



GLOBAL BUSINESS
ETHICS SURVEY™

2020 REPORT #1

Global Business Ethics Survey

Pressure in the Workplace: Possible Risk Factors and Those at Risk

A Global Look

ECI ethics & compliance
initiative™



This report is published by the Ethics & Compliance Initiative™.

About ECI

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

Contact Information

Ethics & Compliance Initiative
2650 Park Tower Drive, Suite 802
Vienna, Virginia, USA 22180
Telephone: 703.647.2185
Fax: 703.647.2180
www.ethics.org | research@ethics.org

For additional copies of this report, permission and licensing:
703-647-2185 | research@ethics.org.

For media inquiries:
Florence Sumaray, Director of Marketing & Communications | florence@ethics.org

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About this Report

Organizations cannot effectively function if the rules and policies that serve as the guidepost for employees' actions and behaviors are not followed. Over the years, Ethics & Compliance Initiative™ (ECI™) research has found that the pressure employees may experience to compromise their organization's ethics standards, policies or the law is linked with an increased likelihood to observe misconduct. In brief—pressure goes hand in hand with higher prevalence rates of misconduct.

What contributes to employee pressure? What factors help reduce pressure? Are certain types of employees at higher risk of experiencing pressure? To answer these questions, ECI examined the 2019 Global Business Ethics Survey™ (GBES™) data to assess misconduct rates across the globe, the areas within an organization that contribute to employee pressure to compromise their organization's ethics standards and to identify who within the organization is more likely to experience pressure.

The findings in this report utilize employee responses from 18 countries. Generally, the results discussed are reported by five global regions comprised of the following countries:

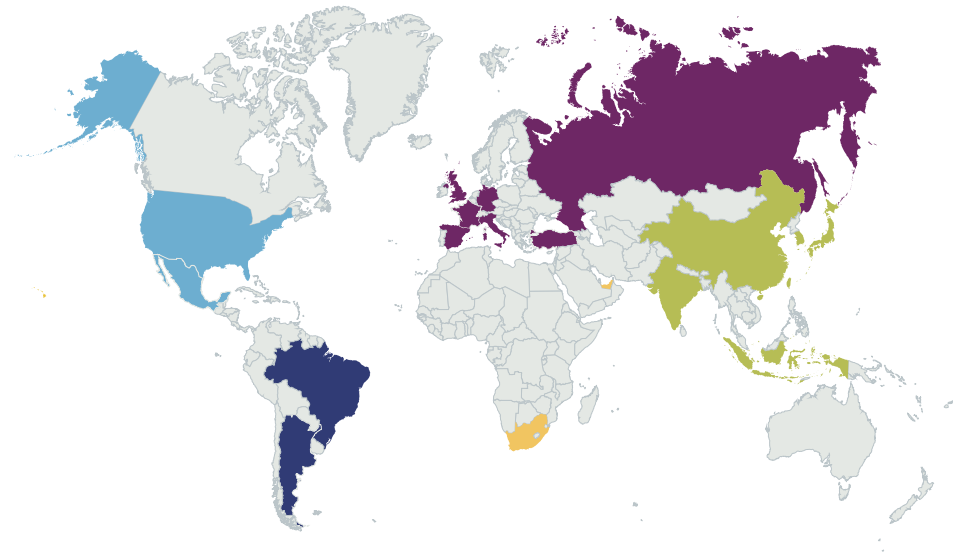
Africa & Middle East: South Africa, United Arab Emirates

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



Refer to the Methodology and About GBES sections for additional background information.

