ETHISPHERE®
GOOD. SMART. BUSINESS. PROFIT.®

The Business Case for a Standalone Ethical Culture Survey

Making the Business Case for a Standalone Ethical Culture Survey

This presentation was developed to arm you in your conversations with internal and external stakeholders about the importance of conducting a standalone ethical culture survey – either in addition to a broader employee survey; to be used in alternating years; or on an annual basis.

You can use this Business Case deck in a myriad of ways, including:

- Briefing colleagues across your organization on the benefits of measuring ethical culture via a dedicated survey
- Convincing executive leadership through data-driven evidence of the importance of fostering, assessing and monitoring an ethical culture

Whether using it off the shelf, customizing the slides with your own branding, or embedding relevant content into your existing presentations, we welcome you to use these slides as you see fit.
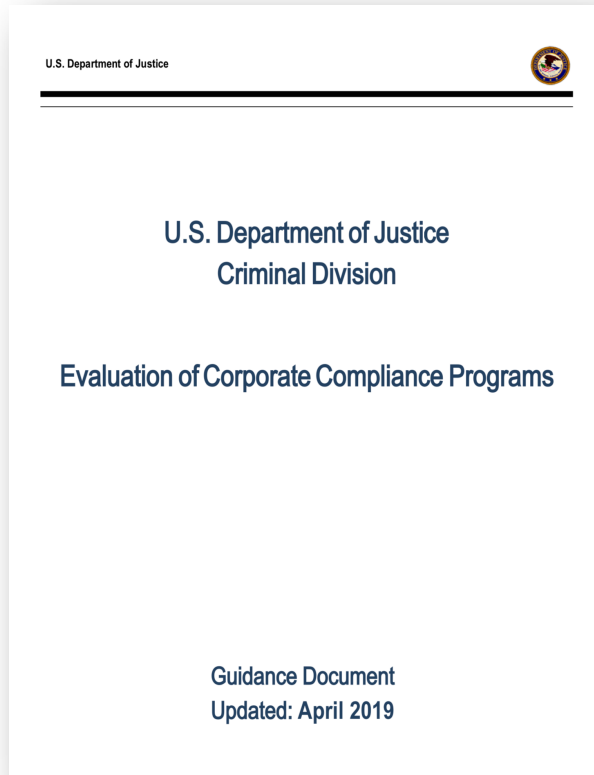
Why Measure Ethical Culture?

Measuring Culture Makes Sense

Regulators Expect It

U.S. Department of Justice

U.S. Department of Justice
Criminal Division

Evaluation of Corporate Compliance Programs

Guidance Document
Updated: April 2019

Investors Are Asking For It

STATE STREET GLOBAL ADVISORS

January 2019 Investor Letter

"…we will be focusing on corporate culture as one of the many, growing intangible value drivers that affect a company's ability to execute its long-term strategy"

