Attitudes of the British Public to Business Ethics
10 year trends and 2013 findings

For ten years the Institute of Business Ethics has commissioned Ipsos MORI to carry out face to face surveys asking British adults (16+) their opinion of the ethical behaviour of British business and the issues that most need addressing. This briefing considers the findings over these ten years.

The three questions asked are:
Q1: How ethically do you think British business generally behaves?
Q2: How do you think British business is behaving now compared with 10 years ago? (asked since 2006)
Q3: In your view of company behaviour, which two or three of these issues most need addressing?

Ethical Business Behaviour

Graph 1 shows the trend for responses to the first question asked over the decade: “How ethically do you think British business generally behaves?

Graph 1: How ethically do you think British business generally behaves?

Within the decade public opinion has fluctuated from year to year within an 11 – 12% range. The last few years illustrate this. In 2010 and 2011 almost 60% of the sample rated business as behaving ‘very’ or ‘fairly ethically’, but this proportion fell sharply in 2012 to 48% only to recover to 59% in 2013.
What is clear is that the British public's opinion consistently leans more towards business behaving 'ethically' than 'not ethically'.

This is interesting considering that since the first survey was conducted in 2003, there has been no shortage of media stories about corporate misbehaviour¹. Despite these, the British public's view about how business conducts itself remains arguably more positive than might be expected. In 2003, 47% answered that they thought British businesses were behaving 'very ethically' or 'fairly ethically', while in 2013, the figure was 59%, the joint highest percentage since the survey began. After the ethical lapses seen over the last few years, such as those in the financial sector², the public debate over the level of rewards given to senior staff in the world of business and corporate tax avoidance, this is unexpected.

Of course, viewed from a different perspective, even during the 'best' years (e.g. 2006, 2010, 2011, 2013), the findings show that nearly 40% of the British public believe business was behaving 'not ethically': possibly a concerningly high proportion.

Interestingly, 2013 sees the lowest ever percentage of respondents having 'no opinion' on this question, down to 4% from the highest figure of 15% in 2012. This could suggest the more of the British public feel informed to comment on how businesses are behaving than in the past, or that the strength of public feeling on this topic has risen. This may reflect the level of attention business conduct has been given in the media over the last 12 months.

### Issues needing attention

Respondents were also asked to select from a list: Which two or three issues relating to company behaviour do you think need addressing? This list has evolved slightly over time to reflect the different issues and challenges facing businesses that arise over time. See Box 1 for the most recent list offered in 2013.

<table>
<thead>
<tr>
<th>Box 1: Issues of company behaviour</th>
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<tbody>
<tr>
<td>1. Corporate tax avoidance</td>
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<td>2. Executive pay</td>
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<td>3. Employees being able to speak out about company wrongdoing</td>
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<td>4. Bribery and corruption</td>
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<td>5. Discrimination</td>
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<td>6. Environmental responsibility</td>
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<td>7. Harassment and bullying in the workplace</td>
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<td>8. Sweatshop labour</td>
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<td>9. Fair and open pricing of products and services</td>
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<td>10. Human rights</td>
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<td>11. Advertising and marketing practices</td>
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<td>12. Openness with information</td>
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<td>13. Safety &amp; security in the workplace</td>
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<td>14. Work-home balance for employees</td>
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<td>15. Treatment of suppliers</td>
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<tr>
<td>16. None of these/ no opinion</td>
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Over the decade ten issues have been consistently included (see those marked in red in Box 1) among a longer list that has changed over time. Of these, two: ‘executive pay’ and ‘discrimination in the treatment of people’³, headed the list in 2003 and are still in the top five ten years later, albeit with lower rankings. Possibly as fallout from the financial crisis and the resulting heavy media attention on the issue, ‘executive pay’ reached a peak of 42% in 2009. This is the highest figure recorded for any issue throughout the history of the survey. It has since slipped substantially, to 30% of respondents, but is still ranked as the second most important issue for 2013.

