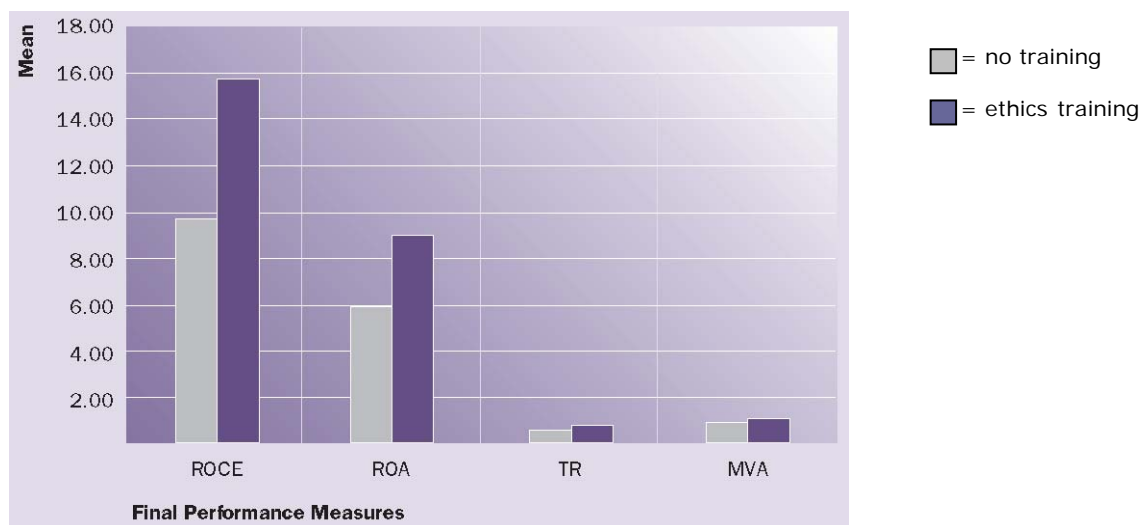


## BUSINESSES PERFORM SIGNIFICANTLY BETTER IF STAFF ARE TRAINED IN ETHICS

**London, July 9, 2007:** Training in ethics makes a real difference to financial performance according to a new report by the Institute of Business Ethics released today.

The report, entitled *Does Business Ethics Pay? – Revisited*, analyses two groups of businesses: those that have a code of ethics but provide no training to staff about it, and those that both had a code and provided training (Corporate Revealed Ethics [CRE] and Corporate Applied Ethics [CAE] respectively). It looks at four measures of financial performance between 2001 and 2005: Return On Capital Employed (ROCE), Return On Assets (ROA), Total Return (TR) and Market Value Added (MVA).

The results show that businesses that train their staff to understand and implement codes of ethics financially outperform those that do not by a significant margin (see chart).



The results also confirm the findings of an IBE report published in 2003 (entitled *Does Business Ethics Pay?*) which indicated that companies with a code of ethics performed better financially than those that have no code. Now that most companies (for example, 85 of the FTSE 100) do have codes of ethics, the challenge for business ethics has moved on to how those codes are embedded. The IBE has recently published reports exploring issues of embedding, monitoring and assurance of ethical values and standards.

This latest report suggests that companies investing in a demonstrable ethics programme benefit from the confidence that their practices instil in their stakeholders, and that this in turn helps reputation building and leaves the firms better prepared for external changes. An appendix explores how a commitment to business ethics may translate through to improved financial performance.



## NEWS RELEASE

"This report sends two clear messages to everyone involved in business: first, doing business ethically pays. Second, to do business ethically, you have to do it properly.

It is not enough just to have a code of ethics and think that that is enough; that code has to be embedded into the "DNA" of the business and into the thought process of every member of staff. If you can do so, then the payback will be even greater," said Philippa Foster Back, Director of the Institute of Business Ethics.

ENDS

For further information, please contact  
Philippa Foster Back on 0207 798 6040.

### Notes for editors:

#### **DOES BUSINESS ETHICS PAY? – REVISITED: The value of ethics training**

By Kaodi Ugoji, Nicole Dando and Lance Moir is published on 9<sup>th</sup> July  
ISBN 0 9549288 5 7 Price £25.00 Available from [www.ibe.org.uk](http://www.ibe.org.uk)

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#### **ABOUT THE INSTITUTE OF BUSINESS ETHICS**

The Institute of Business Ethics was established by business in 1986 to encourage high standards of business behaviour based on ethical values. The IBE aims to lead the dissemination of knowledge and good practice in business ethics. It is a registered charity (no. 1084014) .

- It seeks to raise public awareness of the importance of doing business ethically.
- It helps organisations to strengthen their ethics culture and encourage high standards of business behaviour based on ethical values and assists in the development, implementation and embedding of effective and relevant ethics and corporate responsibility policies and programmes. It helps organisations to provide guidance to staff and build relationships of trust with their principal stakeholders.
- It collaborates with other UK and international organisations with interests and expertise in business ethics.

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