribbean, Central and South America, and Mexico (referenced in the report as Latin America). The Latin America median is compared with the global median of all countries surveyed throughout the report.

Visit ECI's 2023 Global Business Ethics Survey webpage to access results from all 42 countries. Breakouts by regions of the world, demographic information and aggregated responses to approximately 40 GBES questions are available in ECI's new interactive, searchable, GBES Database accessible to ECI members at the Fellow and Senior Fellow levels. A GBES Dashboard with access to key metrics by global region is available to the public.

What's the Big Picture?

Organizations in Latin America face a high risk of misconduct and loss of trust.

Over the past 30 years of GBES research, ECI has identified and proven that certain "outcome" metrics are indicative of the well-being of workplaces, from an ethics & compliance perspective. The following are the critical measures of "the state of ethics & compliance in the workplace":

- **Pressure** in the workplace to compromise ethical standards;
- **Observations of misconduct** by employees as they go about their day-to-day work;
- The **reporting of misconduct** when observed;
- Any **retaliation** perceived by employees after they report misconduct; and
- **Strength of workplace culture** from an ethics & compliance perspective.

The findings from Latin America, similar to global data across all 42 countries, reveal there is reason for concern. There are also trouble spots particular to Latin America. The following sections of this report provide more detail.

KEY FINDING 1

Globally, an exceptionally high percentage of employees face pressure to compromise workplace standards or the law. In Latin America, the percentage of employees facing pressure is even higher.
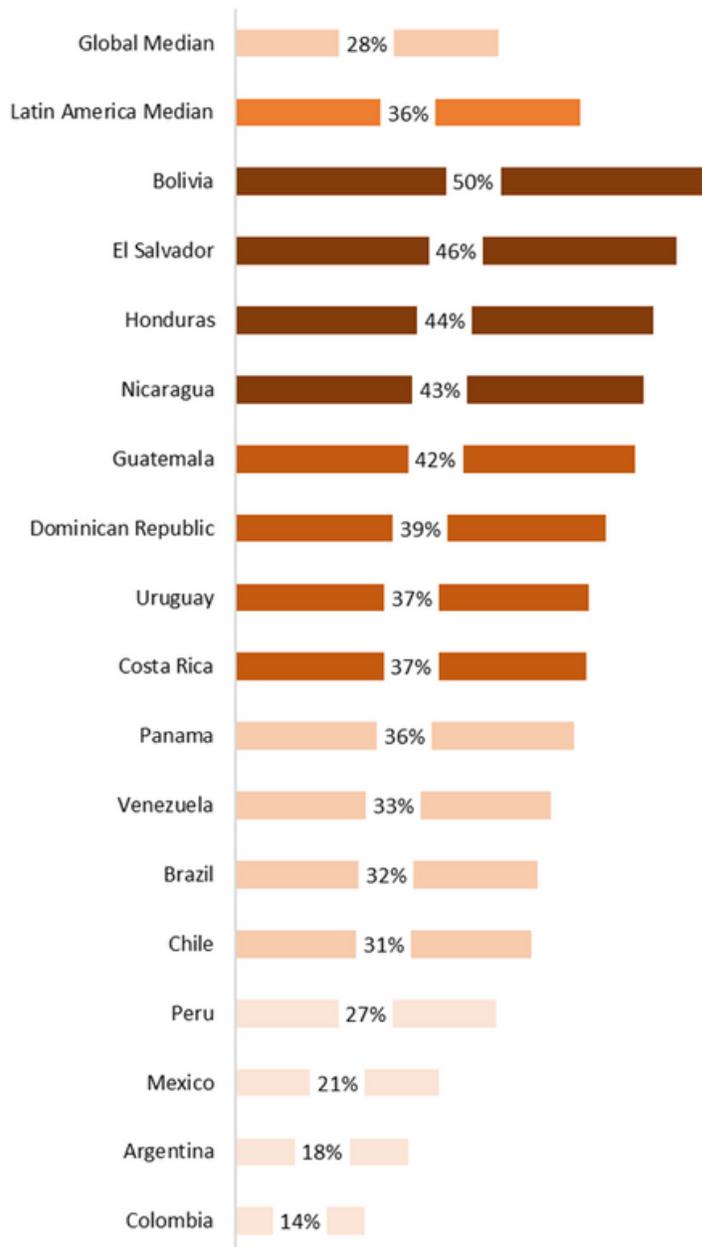
At 36%, pressure in Latin America is almost one-third higher than the current global median of 28%. The results are cause for concern, as pressure to compromise workplace ethics & compliance standards is frequently a warning sign for both present and future misconduct. Eighty percent (80%) of employees in Latin America who reported feeling pressure to compromise workplace standards also observed misconduct.