One subject consistently high in the rankings is ‘employees being able to speak out about company wrongdoing’. A third of people selected this as one of the top three issues they considered needed addressing in 2005 (when it

¹ For examples from the last 12 months see [http://ibe.org.uk/businessethicnews.asp](http://ibe.org.uk/businessethicnews.asp)
² LIBOR fixing, PPI mis-selling etc
³ Changed to ‘discrimination’ in 2013, also to be noted in Graph 4
was introduced to the list). It also topped the list of issues overall in that year. Since then, it has slipped slightly to third place with one in five selecting it in 2013. This is possibly because the British public feel more notice is being taken of this within companies as references to speak-up legislation have been in the media in recent months.

Over the ten years ‘environmental responsibility’ and ‘safety and security in the workplace’ have slipped significantly in the priority list, suggesting perhaps that they are now perceived by the public as being more widely addressed by companies or that other issues have become more important.

‘Human rights’ was added as an issue in 2011. This acknowledged the publication that year of John Ruggie’s report the ‘Guiding Principles on Business and Human Rights’, which formally put human rights on the business agenda. This issue reached its highest response level in 2013, possibly due to a prominent news story of the past 12 months: The Rana Plaza factory collapse in Bangladesh where over 1,100 people died.

Between 2003 and 2010, ‘bribery and corruption’ was chosen less often relative to other issues. Since then it has significantly increased in prominence as an issue with a highest response rate of 21% in 2012 and in 2013 is jointly ranked as the fourth most important issue that the public think business needs to address. In 2013 it tops the list. The public are perhaps reacting to the frequent allegations in the media and feeling ‘very angry’ that many multinational companies are apparently operating very successfully in the UK yet paying little or no local corporation tax.

Perception Change
Since 2006 a third question that the British public have been asked is ‘How do you think British business is behaving now compared with 10 years ago – ‘less ethically’, ‘more ethically’ or ‘the same’?

As Graph 2 shows, over the seven years, there have been consistently mixed views about how business has been behaving compared to the decade before. Opinion is roughly equally split between ‘more’ and ‘less’ ethically and ‘the same’.

While from 2003 to 2010 the trend seemed to be for increasing optimism that business standards had improved, the trend since then is more pessimistic. The response rate for those who think business is behaving ‘less ethically’ than 10 years ago has been on the rise since 2010 (by 15 percentage points), as has those who think it’s ‘the same’ (by 20 percentage points). Those with ‘no opinion’ appear to have shifted into those groups rather than the ‘more ethically’ cohort.

The Next 10 years…?
Over the last ten years the findings of this survey suggest that the British public’s perception is more positive than negative...
regarding how well business is behaving (Graph 1). On the whole, they are perhaps more forgiving of business misconduct than might be expected given the level of media attention such behaviour generates. However, compared to a decade ago business is not seen as improving its ethical standards. The proportion of the public which thinks that business is more ethical than a decade ago has been on the decline since 2010.

Given that recent changes in legislation imply a move towards integrated reporting, more information about how a company does its business and how it handles ethical risks will become publically available.

This may have two possible outcomes. Increased transparency might raise businesses' esteem and trust in the minds of the general public and this could be reflected in the findings over the next ten years of this survey.

Alternatively, increasingly open reporting could mean that more ethical challenges are exposed.

Around 40% of the British public are of the opinion that business is behaving 'unethically' and it is a matter of conjecture if the ‘loyal’ 50-60% will remain positive in their judgement should the business world face many more high profile scandals.

What the findings of this survey will show in another ten years largely depends on how businesses behave and their commitment to doing business ethically.
Box 2: 2013 Findings

The latest face-to-face survey was conducted in August 2013 by Ipsos MORI among a representative sample of 996 British adults (aged 16 years and above) as part of its Sustainable Business Monitor Survey. Interviews were carried out face-to-face between 16th and 22nd August 2013. Survey data were weighted back to the true population proportions.

Question 1: How ethically do you think British business generally behaves?

