

RESEARCH REPORT

THE STATE OF ETHICS IN LARGE COMPANIES

*When the largest companies invest resources
in ethics and compliance, they get impressive results.*



ERC

Ethics Research Center

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ABOUT THIS STUDY

THE STATE OF ETHICS IN LARGE COMPANIES

A Research Report from the National Business Ethics Survey® (NBES®)

The National Business Ethics Survey® (NBES®) generates the U.S. benchmark on ethical behavior in corporations. Findings represent the views of the American workforce in the private sector. Since 1994, the NBES and its supplemental reports have provided business leaders a snapshot of trends in workplace ethics and an identification of the drivers that improve ethical workforce behavior. With every report, ERC researchers identify strategies that business leaders can adopt to strengthen ethics cultures.

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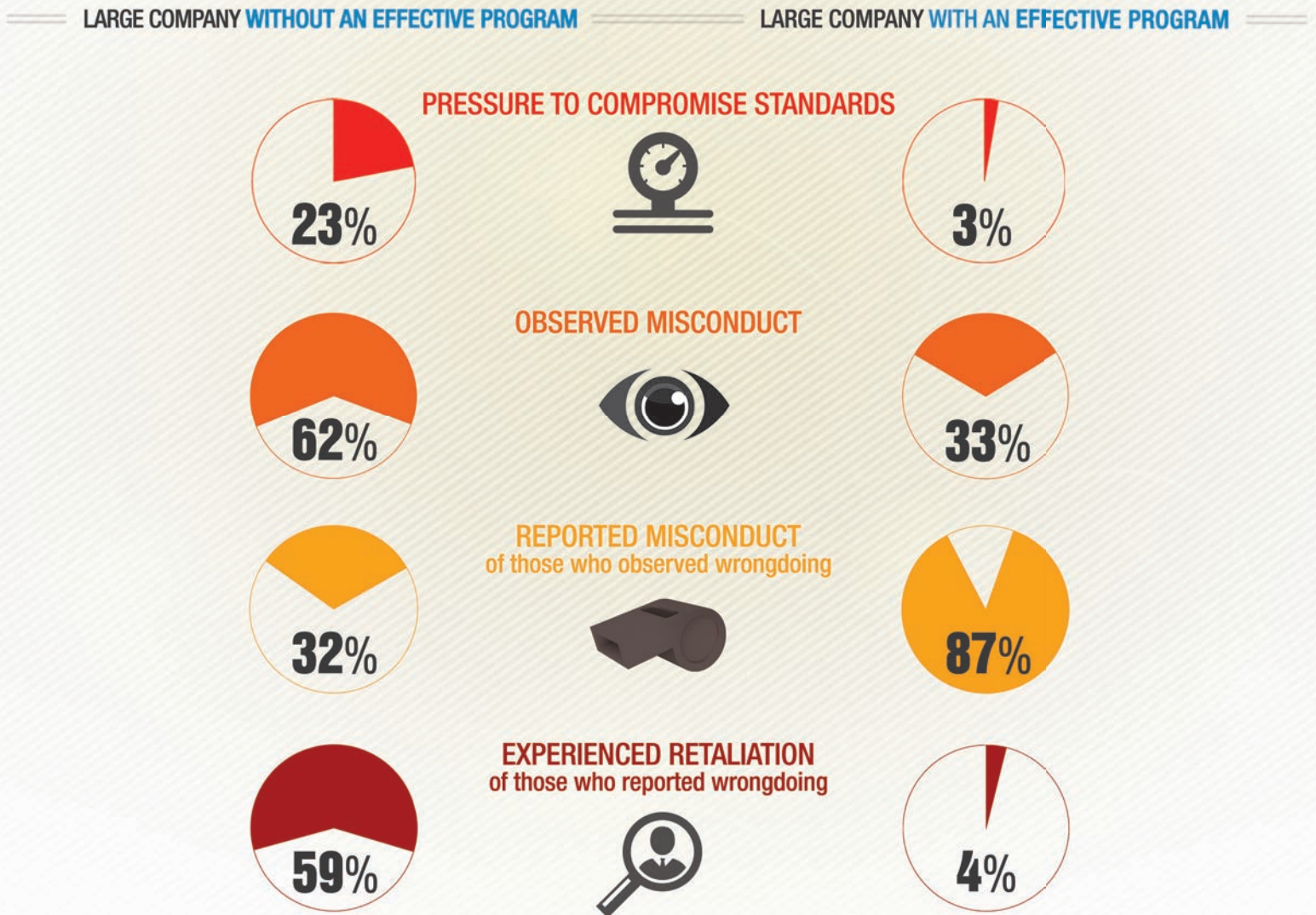
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EXECUTIVE SUMMARY

When the largest companies (those with 90,000 or more employees) invest resources in ethics and compliance, they get impressive results. The strength of a company's ethics culture and the effectiveness of its internal ethics and compliance (E&C) program are closely tied to workplace behavior. Each key indicator of ethical performance - pressure to compromise ethics standards, observation of misconduct, reporting of violations, and retaliation for reporting - improves in large companies with strong ethics cultures. Ethical performance is strengthened in companies with effective E&C programs. In fact, pressure and retaliation become extremely rare in the largest companies when they implement effective ethics programs.

Pressure to violate standards and misconduct decline substantially; workers are far more likely to report the misconduct they see; and they are far less likely to face retribution for reporting when companies have effective E&C programs. Only one-third (33 percent) of workers observed misconduct in large companies with effective ethics programs, compared to a misconduct rate of almost 51 percent among all large companies and more than 62 percent for large companies that do not have effective E&C programs. Pressure and retaliation fall to extreme lows (3 percent and 4 percent, respectively) in big companies that have established effective E&C programs.





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