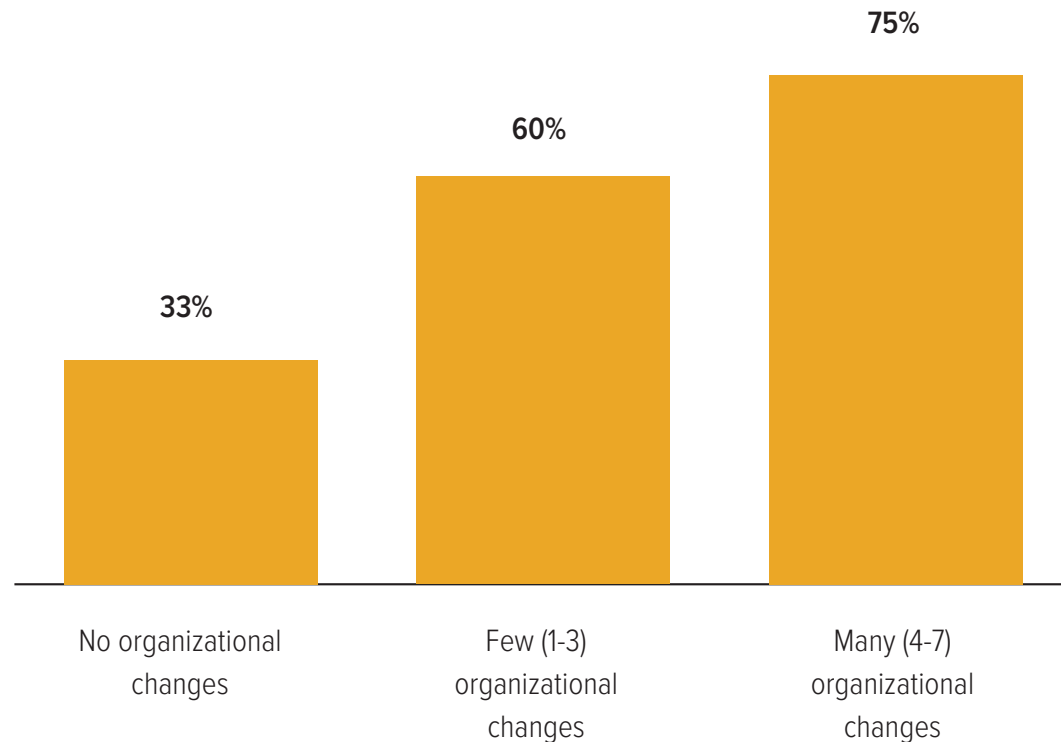
The Potential Impact of the COVID-19 Pandemic

Findings from the 2019 GBES indicate that as incidences of significant change¹, such as a merger with another company, increase in an organization, the rate of observed misconduct also rises. **Results show that employees working in organizations with four to seven significant changes in 12 months were two times as likely to say they observed misconduct than employees working in an organization without any significant changes.**

It is important to note that while questions on the effect of the COVID-19 pandemic were not included in the 2019 GBES, COVID-19 may be having similar repercussions in 2020. Organizations have had to react quickly and undergo many organizational changes, such as moving employees to remote work, increasing flexible work schedules, implementing cost-cutting measures and executing travel bans.

The COVID-19 pandemic has led to extraordinary challenges in workplaces across the globe. The impact of the pandemic on employee pressure to compromise their organization's ethics standards remains to be seen. The effects of the COVID-19 pandemic will be assessed as part of ECI's upcoming 2020 GBES data collection effort. In the meantime, we can reasonably surmise that the organizational changes resulting from COVID-19 might lead to increased pressure on employees to compromise their organization's ethics standards, as seen based on other significant organizational changes assessed in the 2019 GBES. As such, the findings discussed in this report may offer solutions for organizations in creating a workplace culture that counters the pressure employees may be experiencing during this unprecedented time.

Observed Misconduct Rises with an Increase in Organizational Change



¹ Incidences of significant change were based on the following (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).