80% of employees in Latin America who reported feeling pressure to compromise workplace standards **also observed misconduct.**

Pressure to Compromise Standards
Latin America

Country	Percentage
Global Median	28%
Latin America Median	36%
Bolivia	50%
El Salvador	46%
Honduras	44%
Nicaragua	43%
Guatemala	42%
Dominican Republic	39%
Uruguay	37%
Costa Rica	37%
Panama	36%
Venezuela	33%
Brazil	32%
Chile	31%
Peru	27%
Mexico	21%
Argentina	18%
Colombia	14%

Observed Misconduct Higher Among Employees Who Feel Pressure to Compromise Standards
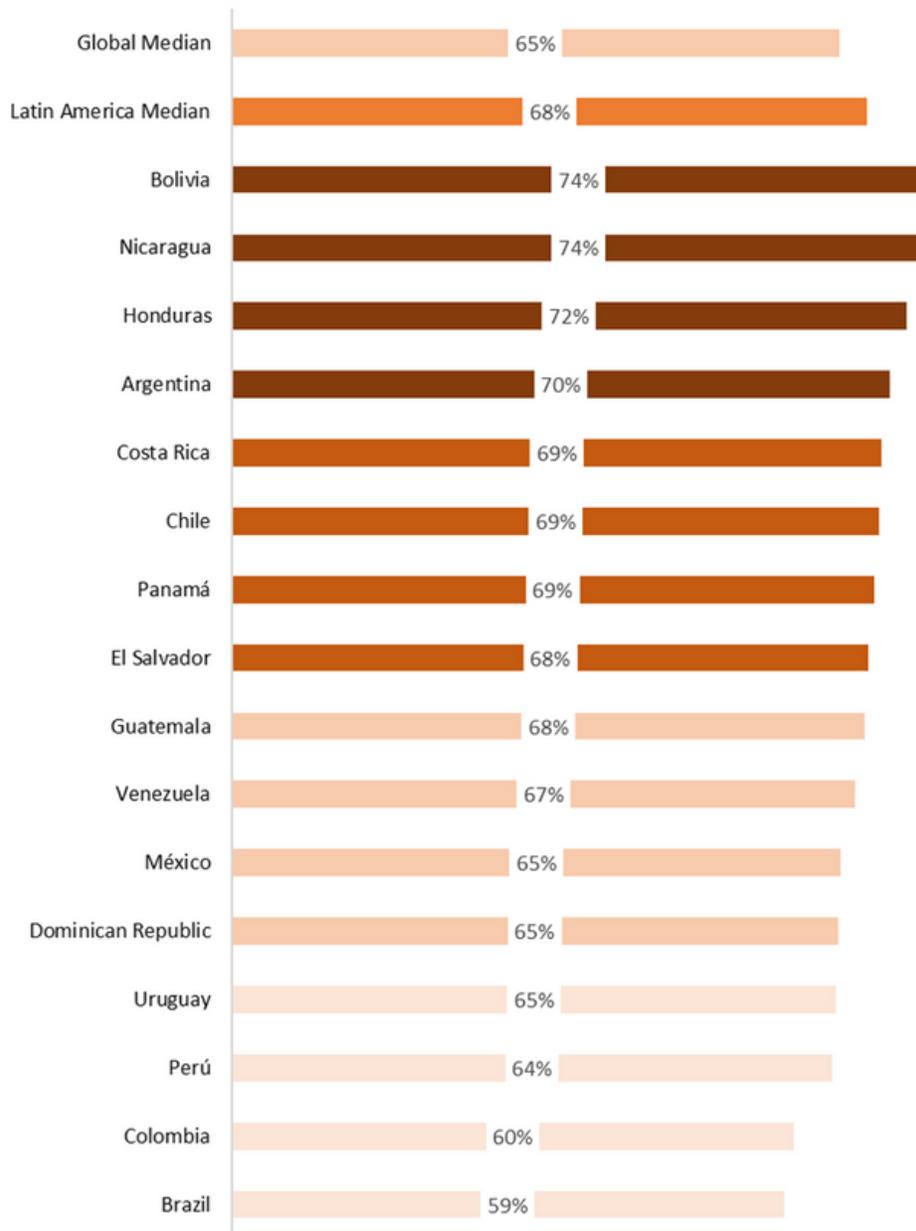### Latin America Medians
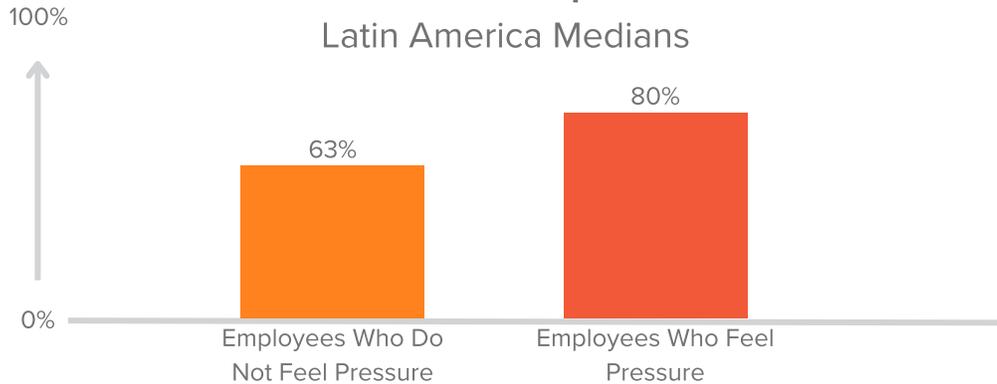
KEY FINDING 2

Workplace misconduct is at an all-time high globally and even higher in Latin America.