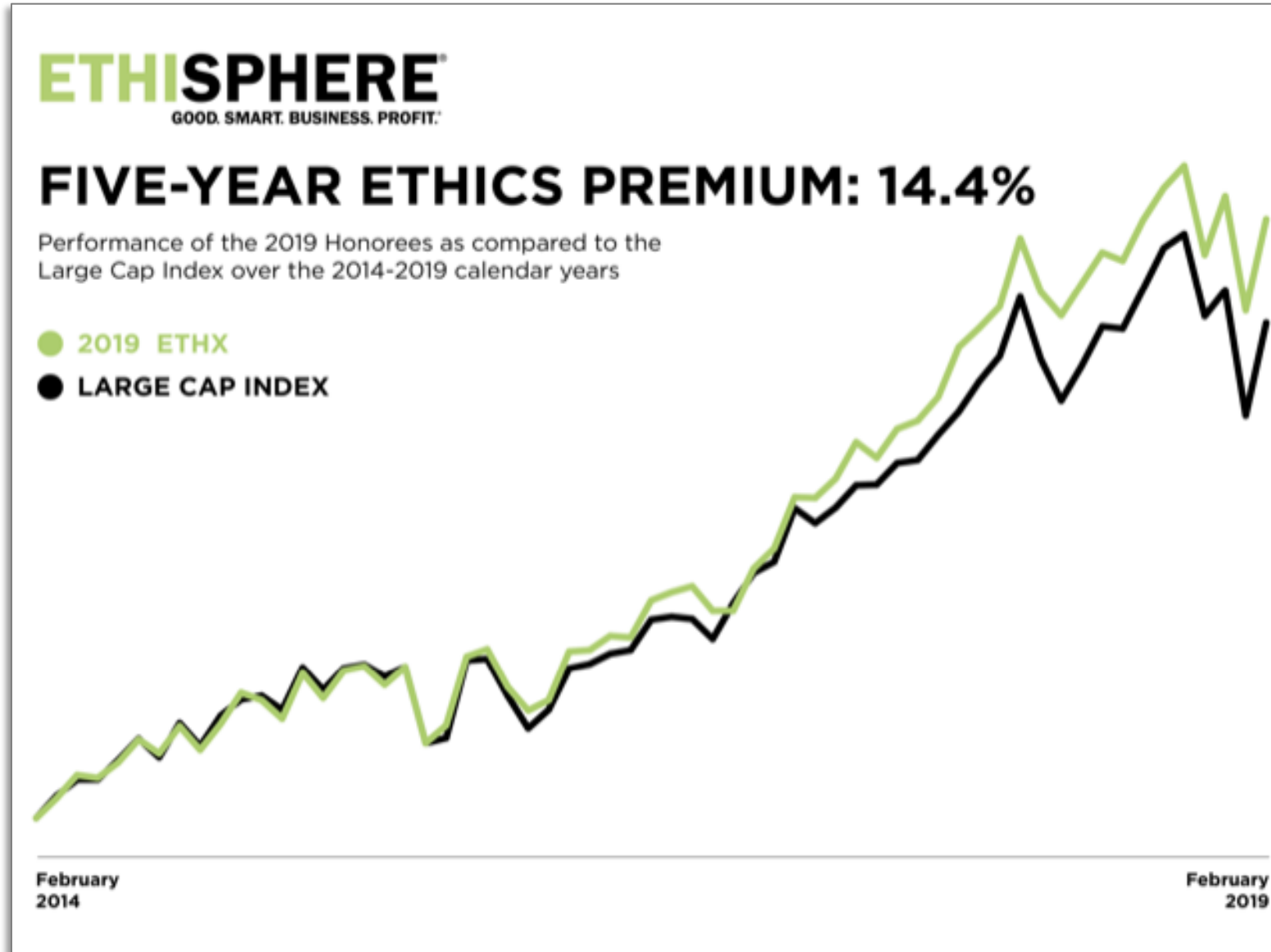"…corporate culture are driving a greater share of corporate value"

The Best Companies Do it

™
2019 WORLD'S MOST ETHICAL COMPANIES®
WWW.ETHISPHERE.COM

66% administer a standalone ethical culture survey

4

Ethics is Good for Business

The World's Most Ethical Companies Achieve Better Financial Performance than the Large-Cap Sector

ETHI SPHERE
GOOD. SMART. BUSINESS. PROFIT.

FIVE-YEAR ETHICS PREMIUM: 14.4%

Performance of the 2019 Honorees as compared to the Large Cap Index over the 2014-2019 calendar years

● 2019 ETHX

● LARGE CAP INDEX

February 2014

February 2019

Top Five Reasons to Conduct a Culture Survey

ETHISPHERE
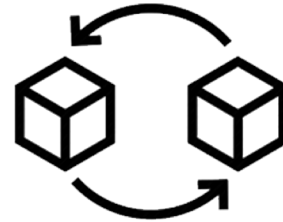GOOD. SMART. BUSINESS. PROFIT.

Inspires employees to champion integrity in the workplace

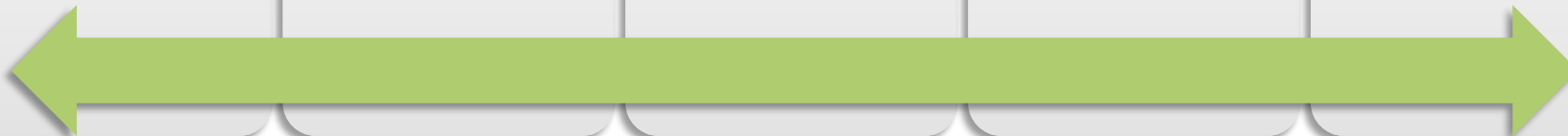**Illustrates to employees that ethics is a business priority**

Validates the depth and breadth of your program

Indicates if changes are impacting ethical behavior

Pinpoints areas to allocate resources

What an Ethical Culture Survey Covers

What To Measure: Elements of an Effective Program

Ethisphere's Eight Pillars of Ethical Culture

Awareness of the Program & Resources	Perceptions of the Function	Organizational Justice	Manager Perceptions
Observing & Reporting Misconduct	Pressure to Compromise	Perceptions of Leadership	Perceptions of Peers & Environment