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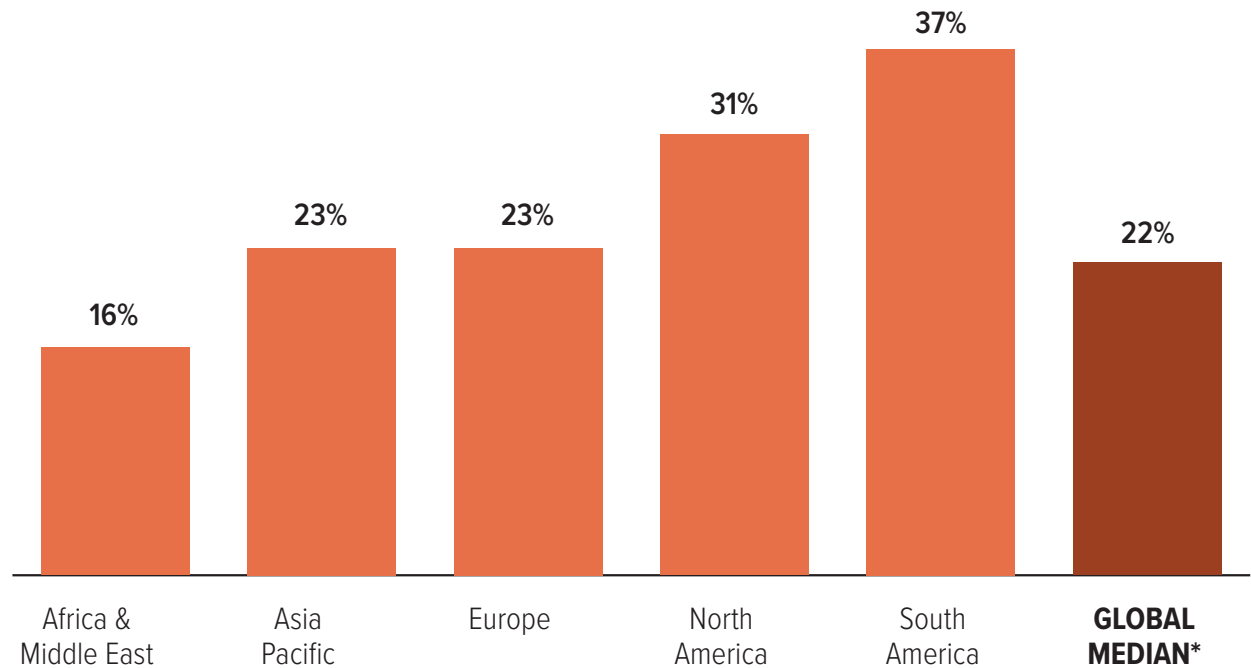
Pressure to Compromise Organizational Ethics Standards

The workplace brings with it many sources of potential stress. Employees juggle a variety of stressors each day, from looming deadlines and meeting business goals/targets to contending with office politics, safety concerns and technology issues.

Pressure to bend the rules² in the workplace can be caused by various factors, such as meeting performance goals, attempting to save one's own and others' jobs, supervisory pressure, advancing one's career or financial interests, and demands from people who support or invest in the organization.

Based on the 2019 GBES, 22% of employees globally have felt pressure to bend the rules.

Globally, More Than 1 in Every 5 Employees Feel Pressure to Compromise Their Organization's Ethics Standards, Policies or the Law



² "Pressure to bend the rules" was defined as pressure to compromise your organization's ethics standards, policies or the law.

* Throughout this report, "Global Median" refers to the median of all 18 countries surveyed.

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Pressure to Bend the Rules and Observed Misconduct

