



Supplier Companies Are More Vulnerable to Integrity Challenges, ECI Study Shows

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Survey Finds Nearly Half of Supplier Firms' Employees Have Witnessed Misconduct

ARLINGTON, Va., Dec. 13, 2016 (GLOBE NEWSWIRE) -- Businesses that rely on extensive webs of third-party suppliers and contractors face a heightened risk of ethics and compliance breakdowns, which can damage reputation and create legal and financial consequences, the Ethics & Compliance Initiative (ECI) and FTI Consulting (NYSE:FCN) found in a new survey of employees in 13 major global economies.

According to ECI's Global Business Ethics Survey® (GBES®), 42 percent of supplier firm employees said they had witnessed misconduct on the job, compared to 28 percent who observed wrongdoing at non-supplier companies. Of the supplier company employees surveyed, nearly one-third said they felt pressure to compromise standards, compared to 18 percent at non-supplier companies.

"The findings show that employees in supplier organizations are far more likely than workers employed by non-suppliers to face integrity challenges, including pressure to violate standards," said [Neal Hochberg](#), Global Leader of the [Forensic & Litigation Consulting](#) segment at FTI Consulting, which supported the report and worked with ECI on the study. "These workers are also more likely to witness rules violations and experience retaliation if they blow the whistle on misconduct. The impact of integrity breaches is ultimately passed on to the buyers that contract for the suppliers' goods and services, so it is imperative that organizations pay close attention to their suppliers' ethics and compliance policies."

The data showed significant variation among the 13 countries. Half of employees at U.S. suppliers said they saw misconduct, the highest level in the survey, compared to a low of 17 percent in Japan. Feelings of pressure were highest in Brazil (50 percent), compared to 17 percent in Mexico and Spain, and 18 percent in Japan. On the positive side, employees of supplier organizations were far more likely than their counterparts at non-suppliers (68 percent to 51 percent) to report misconduct so that management can intervene.

"Outsourcing portions of the supply chain is necessary to enable goods to get to market faster and more cheaply," ECI Chief Executive Officer [Patricia J. Harned](#) said. "But the price of this benefit means buyer organizations give up a degree of control and oversight, and that can create a variety of business risks."

The report also noted that misconduct is more likely at organizations that are experiencing internal upheaval such as layoffs, restructurings and mergers, and that such events are more common among supplier companies.

Harned added, "A supplier's commitment to ethics and compliance should be a key consideration when assembling a supply chain. Among other things, business organizations should ask whether potential suppliers expect their employees to honor rules and adhere to high standards, and also provide employees the training to do so."

The full report, "Ethics Risks in the Supply Chain", and a link to register for a webcast examining the report findings on Tuesday, December 13th at 2 p.m. EST are available [here](#).

About the Ethics & Compliance Initiative

The Ethics & Compliance Initiative (ECI) empowers organizations to create and sustain high quality ethics and compliance programs. With a history dating back to 1922, ECI brings together ethics and compliance professionals and academics from all over the world to share techniques, research and, most of all, exciting new ideas. www.ethics.org

About FTI Consulting

FTI Consulting, Inc. is a global business advisory firm dedicated to helping organizations manage change, mitigate risk and resolve disputes: financial, legal, operational, political & regulatory, reputational and transactional. With more than 4,600 employees located in 29 countries, FTI Consulting professionals work closely with clients to anticipate, illuminate and overcome complex business challenges and make the most of opportunities. The Company generated \$1.78 billion in revenues during fiscal year 2015. For more information, visit www.fticonsulting.com and connect with us on [Twitter \(@FTIConsulting\)](#), [Facebook](#) and [LinkedIn](#).

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