In Latin America, 68% of employees said that within the last 12 months, they observed at least one act that they deemed to be a violation of their organization's standards or the law.[1] This is slightly above the global median of 65%. Previously, the highest level of misconduct measured through GBES was a global median of 60%. ECI has been tracking misconduct levels via this index in the U.S. since 2000 and has observed the same pattern of high and rising misconduct. The rise in the level of misconduct is of great concern.

> **13%** **of employees in Latin America** observed an act of corruption involving a public official, which could indicate a bribe, kickback or inappropriate gift to a government official, compared with 12% of employees globally.

Observed Misconduct
Latin America

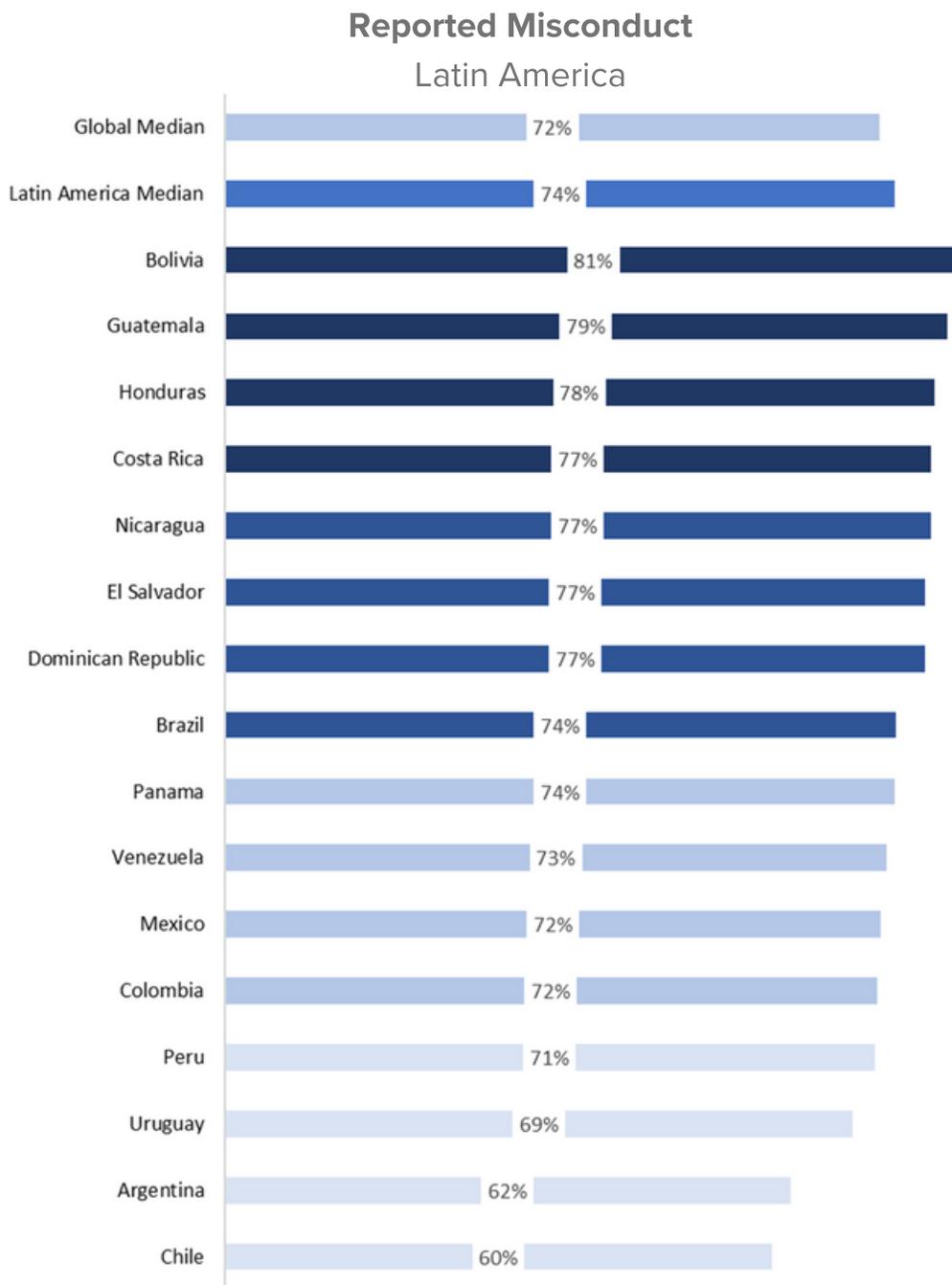|	
Global Median	65%
Latin America Median	68%
Bolivia	74%
Nicaragua	74%
Honduras	72%
Argentina	70%
Costa Rica	69%
Chile	69%
Panamá	69%
El Salvador	68%
Guatemala	68%
Venezuela	67%
México	65%
Dominican Republic	65%
Uruguay	65%
Perú	64%
Colombia	60%
Brazil	59%

[1] Observed misconduct is based on 26 possible specific types of misconduct a respondent might have
observed in the past 12 months. The 26 specific types of misconduct are grouped together for this analysis.

