Questions and Answers for How Ethics Combat Fraud webinar

August 16, 2018

For slide 11, where the note of giving people enormous discretionary power for ethical standpoints, how will ethical reporting change with growing levels of disenfranchisements for whistleblowers?

Clarification/rewording of the previous question: How does the evolution of ethical behavior evolve when the culture of a work environment moves to ostracize those who speak out against ethically conflicting behaviors?

This would be the wrong tone at the top, and could indicate the potential of wrong doing. This would discourage people from doing the right thing out of fear of retaliation or profiling. This environment could actually encourage perpetrators to commit unethical and illegal activities. In such an environment, workplace integrity would very weak and very low.

For slides 15 and 16, what was the procedures used to collect this data? How accurate is the data? Is the metrics for lying and stealing based on self-reports or third-party observations? How skewed would the data be when compared to actual levels of lying and stealing which are committed through collusion or kick-backs?

This is how the methodology was explained by the Ethics and Compline Initiative, who conducted this survey.

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.

**DEMOGRAPHIC BREAKDOWN OF GBES DATA BY AGE, GENDER & ORGANIZATION TYPE1**

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| --- | --- | --- | --- |
|   | 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% |

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 population2 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.

How can Internal Auditors truly make those who report ethically conflicting behaviors feel safe about reporting unethical behaviors? How does one truly mitigate retaliation against those who report unethical behavior?

1-      An established non-retaliation policy including an accountability platform to hold accountable those who retaliate against employees who in good faith report an unethical behavior. This tone at the top would prove the institution’s commitment to an ethical climate where employees are encouraged to report and talk about bad and good things.

2-      An fair and equitable process to investigate violations of the non-retaliation policy that employees would trust and rely on to prove their cases. A committee of figures that employees look up to – Champions of your institution – would prove to be very effective to build employees’ trust in such system.

How would you get upper management to want an ethics and compliance program?

Show them the benefits and outcomes such program would produce or generate. Most importantly, show them why it’s needed, where are the areas of ethical concerns, how are they currently mitigated, and make the case as how this new program can close or eliminate this gap. This way you would couple the need with a solution that works.

Is there any data on the Global Business Ethics for the Caribbean?

The Caribbean is not listed among the 13 countries the GBES covered.

my ethics and compliance program has stalled and I am trying to figure out why and how to get it unstalled

These could be a variety of reasons, and without knowing the specifics of your program it would be hard to adequately answer this question. Regardless, establishing an ECP could be very rewarding and very challenging at the same time, even in climates where management is committed to an environment of ethical standards and people feel safe to report unethical conducts. Such a program heavily relies on people and their values which drive their conduct. What we have a tendency to easily forget, is that people’s values change over time, which implies changing their behavior. My suggestion is to see if assessing management attitude toward an ECP varies from year to year, and incorporate this assessment as an integral part of your workplace ethical climate survey.

Would you repeat the 5 objectives of a strong ethics & compliance program?

Based on the results of its surveys, the ethics and compliance initiative identified five principles as the pillars of a high quality ethics and compliance program:

* **Strategy:** Ethics and compliance program is central to business strategy.
* **Risk Management or ERM**: Risks are identified, owned, managed and mitigated.
* **A culture of integrity:** Leaders at all levels build and sustain a culture of integrity.
* **Speaking up:** The organization encourages, protects and values the reporting of concerns and suspected wrongdoing.
* **Accountability:** the organization acts and holds itself accountable when wrongdoing occurs.