Based on Ethisphere's 12+ years of surveying ethical culture elements of leading companies along with input from members of the Business Ethics Leadership Alliance (BELA)

What You Learn: Insights That Impact Compliance

Case in Point: Faith in Non-Retaliation Enforcement Has Far-Reaching Implications

	Willing to report misconduct if observed	I saw something and reported it	I believe my manager is always committed to integrity	I believe our senior leadership always acts ethically
I believe my company **enforces our non-retaliation policy**	98%	73%	96%	89%
I believe my company **does not enforce our** non-retaliation policy.	62%	34%	51%	31%
Impact of a credible non-retaliation policy	+36%	+39%	+45%	+58%

9

Source: Data from Ethisphere Ethical Culture Surveys Between 2018-2019 Representing 4+ Million Employees

What you Learn: Data to Provide Direction

Case in Point: The Important Role of Managers

The Findings:

If a manager **frequently (monthly+) discusses ethics & compliance issues**, employees are:

- 50% more likely to feel comfortable approaching a manager with issues

- 43% more likely to have faith in the company's investigations process

- 30% more likely to report misconduct

Actions:

How these insights might impact ethics and compliance programs:

- Consider additional training for managers

- Provide managers with ways to communicate about ethics and compliance with teams (e.g., short videos, sample emails, etc.)

Source: Data from Ethisphere Ethical Culture Surveys Between 2018-2019 Representing 4+ Million Employees

Best Practices

Steps to Ensure Project Success

Communicate, Communicate, Communicate!

Pre-Assessment	Go-Live/Runtime Period	Post-Assessment
• Leverage C-suite, regional leadership to announce the "what" and the "why"	• Periodic reminders	• Extend gratitude for participation
• Involve data security team to promote project legitimacy	• Monitor real-time results for technical issues, pockets of low engagement for targeted outreach opportunities	• Long term: provide feedback to participants, engagement levels and impact made by their input – ensures future survey success
• Entice employees to speak up by offering up what's at stake: an opportunity to shape things	• Prepare in advance templates, tools for regional leaders to disseminate to their teams in pockets of low participation	• Plan for follow up survey efforts – "pulse", focus groups, interviews
• Notify leadership of the types and volume of data to come, and prepare them to act	• Incorporate game theory: from regional competitions to public dashboarding of response rates	

Top Tips for a Successful Ethical Culture Survey

Set Objectives Up Front:
Be strategic about what you want to accomplish

Make it Anonymous:
Ensure trust and improve completion rates

Make it Convenient:
5-7 minutes, and accessible via mobile or computer

Benchmark Your Results:
Compare your program to guidance or peer companies

Drill Down:
Segment your data by geography, title or other criteria

Act on Results:
Communicate results to employees

Repeat:
Conduct the survey annually:
- Monitor progress
- Check organizational change
- Examine high-risk groups

Learn More

www.Ethisphere.com
info@ethisphere.com

The Ethisphere Ethical Culture Assessment

Built by and for Companies with World-Class Programs

▪ Based on best practices defined over a decade from Ethisphere's expertise of measuring ethical culture, along with input from Business Ethics Leadership Alliance (BELA) companies

Valuable for Employees

▪ Higher completion rates due to guaranteed anonymity, native language options and a quick 5-8 minute survey available on phones, tablets or laptops