KEY FINDING 3

Globally, reporting of observed misconduct is at a record high. Reporting in Latin America is also high.

The most promising result in the 2023 GBES is that, globally, 72% of employees who observed misconduct reported their observation, an increase of four percentage points since the last survey was fielded.[2] The median in Latin America for reporting of misconduct is 74%. Ideally, this rise in the reporting rate will continue.

Reported Misconduct

Latin America

|	
Global Median	72%
Latin America Median	74%
Bolivia	81%
Guatemala	79%
Honduras	78%
Costa Rica	77%
Nicaragua	77%
El Salvador	77%
Dominican Republic	77%
Brazil	74%
Panama	74%
Venezuela	73%
Mexico	72%
Colombia	72%
Peru	71%
Uruguay	69%
Argentina	62%
Chile	60%

[2] Reported misconduct is based on the reporting of 26 possible specific types of misconduct, which are grouped together for this analysis.
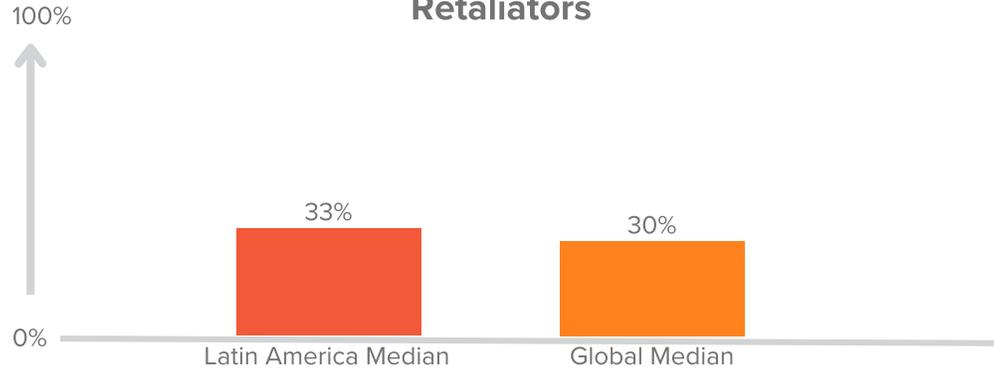
Misconduct is impossible for any organization to avoid completely, so the establishment of an environment where employees are willing to come forward to report wrongdoing is essential to every organization. Business leaders dread the possibility of misconduct that they do not know about, as such wrongdoing often perpetuates and worsens.

Although employees in Latin America report misconduct at a similar level as employees globally, they are more likely to feel that their immediate work environment is not supportive of speaking up. They are more likely to fear that their coworkers would retaliate against reporters, and to believe that their supervisor does not say or do anything if someone retaliates against a reporter.

Coworkers Would Retaliate Against Reporters

100%

38% — Latin America Median

33% — Global Median

0%

Latin America Median   Global Median
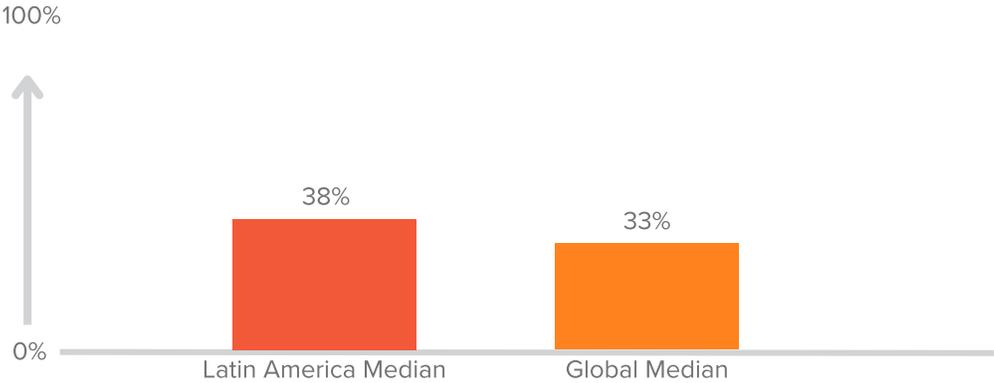
Supervisor Does Not Say or Do Anything Against Retaliators