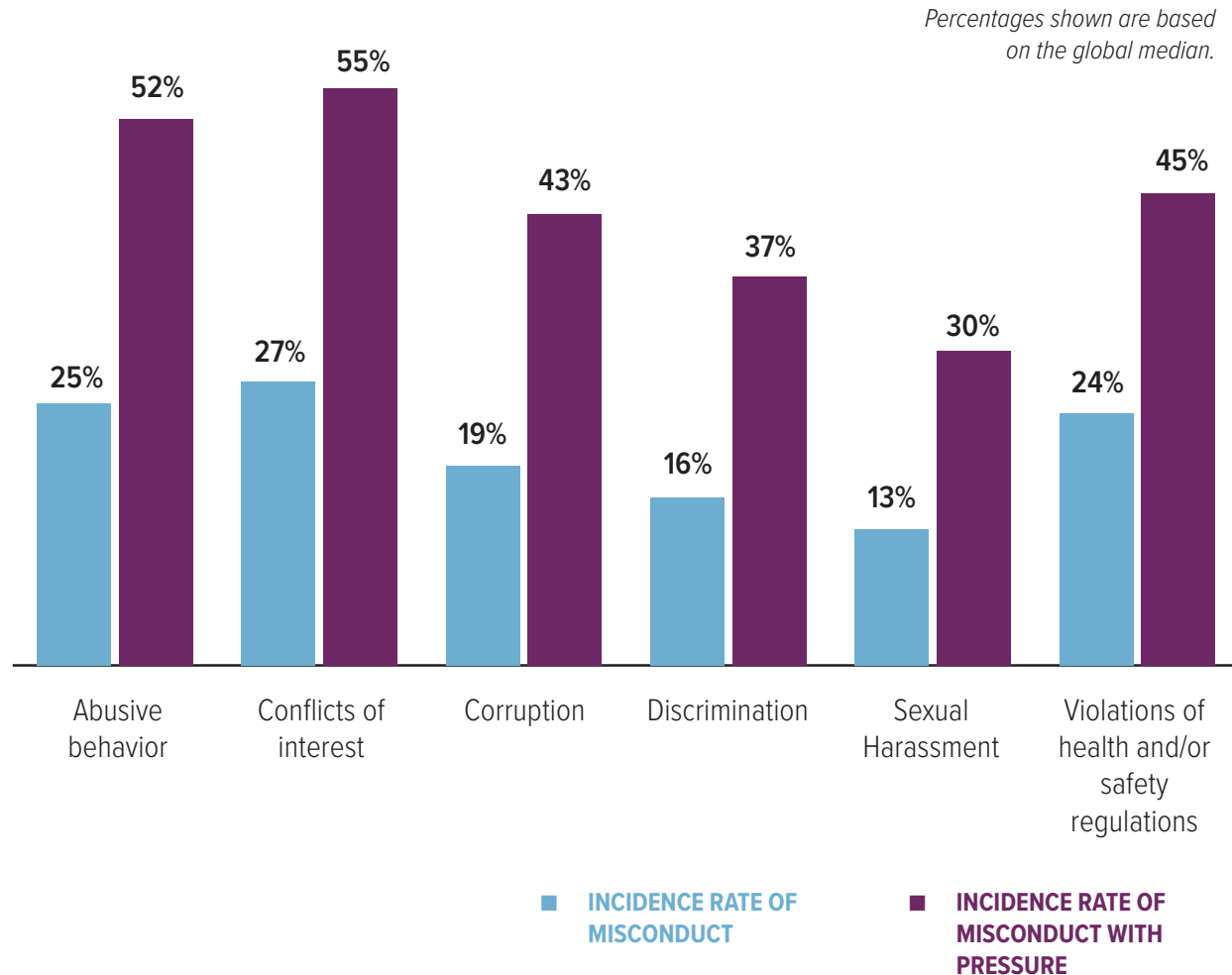
The GBES has been tracking employee pressure to bend the rules for almost two decades. Since the 2000 National Business Ethics Survey™ (NBES™)³ conducted with U.S. employees, ECI research has reported a strong relationship between employees’ indication that they feel such pressure and the likelihood of observing misconduct.

In the 2019 GBES, ECI built upon its existing research by further exploring select areas of workplace misconduct. The 2019 GBES asked about six specific types of misconduct:

- Abusive behavior** – Behavior that is abusive, intimidating or creates a hostile work environment.
- Conflicts of interest** – Decisions or actions to benefit the employee/friends/family over the interests of one’s organization.
- Corruption** – The abuse of entrusted power for private gain.
- Discrimination** – Actions against employees based on race, sex, age, religion, sexual orientation or similar categories.
- 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.
- Violations of health and/or safety regulations.**

The prevalence rates of these six types of misconduct ranged from 13% to 27%. When employees’ perceptions about pressure to bend the rules were examined alongside the six types of misconduct, a clear pattern emerged—the prevalence rate for each type of misconduct was about two times higher among employees who indicated they felt pressure to bend the rules.

Employees Who Feel Pressure Are About 2X as Likely to Observe Various Types of Misconduct



³ The National Business Ethics Survey (NBES) transitioned to the Global Business Ethics Survey (GBES) in 2015.

Possible Factors that Influence Pressure to Bend the Rules

ECI explored items from the 2019 GBES to assess their impact on pressure. ECI grouped items into categories and found that employees who perceived “a lack of organizational values and a lack of ethical leadership” were more likely to indicate they felt pressure to bend the rules.

