Key Findings from ECI’s GBES™

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Ellen Martin

Vice President, Ethics and Business Conduct
The Boeing Company
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About the Ethics & Compliance Initiative (ECI)

Empowers organizations to operate at the highest levels of integrity

- New ideas grounded in research
- Best practice community
- Education and certification

Comprised of:

- Ethics Research Center (ERC)
- Ethics & Compliance Association
- Ethics & Compliance Certification Institute
Why GBES? Why Now?

- Increased scrutiny of international operations
- Need for reliable global benchmarks on workplace integrity
- Lack of information about private sector challenges beyond bribery/corruption

Result: A rigorous, multi-country inquiry based on longstanding NBES® metrics
The GBES Countries
Methodology

- Data collected November 30 – December 31, 2015
- Online panels in the native language of each of the 13 GBES countries
- Private, public, not-for-profit sectors included
- 1,000 responses for each country (1,046 for US)
- Margin of Error: +/- 3.1% at the 95% confidence level
Results from the GBES
Pressure to compromise standards

- Spain: 10%
- Mexico: 13%
- Japan: 15%
- China: 20%
- South Korea: 22%
- Germany: 22%
- United States: 22%
- United Kingdom: 22%
- Italy: 24%
- France: 30%
- Russia: 33%
- India: 40%
- Brazil: 47%

Median Value: 22%
Observed misconduct

<table>
<thead>
<tr>
<th>Country</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>15%</td>
</tr>
<tr>
<td>Spain</td>
<td>21%</td>
</tr>
<tr>
<td>Germany</td>
<td>26%</td>
</tr>
<tr>
<td>South Korea</td>
<td>28%</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>29%</td>
</tr>
<tr>
<td>United States</td>
<td>30%</td>
</tr>
<tr>
<td>Mexico</td>
<td>33%</td>
</tr>
<tr>
<td>France</td>
<td>33%</td>
</tr>
<tr>
<td>Italy</td>
<td>34%</td>
</tr>
<tr>
<td>China</td>
<td>34%</td>
</tr>
<tr>
<td>India</td>
<td>40%</td>
</tr>
<tr>
<td>Brazil</td>
<td>43%</td>
</tr>
<tr>
<td>Russia</td>
<td>45%</td>
</tr>
<tr>
<td>Median Value</td>
<td>33%</td>
</tr>
</tbody>
</table>
Greater Risk in Brazil, Russia & India

<table>
<thead>
<tr>
<th></th>
<th>Pressure</th>
<th>Observed Misconduct</th>
</tr>
</thead>
<tbody>
<tr>
<td>GBES</td>
<td>22%</td>
<td>33%</td>
</tr>
<tr>
<td>BRAZIL</td>
<td>47%</td>
<td>43%</td>
</tr>
<tr>
<td>RUSSIA</td>
<td>33%</td>
<td>45%</td>
</tr>
<tr>
<td>INDIA</td>
<td>40%</td>
<td>40%</td>
</tr>
</tbody>
</table>
Bribery & Corruption Observed at Similar Rates in the Private and the Public Sectors

- 17%: A private company or organization
- 18%: Public administration/sector
Pressure to Compromise Standards & Observed Misconduct

What You Need to Know

- Both high across all 13 countries
- Pressure is a precursor to future misconduct
- Most common forms of misconduct—lying and abusive behavior—are nearly universal

What You Can Do

- Investigate and address sources of pressure, differences between locations
- Promote ethical leadership and ethical leaders
Reported Misconduct

<table>
<thead>
<tr>
<th>Country</th>
<th>Report Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>INDIA</td>
<td>82%</td>
</tr>
<tr>
<td>UNITED STATES</td>
<td>76%</td>
</tr>
<tr>
<td>UNITED KINGDOM</td>
<td>71%</td>
</tr>
<tr>
<td>BRAZIL</td>
<td>64%</td>
</tr>
<tr>
<td>MEXICO</td>
<td>63%</td>
</tr>
<tr>
<td>JAPAN</td>
<td>61%</td>
</tr>
<tr>
<td>ITALY</td>
<td>59%</td>
</tr>
<tr>
<td>FRANCE</td>
<td>53%</td>
</tr>
<tr>
<td>CHINA</td>
<td>50%</td>
</tr>
<tr>
<td>GERMANY</td>
<td>50%</td>
</tr>
<tr>
<td>SPAIN</td>
<td>46%</td>
</tr>
<tr>
<td>SOUTH KOREA</td>
<td>41%</td>
</tr>
<tr>
<td>RUSSIA</td>
<td>37%</td>
</tr>
<tr>
<td>MEDIAN VALUE</td>
<td>59%</td>
</tr>
</tbody>
</table>
Retaliation