100%

33% — Latin America Median

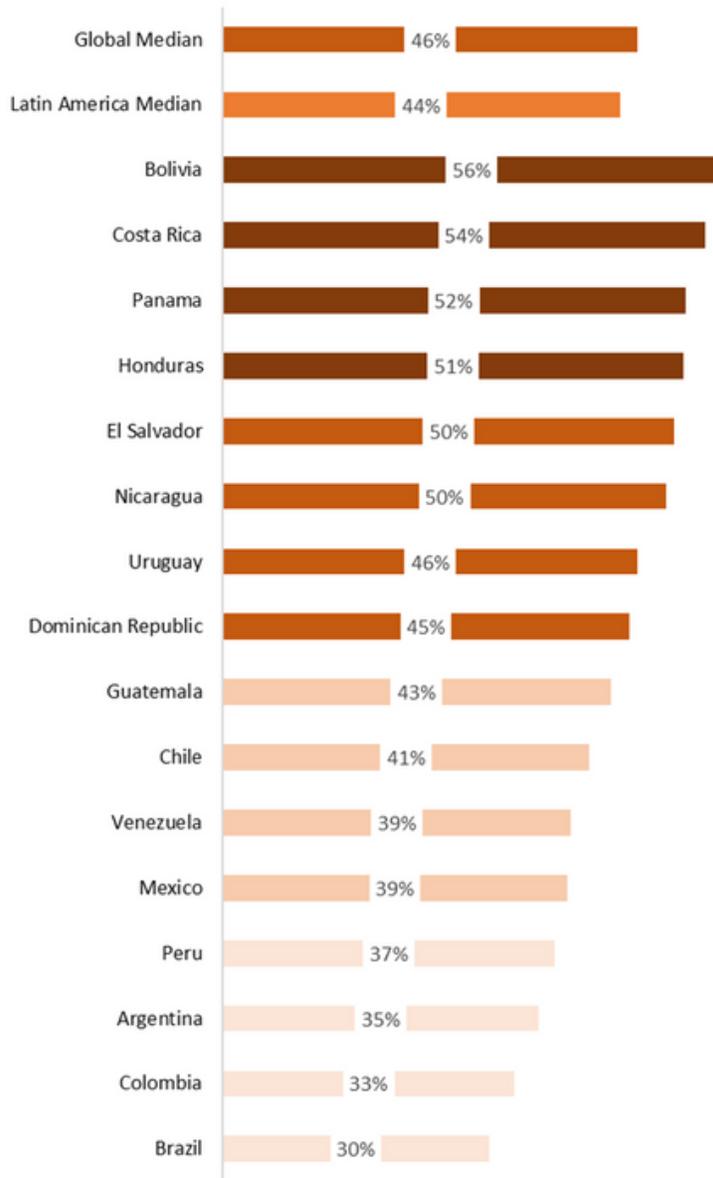30% — Global Median

0%

Latin America Median   Global Median

KEY FINDING 4

Globally and in Latin America, retaliation against employees who report misconduct occurs at comparable and unacceptable rates.

Almost half of employees globally (46%) indicated that they experienced retaliation for reporting observed misconduct which is unchanged from the last GBES.[3] In Latin America, 44% of employees experienced retaliation. This is not good news.

Experienced Retaliation After Reporting Observed Misconduct
Latin America

Global Median	46%
Latin America Median	44%
Bolivia	56%
Costa Rica	54%
Panama	52%
Honduras	51%
El Salvador	50%
Nicaragua	50%
Uruguay	46%
Dominican Republic	45%
Guatemala	43%
Chile	41%
Venezuela	39%
Mexico	39%
Peru	37%
Argentina	35%
Colombia	33%
Brazil	30%

[3] Retaliation is based on employees' perceived experience from 26 possible specific types of misconduct that might have been observed and reported, which are grouped together for this analysis. Data shown in the graphic are based on a combined category of retaliation experienced after some or every report of misconduct.

Historically, GBES results have revealed that when reporting levels rise, retaliation also goes up. This pattern held true for the majority of Latin American countries – higher levels of retaliation were found in countries with higher levels of reporting.

In Latin America, 44% of employees experienced retaliation.
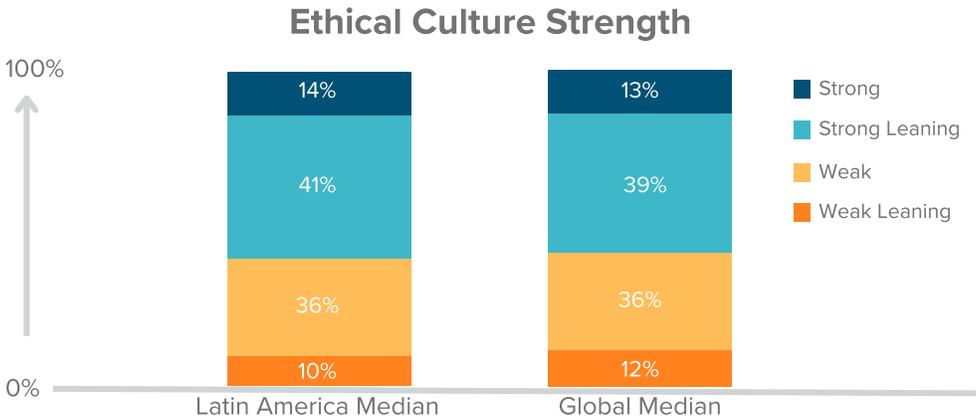
Retaliation, as perceived by employees when they report wrongdoing, is one of the most intractable obstacles to achieving higher reporting levels and reducing risk for an organization.

KEY FINDING 5
Few employees say they work in a strong ethical culture, globally and in Latin America.