LEADER COMMITMENT TO ORGANIZATIONAL VALUES AND ETHICAL LEADERSHIP

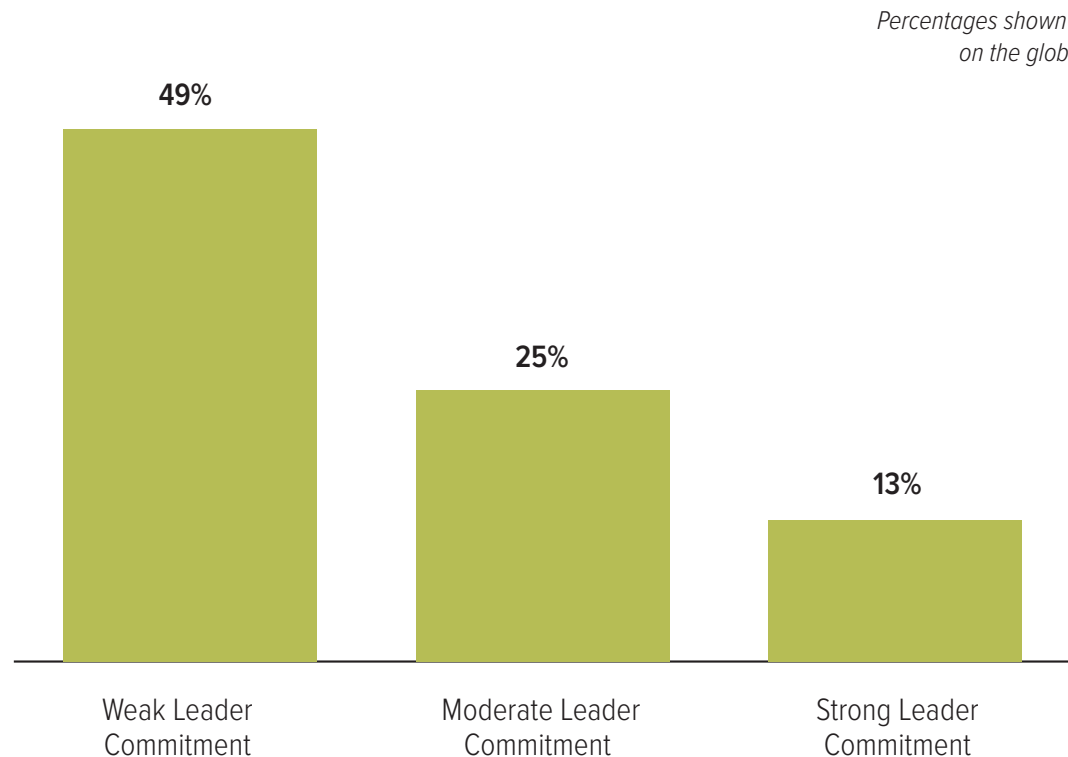
When employees perceive that leaders are committed to organizational values and ethical leadership, the tone is set for all employees to follow. **Leadership’s lack of commitment to organizational values and ethical leadership may be a signal to employees that they are not expected to adhere to the values** of the organization or to model ethical behavior.

ECI examined employees’ perceptions of leaders’ commitment to organizational values and ethical leadership through a series of questions on the 2019 GBES⁴. Employees’ perceptions of leader commitment were categorized as “weak,” “moderate” or “strong.”

WEAK VS. STRONG LEADER COMMITMENT

Results indicate that employee pressure to bend the rules was higher among those who perceived their leaders as having weak commitment to organizational values and ethical leadership (49%) compared with those who perceived their leaders as having strong commitment (13%). The weaker the leaders’ commitment to organizational values and ethical leadership is, the more likely employees are to feel pressure to bend the rules compared with organizations with strong leadership commitment to organizational values and ethical leadership.

The Incidence of Pressure Was 3X as High for Employees with Weak Leader Commitment to Organizational Values and Ethical Leadership Compared with Strong Leader Commitment



Note: Questions measuring leader commitment to organizational values and ethical leadership are based on GBES items that demonstrate that the organization has clear shared values and employees’ perception of the ethical leadership provided by direct supervisors.

Possible Factors that Influence Pressure to Bend the Rules (cont.)

DIRECT SUPERVISOR LEADERSHIP

Supervisors play a critical role in determining the strength of the ethics cultures in which they work. In many organizations, supervisors are the only people in leadership positions that employees interact with on a regular basis.