Analytics and Reporting to Showcase Effectiveness

▪ Rich data and analytics to understand program effectiveness, generate data for resources or organizational changes, and develop reports for the C-Suite or Board
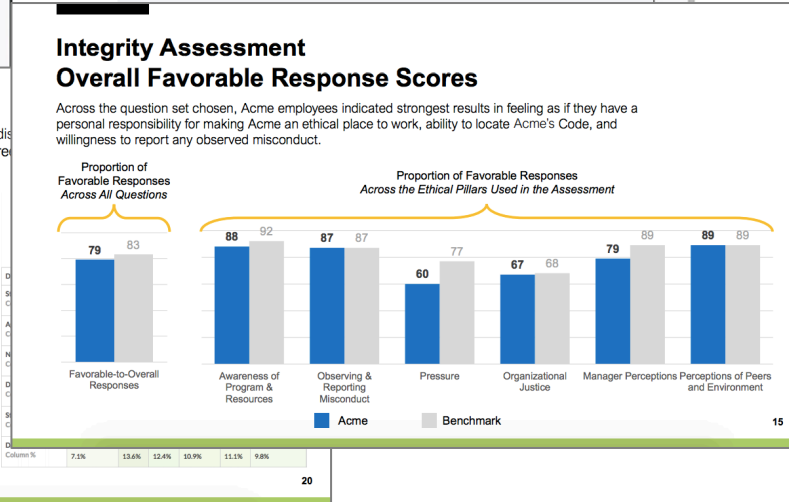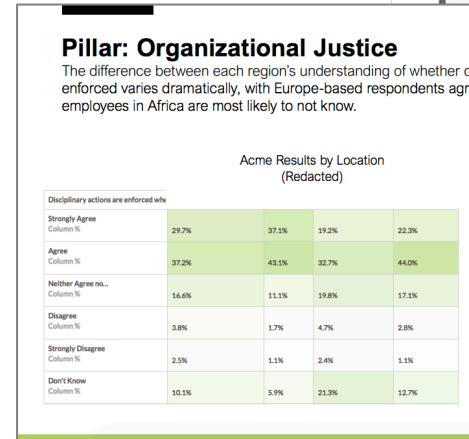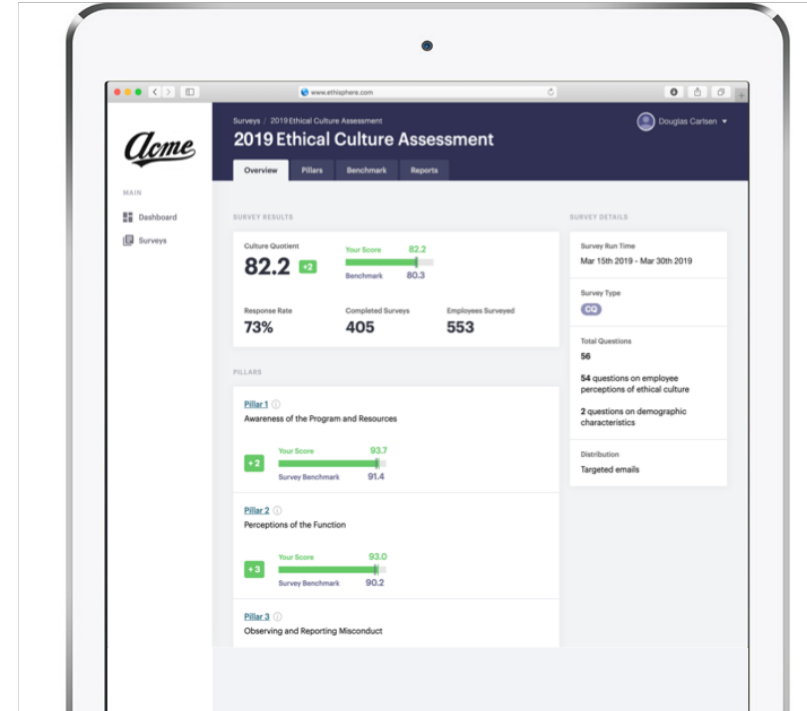
Sample Critical Insights Gleaned from Ethical Surveys

With a configurable set of over 60 questions, Ethisphere's *Ethical Culture Assessment* provides the content, the benchmarking, the context and the expertise to ensure your critical questions are met with the right insight and data. Below is an example of the questions our clients ask and the answers they receive.

Client Question	Corresponding Ethisphere Assessment Inputs	Example Client Outcomes
"Are our employees willing to report something they see? How does this compare against the behavior of those who actually see something?"	• If I were to observe misconduct, I would be willing to report it. • Over the past 12 months, have you observed unethical behavior or business misconduct at the Company?	Client observed a 20-percentage point gap in the proportion saying they would report misconduct if observed in the future compared to how many were actually reporting misconduct they saw.
"Does a manager who frequently discusses the topics of integrity at work result in direct reports that ask more questions or report more frequently compared to managers that communicate less often?"	• My manager discusses ethics or compliance related issues/topics. • I am comfortable approaching my manager with issues or questions related to ethical conduct.	Client discovered those managers that "frequently" discussed ethics- or compliance-related issues with direct reports, 98% of direct reports were comfortable approaching these managers with issues or questions. Conversely, for managers that "rarely" held such communications only 63% reported being comfortable. Those that "never" communicated? A mere 29 percent.
"Are our investments in our hotline technology paying off?"	• How did you report the suspected misconduct or unethical behavior? (Please select all that apply) • How satisfied were you with how the overall process (from initial reporting to outcome) was handled? • What aspect of the process made you feel dissatisfied? (Please select all that apply.)	Client uncovered that the four most common resources used according to the assessment findings were not technology at all, but humans: managers, HR, and compliance professionals. Furthermore, it was discovered that immediate managers were-by a significant margin-the most commonly used (and most positively viewed) resource for reporting concerns across the enterprise.