An alarming 87% of employees globally, and 86% in Latin America, indicated that their workplace does not have a strong ethical culture.[4] This means that some or all of the following are absent:

- Ethical conduct at all levels;
- Employee trust that leaders and supervisors will keep their commitments;
- Provision of information to keep employees informed; and
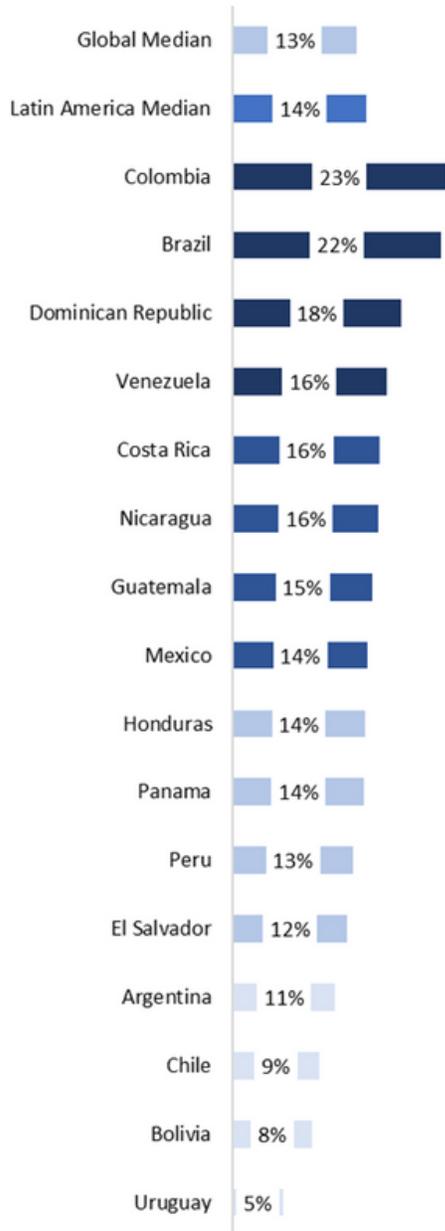- Accountability when wrongdoing occurs.

In Latin America, 41% of employees said that they work in a strong-leaning ethical culture, compared with 39% globally; however, given the significant influence of culture on employee conduct, a strong-leaning culture is insufficient. If employees at all levels do not act ethically in an organization, and accountability for wrongdoing is not enforced, it is only a matter of time until there is widespread discontent, as well as heavy liabilities.

Ethical Culture Strength

	Latin America Median	Global Median
Strong	14%	13%
Strong Leaning	41%	39%
Weak	36%	36%
Weak Leaning	10%	12%

[4] The ECI Culture Strength Index determines ethical culture strength by combining survey items asking employees their view on the ethical behaviors and actions of top management, their supervisors and coworkers. Survey items that make up the index include the following: (1) accountability of top management and non-management employees; (2) satisfaction with information from top management about what is going on in the organization; (3) trust that top management and supervisors will keep their promises and commitments; and (4) top management, supervisors and coworkers set a good example of ethical workplace behavior. Strong ethical cultures are those where employees strongly agree that all these ethical behaviors are present. Ethical culture strength is based on the following scale: weak culture, weak leaning culture, strong leaning culture and strong culture. Data shown in the graphic are based on the strong culture category.

Percent Working in a Strong Ethical Culture
Latin America

Global Median	13%
Latin America Median	14%
Colombia	23%
Brazil	22%
Dominican Republic	18%
Venezuela	16%
Costa Rica	16%
Nicaragua	16%
Guatemala	15%
Mexico	14%
Honduras	14%
Panama	14%
Peru	13%
El Salvador	12%
Argentina	11%
Chile	9%
Bolivia	8%
Uruguay	5%

In Latin America, only 14% of employees say that they work in a strong ethical culture.

The perceived presence of retaliation, the fear of it and inattention to it by an organization **can have a dangerous silencing effect within an organization and indicate the erosion of culture strength.**

Of the employees in Latin America who believe that top management in their organization tolerates retaliation, **48% said their workplace had a weak ethical culture** compared with only 1% when employees believe that retaliation is not tolerated.
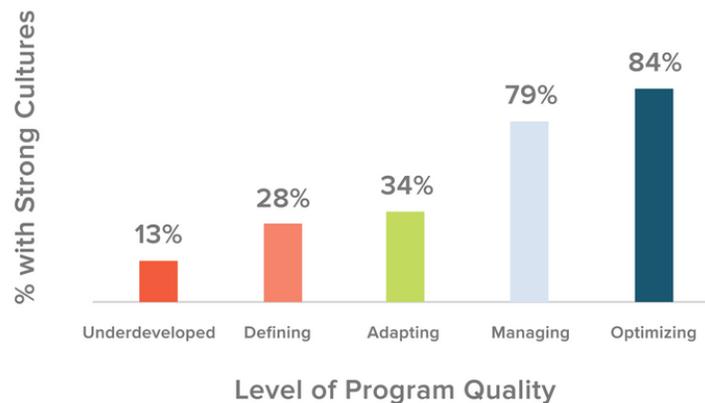
Weak Ethical Culture
Latin America Medians