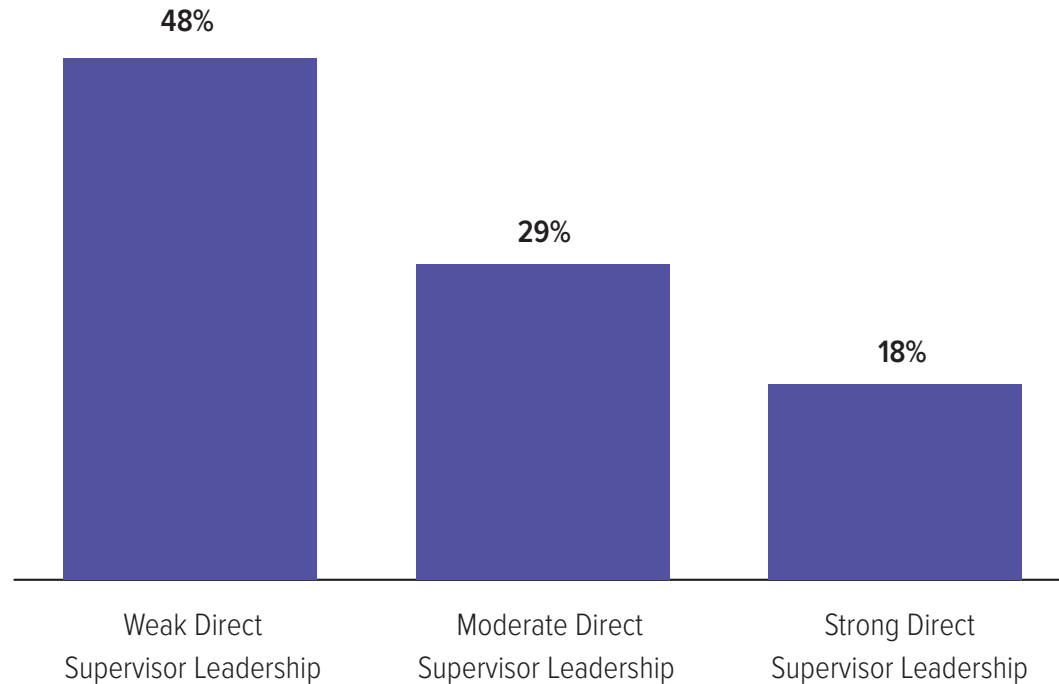
ECI examined the strength of “direct supervisor leadership” through a series of questions on the 2019 GBES⁴ that focused on the collective leadership styles of direct supervisors as viewed by their employees. Direct supervisor leadership was categorized as weak, moderate or strong leadership.

WEAK VS. STRONG DIRECT SUPERVISOR LEADERSHIP

Employee pressure to bend the rules increased with weak supervisor leadership (48%) compared with strong direct supervisor leadership (18%). The weaker the leadership of direct supervisors, the more likely employees are to feel pressure to bend the rules compared with employees with strong leadership from their direct supervisors.

The Incidence of Pressure Was 2X as High for Employees with Weak Direct Supervisor Leadership Compared with Strong Direct Supervisor Leadership

Percentages shown are based on the global median.



Note: The 2019 GBES measured the actions of direct supervisors by examining 10 questions, including whether they: value and empower their employees, demonstrate respect, offer useful and timely feedback, provide clear expectations, encourage professional development, inspire teamwork and collaborate with employees.

5

Who Is at Risk for Feeling Pressure to Bend the Rules at the Workplace?

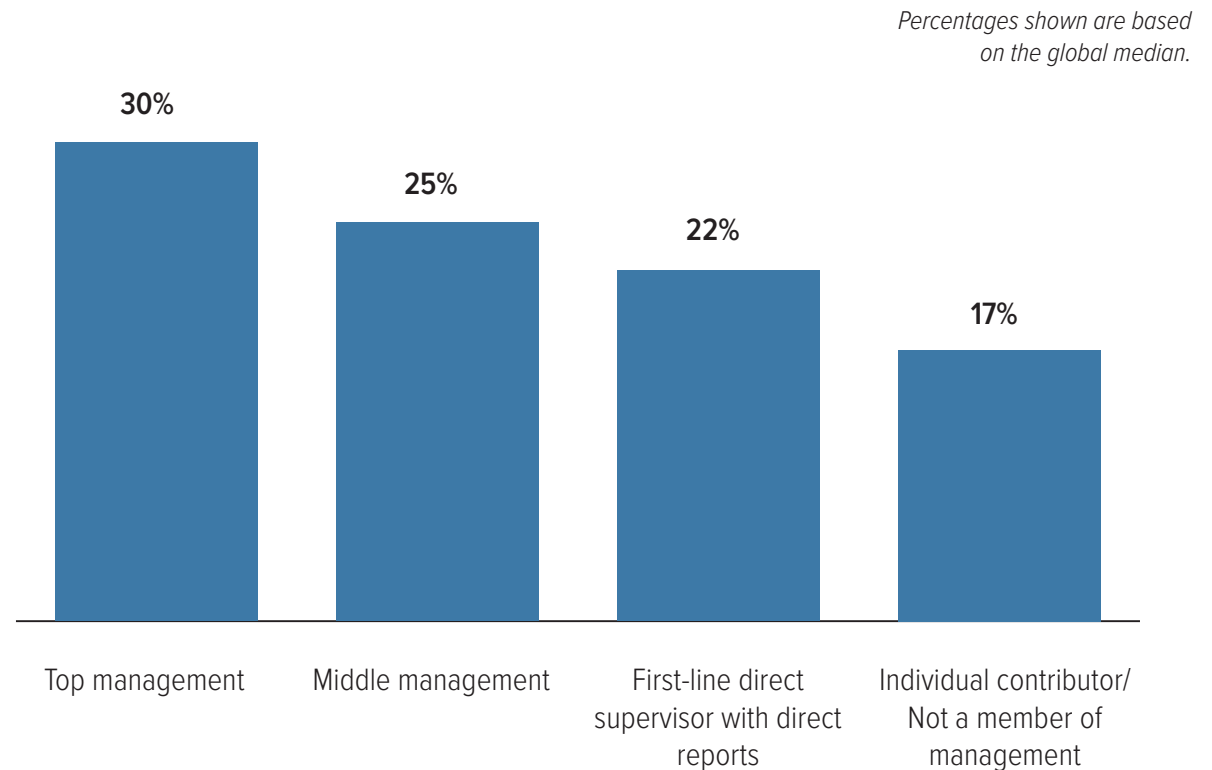
By identifying employees who may be at a higher risk for feeling pressured to bend the rules, organizations can be proactive in addressing any possible issues before there is a problem.