<table>
<thead>
<tr>
<th>Country</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>29%</td>
</tr>
<tr>
<td>Mexico</td>
<td>31%</td>
</tr>
<tr>
<td>France</td>
<td>33%</td>
</tr>
<tr>
<td>Russia</td>
<td>34%</td>
</tr>
<tr>
<td>Japan</td>
<td>34%</td>
</tr>
<tr>
<td>Italy</td>
<td>35%</td>
</tr>
<tr>
<td>South Korea</td>
<td>36%</td>
</tr>
<tr>
<td>Brazil</td>
<td>37%</td>
</tr>
<tr>
<td>Spain</td>
<td>43%</td>
</tr>
<tr>
<td>Germany</td>
<td>50%</td>
</tr>
<tr>
<td>United States</td>
<td>53%</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>63%</td>
</tr>
<tr>
<td>India</td>
<td>74%</td>
</tr>
</tbody>
</table>

Median Value: 36%
Retaliation Increases with Reporting

![Graph showing the relationship between retaliation and reporting percentages across different countries. The x-axis represents reporting percentages ranging from 0% to 100%, and the y-axis represents retaliation percentages ranging from 0% to 100%. The graph includes data points for various countries such as Brazil, China, France, Germany, India, Italy, Japan, Mexico, Russia, South Korea, Spain, United Kingdom, and United States. The data points are color-coded to correspond with each country, and a trend line indicates a positive correlation between retaliation and reporting.](image)
Reporting & Retaliation

What You Need to Know

- High reporting means high retaliation
- Reporters are at greatest risk in brief period following report

What You Can Do

- Ensure High-Quality Ethics & Compliance Program (HQP)
- Expect increase in retaliation to accompany efforts to promote reporting
- Be vigilant about supporting reporters, especially in first 3 weeks following report
Four Key Metrics: Medians

- **Pressure**: 22%
- **Observed Misconduct**: 33%
- **Reported Misconduct**: 59%
- **Experienced Retaliation**: 36%
Bigger Reach, Bigger Problems

Changes in Observed Misconduct

DOMESTIC 29%

MULTINATIONAL 36%

7 PPT INCREASE

NON-Supplier 27%

SUPPLIER 38%

11 PPT INCREASE

Note: Data from private sector respondents only.
The More Things Change... The More You Need to Worry

Changes in Observed Misconduct

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
<th>Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>No Organizational Changes</td>
<td>17%</td>
<td></td>
</tr>
<tr>
<td>1-3 Organizational Changes</td>
<td>40%</td>
<td>23 ppt</td>
</tr>
<tr>
<td>4-7 Organizational Changes</td>
<td>59%</td>
<td>42 ppt</td>
</tr>
</tbody>
</table>
The More Things Change... The More You Need to Worry

![Bar Chart]

- **Pressure**: 12% (None), 31% (1 to 3 organizational changes), 44% (4 to 7 organizational changes)
- **Observed Misconduct**: 17% (None), 40% (1 to 3 organizational changes), 59% (4 to 7 organizational changes)
- **Reported Misconduct**: 21% (None), 62% (1 to 3 organizational changes), 63% (4 to 7 organizational changes)
- **Experienced Retaliation**: 37% (1 to 3 organizational changes), 46% (4 to 7 organizational changes)
Risk Can Vary Considerably

What You Need to Know
In private sector

- Multinationals at greater risk than domestic companies
- Suppliers at greater risk than non-supplier companies

What You Can Do

- Commit to having an HQP, invest sufficient resources; develop localized E&C programs to uphold common standards/code
- Use E&C as a selection criteria for suppliers and third parties, then continue to monitor
Risk Can Vary Considerably

What You Need to Know
Organizational change is a problem across sectors and locations
- Being acquired = greatest risk factor
- More change, more problems

What You Can Do
- Convert org. change into opportunity to educate and promote values and code
- Make workplace integrity a consideration in the vetting process, part of integration plan
Questions?

www.ethics.org
Continue the Conversation

Upcoming Events, July 2016:

- Best Practice Forum: *Embedding Ethics & Compliance in Third Party & Supply Chain Relationships*
- ECI Fellows Meeting: *Ethics & Compliance and the Future of Work*

To support further GBES research projects, please visit our website at [www.ethics.org/support](http://www.ethics.org/support).
Thank you for attending!

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