100%

48%

1%

0%

Top Management
Tolerates Retaliation

Top Management Does
Not Tolerate Retaliation
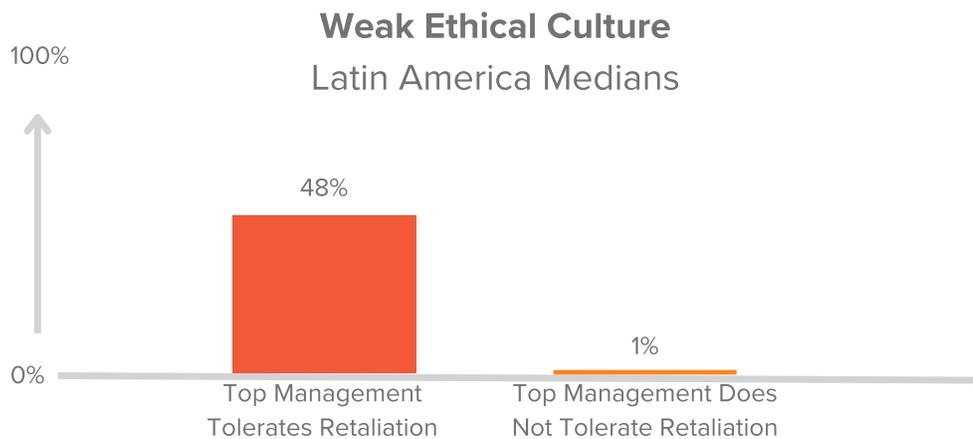
Organizations are not taking the steps that are proven to significantly reduce their risk.

In the 2018 GBES, ECI researched the impact of organizations implementing high-quality E&C programs. The results (as shown below) were significant.

The Higher the Program Quality, the Stronger the Culture

Organizations with high-quality programs (shown here as optimizing) demonstrate a 546% increase in culture strength over organizations at the lowest level of program quality.

Bar chart — Y-axis: % with Strong Cultures; X-axis: Level of Program Quality

- Underdeveloped: 13%
- Defining: 28%
- Adapting: 34%
- Managing: 79%
- Optimizing: 84%

The Stronger the Culture, the More Favorable the Ethics Outcomes

As the culture strengthens, employee conduct improves. Organizations with strong cultures are 467% more likely to demonstrate a positive impact on employees than organizations with weak-leaning cultures. This impact includes employees' recognizing and adhering to organizational values, feeling prepared to handle key risks, reporting suspected wrongdoing, and reduced levels of misconduct overall.

Line chart — Y-axis: % Employees Observing Favorable Outcomes; X-axis: Strength of Organizational Culture

- Weak: 0%
- Weak-leaning: 15%
- Strong-leaning: 66%
- Strong: 85%

The evidence is clear that focusing on a high-quality ethics & compliance program makes a positive difference. Nevertheless, at present only 30% of employees globally, and 34% of employees in Latin America surveyed through GBES indicated that their organization has taken steps to implement even the most basic elements of an ethics & compliance program (defined as an "underdeveloped" program in the chart above).

Conclusion

Across the globe and in Latin America, organizations today face a higher risk of misconduct and loss of public trust than ever before.

- When employees face pressure to compromise standards, they are more likely to observe misconduct. Pressure is at an all-time high around the world, and significantly higher in Latin America.
- Misconduct is at an all-time high, indicating that employees are already working in environments where wrongdoing can occur. In Latin America, employees in a majority of the 16 countries studied are equally or more likely to observe misconduct, compared with employees globally.
- While more employees are willing to report the misconduct that they observe, the likelihood that they will experience retaliation is extremely high. When present, retaliation and inattention to it have a silencing effect on an organization. Retaliation occurs with alarming frequency, globally and in Latin America.
- Few employees observe exemplary ethical behavior in their organization, as evidenced by a reported absence of a "strong ethical culture" in workplaces in Latin America and around the world.
- Organizations are not undertaking the most important effort that can reduce their risk for future problems to occur; namely, implementing a high-quality ethics & compliance program.

Presently business is one of the most trusted sectors among members of the public around the world. However, several of the current indications from the GBES point to rampant risk for misconduct to occur. Should this take place, these organizations will not only lose the trust of their employees, but that of consumers and stakeholders. Unless major changes occur, public trust in business can, and will, be lost.

"...a High-Quality Ethics & Compliance Program makes a positive difference."

Recommendations

1. **Put in place a High-Quality Ethics & Compliance Program (HQP).** Since 2016, ethics & compliance professionals have worked together to define and assess the business practices that constitute an HQP. A helpful starting place is to review the free resource, <u>Principles and Practices of High-Quality Ethics & Compliance Programs.</u>

2. **Focus on managers in the effort to reduce undue pressure.** Employees report feeling the most pressure to compromise workplace standards when their supervisors reward questionable work tactics, or if they only care about meeting targets. Pressure is especially high in Latin America. Provide supervisors guidance and training on practices that motivate employees to achieve business objectives by upholding organizational standards. Educate managers about setting clear expectations, communicating transparently and seeking input from employees.

3. **Regularly remind employees of the resources that are available to receive reports of suspected misconduct.** Past GBES findings have consistently shown that employees are most likely to report suspected or observed misconduct when a helpline is available. However, employees prefer to report to an individual whom they know. Given that, employees need multiple options for reporting, and frequent reminders of the protections they will receive if they come forward.