Results from the 2019 GBES show that employees who self-identified as being part of top management experienced pressure to bend the rules **almost two times as high** compared with employees who self-identified as an individual contributor (30% vs. 17%).

One-fourth of employees who self-identified as part of middle management, and more than one-fifth of employees who self-identified as first-line direct supervisors with direct reports, indicated they felt pressure to bend the rules.

These findings suggest that the higher up the “totem pole” an employee is, the more likely they are to feel pressure to bend the rules.

The Incidence of Pressure Was Almost 2X as High Among Top Management Compared with Individual Contributors



Note: Top management refers to e.g., CEO/President, C-suite, persons reporting to the CEP/President/board of directors, managing board, etc. Middle management refer to e.g., director, persons managing multiple areas, reporting to top management.

Approaches for Reducing Pressure in the Workplace

Results presented in this report highlight the importance of (a) leader commitment to organizational values and ethical leadership and (b) strong direct supervisor leadership in controlling employee pressure to bend the rules. If either of these are lacking or troublesome in an organization, it is pertinent that the root of the problem be identified and addressed.

— *Does the organization have a clear set of shared values to guide employee decisions and actions?*

— *Are supervisors held accountable for their mistakes?*

— *Do supervisors show genuine interest in their employees' ideas/opinions?*

— *Do they provide feedback to their employees to help improve their work?*

These are just some of the questions that should be asked to determine why employees may be feeling pressured to bend the rules.

Improving Your Organization's Ethics Health

1 IDENTIFY WHAT MAKES AN ETHICALLY HEALTHY ORGANIZATION

Previous ECI research indicates that an ethically healthy organization is one where:

- Few employees feel pressure to compromise organizational ethics standards;
- Misconduct is rare;
- Observations of misconduct are reported;
- Reports of misconduct are appropriately addressed, and;
- Employees who report misconduct do not experience retaliation.

2 HOW TO ACHIEVE ETHICS HEALTH IN AN ORGANIZATION

The prescription for ethics health in an organization is straightforward:

- Commit to ethical leadership, shared values and building an ethics-focused business culture⁵.
- Invest in building a strong E&C program⁶.

3 TOOLS TO ANALYZE AND MAXIMIZE YOUR ORGANIZATION'S ETHICS HEALTH

Organizations are continuously adapting to both internal and external pressures, and E&C programs are best equipped to handle these changes when their strengths are leveraged and their weaknesses are actively being improved⁷.

ECI's HQP Measurement Framework⁸, developed by experts in the E&C community, is based on over 100 leading practices and provides an end-to-end solution for building and sustaining E&C programs that are proven to:

- Increase return-on-investment for E&C efforts.
- Promote C-suite buy-in with easy-to-read progress reports and data.
- Prioritize areas of improvement.
- Encourage positive ethics outcomes throughout the organization.
- Measure the following five principles that were established by ECI's Blue Ribbon Panel:
 - Strategy
 - Risk management
 - Culture
 - Speaking up
 - Accountability

⁵ *Improving Ethical Outcomes: The Role of Ethics Training* (Ethics Research Center, 2008).