This year the proportion of the British public saying that they believe British business generally ‘behaves fairly’ or ‘very’ ethically was 59%, the joint highest response rate recorded during the past decade. This is a significant change from the percentage in 2012 when it had dropped to the second lowest response rate of 48%. This increase could be accounted for by a similarly significant decrease in the proportion of the public expressing “no opinion” in this year’s survey.

Some significant differences by sub-group

In 2013, the group least likely to consider that business is behaving ‘very’ or ‘fairly’ ethically is the 55+ age group (48% compared to 59% of the total sample). Those who are most likely to say it is behaving ‘ethically’ are people with children (66%). These are the only significant difference in the population this year.

Compared to 2012:

- All groups, except those aged 55+ and graduates, are significantly more likely to think that business is behaving ‘fairly ethically’.
- Those with children in their household are significantly less likely to think that business is now behaving ‘not at all ethically’.

Continues...
Question 2: How do you think British business is behaving now compared with ten years ago – is it behaving more ethically than ten years ago, less ethically, or the same?

**Graph 4: How do you think British business is behaving now compared with 10 years ago?**

<table>
<thead>
<tr>
<th>Change ‘13 - ‘12</th>
<th>More ethically now than 10 years ago</th>
<th>Same</th>
<th>Less ethically now than 10 years ago</th>
<th>No Opinion</th>
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<tbody>
<tr>
<td></td>
<td>3</td>
<td>-12</td>
<td></td>
<td>16</td>
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**Some significant differences by sub-group**

- Those aged 35-54 are *more likely* (31% compared to 25% total) to think that business is behaving ‘more ethically’ than 10 years ago.
- Those aged 55+ are both *less likely* to think that business is behaving ‘more ethically’ than 10 years ago (19% compared to 25%), and *more likely* to think that business is behaving ‘less ethically’ than 10 years ago (46% compared to 35%).
- Those who are classified as working are *more likely* to think business is behaving ‘more ethically’ than 10 years ago (31% compared to 25% of the total sample).

**Compared to 2012:**

- Those in social groups ABC1 and graduates are significantly *less likely* to think that business is behaving ‘more ethically’ now than ten years ago. This difference is especially notable amongst graduates, where the response rate decreased 13 percentage points from 41% in 2012 to 28% this year;
- Women, those aged 35-54, those aged 55+, those who are working and those with children in their household are all significantly *more likely* to think that business is behaving ‘less ethically’ than 10 years ago;
- Respondents across all sub-groups (with the exception of the 55+ age group) were also simultaneously significantly *more likely* to think that business was behaving ‘the same’ as 10 years ago. They were significantly *less likely* to express ‘no opinion’ in answer to this question.
Question 3: In your view of company behaviour, which two or three of these issues most need addressing?

Graph 5: How do you think British business is behaving now compared with 10 years ago?

Some significant differences by sub-group
- Graduates differ from the total population in a number of issues. They are more likely to consider corporate tax avoidance, environmental responsibility, openness with information and work-home balance for employees as issues which need addressing. Conversely, the only issue they are less likely to consider an issue is bribery and corruption.
- Those with children in their household are significantly more concerned about the issues of openness with information and work-home balance for employees than other sub-groups.
- Those aged 55 or above are significantly less concerned about discrimination and work-home balance for employees.

Compared to 2012:
- Corporate tax avoidance is significantly more of an issue across all sub-groups, bar those aged 16-34. The largest increases were for those aged 35-54 (up 17 percentage points), graduates (up 14 percentage points) and men (up 12 percentage points);
- Executive pay is significantly less of an issue for those in social group ABC1 (down 8 percentage points), women (down 6 percentage points) and those with children in their household (down 6 percentage points) compared to the whole sample.
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At L’ORÉAL, we have been working with the IBE for many years. We have always found their advice pragmatic and practical as well as, in many instances, inspiring. They help us and challenge us at the same time.” Emmanuel Lulin, Group Director of Ethics, L’ORÉAL