4. **Implement a retaliation prevention program.** ECI's previous GBES research shows that the first acts of retaliation against an employee happen within three weeks of their making a report. Further retaliation generally continues to manifest over the next 12 months or longer. Employees in Latin America are more likely than employees globally to believe that their coworkers will retaliate against reporters of misconduct, and that their supervisor would not hold retaliators accountable. To address retaliation, educate managers on the actions that employees perceive to be retaliatory, the situations in which those most commonly occur and the ways to appropriately handle employee reports of misconduct. Monitor the ongoing success of employees who come forward to report and respond promptly when acts of retaliation occur.

5. **Encourage top managers and supervisors to engage in behaviors that build a strong ethical culture.** Such behaviors include talking about the importance of ethical conduct, keeping employees informed, modeling ethical conduct and disciplining wrongdoers for their actions. Establish performance metrics to hold managers accountable for their role in culture-building.

6. **Hold employees at all levels accountable to your organization's values and standards.** Regularly remind employees of the existence of your code of conduct, core values and the processes in place to receive and respond to reports of suspected wrongdoing. Evaluate employee conduct and its consistency with the organization's standards during performance reviews. Reward employees who display conduct that exemplifies the corporation's core values. Regularly communicate summary statistics on reports of wrongdoing that have been received, results of investigations and disciplinary actions when misconduct is substantiated.

7. **Assess your organization's ethics & compliance program, culture and impact.** Benchmark your E&C program practices against peer organizations, and compare levels of pressure, misconduct, reporting and retaliation against normative data. Use assessment information to guide your organization in allocating resources to the programs and practices that reduce risk of wrongdoing and build a strong ethical culture.

Methodology

The 2022/2023 GBES data collection, including data collected from Latin American countries, took place between August 2022 and January 2023. Employees in 42 countries were surveyed, and 75,495 employee responses are included in the dataset. Latin America data consists of 16 countries, with responses from 16,087 employees.

Survey respondents were 18 years of age or older, currently employed at least 20 hours per week for a single employer and working for an organization that employs at least two people. Participants are representative of employees in the workforce[5] in each country in which the survey was conducted.

Over the years, the data collection method has been modified as various third-party vendors have been secured by ECI to collect the data. Data for this survey were collected using an online panel.

Survey data were weighted by age, gender, race/ethnicity and geographical region. ECI established survey questions and sampling methodology. Ipsos America, Inc. managed data collection.

For the purposes of this report, Mexico was included as part of Latin America.

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[5] Based on age, gender, and race/ethnicity, where possible.

Country	Number of Employee Respondents
Argentina	993
Bolivia	1012
Brazil	988
Chile	1010
Colombia	989
Costa Rica	1010
Dominican Republic	1010
El Salvador	1010
Guatemala	1010
Honduras	1010
Nicaragua	1010
Mexico	993
Panama	1010
Peru	1010
Uruguay	1010
Venezuela	1012
Latin America (Caribbean, Central & South America, Mexico) - Region Total	**16087**

Country	Number of Employee Respondents
Algeria	968
Egypt	961
Israel	977
Jordan	738
Kenya	991
Lebanon	532
Morocco	983
Nigeria	996
South Africa	994
Africa & Middle East - Region Total	**8140**

Country	Number of Employee Respondents
Australia	991
China	979
India	933
Indonesia	968
Japan	880
South Korea	974
Asia Pacific - Region Total	**5725**

Country	Number of Employee Respondents
Canada	966
United States	4938
North America - Region Total	**5904**

Country	Number of Employee Respondents
France	4851
Germany	4762
Hungary	4850
Italy	4830
Poland	4811
Russia	4829
Spain	4874
Turkey	930
United Kingdom	4902
Europe - Region Total	**39639**

NOTE: This report focuses on data from employees in 16 countries designated as the Latin America region. Comparisons are made between the Latin America median and the global median and to earlier GBES findings at times. The global median for 2023 includes 42 countries, including the 16 Latin American countries.

GBES Funders

ECI's longstanding research on workplace integrity provides insights for evidence-based decisions by corporate, academic and other institutions across the globe. Corporations, foundations and individuals invest in the work of ECI because they value the research it provides.

We are grateful for KPMG's generous support as principal funder of the data collection in ECI's implementation of the GBES survey among employees in 12 countries in Latin America. We are also grateful for KPMG's support of this special topic report focused on employees in 16 Latin American countries. KPMG's investment in ECI's research made it possible to provide this mission-critical report for business leaders and the Ethics & Compliance community.

ECI is immensely grateful to all of our funders. With their ongoing support, ECI will continue to sustain its longitudinal data collection while expanding its focus on special topics of interest to the Ethics & Compliance community.

Consider sponsoring a special topics report, and joining KPMG along with this illustrious group of funders to help ECI continue its research efforts. Your support provides the opportunity to expand our reach to serve others in meaningful ways.

Contact Information

Tel: 703-647-2185 | **Email:** patricia@ethics.org | www.ethics.org/donate

Special thanks to KPMG as principal funder of the data collection in ECI's implementation of the GBES survey among employees in 12 countries in Latin America.

ABOUT ECI

ECI empowers organizations to build and sustain the programs that are proven to increase integrity in organizations. We help leaders create strong ethical workplace cultures and successful businesses that do the right thing.

Visit ECI's website at www.ethics.org to learn more. For media inquiries, please contact CarolL@ethics.org.

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GLOBAL BUSINESS ETHICS SURVEY®