⁶ *Reducing Perceived Pressure to Behave Unethically: The Role of Leaders and Coworkers* (Ethics Research Center, 2008).

⁷ *HQP Measurement Framework* (Ethics & Compliance Initiative, 2018).

⁸ ECI's HQP Assessment is used by organizations to assess the strength of their E&C program and to determine which areas may need to be improved and, thus, best equipped to support changes to address such challenges as employee pressure to bend the rules. For more information contact: hqp@ethics.org.

Conclusion

Workplace pressure affects employees and contributes to a decline in a company's overall ethics culture; a strong E&C program is necessary to help address such challenges. Based on ECI research, it is central to decrease pressure to bend the rules to avoid other pitfalls, such as misconduct. An "easy" way to reduce pressure is to build a strong ethical foundation and ensure that all employees are committed to adhering to it.

Past and present GBES results indicate that pressure to bend the rules is associated with higher levels of misconduct. Considering this, ECI delved deeper within the GBES to identify organizational sources and those most at risk for feeling pressure to bend the rules. Results validated that it is pertinent for leaders to have a strong commitment to organizational values and ethical leadership. Alongside a commitment to values and ethical leadership, it is important for organizations to have strong direct supervisor leadership. It is important to note that with the growing size of organizations, direct supervisors are often the only members of the management team that employees interact with on a regular basis.

With this in mind, it behooves organizations to train direct leadership with an understanding of the importance of their role, as well as providing the means and skills to convey support for organizational ethics and values to their subordinates⁹.

⁹ *Reducing Perceived Pressure to Behave Unethically: The Role of Leaders and Coworkers* (Ethics Research Center, 2008).



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.¹⁰

Demographic Profile of Respondents¹¹

Organization Size ¹²		Job Position		Industry	
2 to 5	6%	Top management (e.g., CEO/ President, C-suite)	10%	Manufacturing	17%
6 to under 25	13%	Middle management (e.g., director, persons managing multiple reports)	30%	Professional and Business Services	11%
25 to under 50	10%	First-line direct supervisor with direct reports	20%	Education	11%
50 to under 100	12%	Individual contributor/ Not a member of management	40%	Retail	10%
100 to under 500	20%			Construction	9%
500 to under 1,000	12%			Government, Public Administration, and Non-Profit	9%
1,000 to under 2,500	8%			Information	9%
2,500 to under 5,000	7%	Region		Health Services	7%
5,000 to under 10,000	4%	Africa & Middle East	10%	Financial Activities	6%
10,000 to under 20,000	2%	Asia Pacific	29%	Transportation and Utilities	5%
20,000 to under 50,000	2%	Europe	39%	Leisure and Hospitality	4%
50,000 to under 90,000 or more	2%	North America	11%	Natural Resources and Mining	2%
90,000 or more	3%	South America	11%		

¹⁰ The demographic profile is based on respondents from all 18 countries.

¹¹ Percentages may not sum to 100% due to rounding.

¹² Organization Size refers to number of employees.

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 **571-480-4417** or nadinef@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 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.

The data from the Global Business Ethics Survey (GBES) provide the international benchmark on the state of ethics & compliance in business across the globe. The 2019 GBES is the 15th iteration of the GBES (formerly NBES). In 2019, the GBES surveyed over 18,000 employees in 18 countries (approximately 1,000 employees per country). Research content from the GBES is released through reports, infographics, interactive graphics, EthicsStats® and other formats.

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



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The advertisement features a background image of a man in a checkered shirt sitting at a desk, looking stressed with his hands covering his face. Several people around him are holding up various devices like tablets, smartphones, and papers, suggesting an overwhelming amount of information. The overall tone is one of being overwhelmed by the volume of information available.

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Groups are limited to ECI members and some topics covered include:

- ✓ What's next for training?
- ✓ Environmental, social and governance (ESG) reporting
- ✓ Third-party risk
- ✓ E&C considerations in remote work
- ✓ E&C challenges for multinational organizations in E&C

► To join a working group, contact **Dan Woltman** at danw@ethics.org.





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