

This Briefing looks at the findings of selected UK, Global and US surveys on a business ethics theme published in the last year.

Global Surveys

1. Edelman: *Trust Barometer, 2014*

The 2014 Edelman Trust Barometer is the 12th annual global survey of over 30,000 members of the general population exploring levels of trust in institutions, industries and leaders¹. Findings this year shows the largest ever gap since the study began in 2001 between public trust in business on the one hand and government on the other. This can be attributed to a continued destruction of trust in government that began in 2011, and a steady rise “in belief in business” since its low-point in 2008.

Among the general public, only one in four general public respondents trusts business leaders to correct issues and even fewer – one in five – to tell the truth and make ethical and moral decisions.

Globally, 42% of informed publics believe there is not enough government regulation of business and more than half of respondents see protecting consumers from business as an important role for government.

The Technology industry continues to lead with a trust level of 79% among informed publics. Media companies and banks continue to trail, seeing little movement since 2009 and, with additional incidents this year, are facing continued public and regulatory reprimand over ethics, business practices and general malfeasance.

The full report is available from:

<http://www.edelman.com/insights/intellectual-property/2014-edelman-trust-barometer/about-trust/executive-summary/>

2. Dow Jones: *State of Anti-Corruption Compliance Survey, 2013*

The Dow Jones State of Anti-Corruption Compliance Survey, now in its fifth year, surveys compliance executives from 350 companies globally for their views on the regulatory landscape and its impact on their businesses.

45% of companies claim to have lost business to unethical competitors in 2013. Half or more of companies cite the Foreign Corrupt Practices Act (FCPA) and the Bribery Act as having a “major impact.”

Over 80% of the companies surveyed view the DOJ/SEC Resource Guide to the Foreign Corrupt Practices Act as adequate, but fewer than 20% describe it as “very adequate.”

More than two-thirds would like clarification on due diligence and the travel, gift and entertainment policy. Slightly more companies (38%) feel it is realistic to ban facilitation payments entirely (vs. 32% in 2012).

A “more level playing field” continues to be perceived as the most important benefit of anti-corruption regulation with 72% of respondents selecting it. Savings from fraud reductions became a less-important benefit (54%, down from 64% in 2012) while “other” reasons, including reputation and social responsibility, gained in importance (18% up from 10% in 2012).

The full report is available from:

http://www.dowjones.com/pressroom/docs/AC_Brochure_v2.pdf

¹ 1,000 general population respondents per country

² Informed public is defined as aged between 25-64, college educated, in top 25% of household income per age group in each country and report significant media consumption. 200 respondents per country.

3. LRN 2013 Ethics & Compliance Leadership Survey Report

The sixth annual LRN Ethics & Compliance Leadership Survey Report looks at what leaders from more than 180, largely multinational companies, identify as their biggest challenges and how they are rising to meet them.

In LRN's 2010-2011 survey, 81% of respondents cited compliance with rules and regulations as a principal benefit of promoting an ethical culture - which made legal compliance the single most cited benefit of promoting ethics in the workplace. However, 2013 findings suggest that companies have begun to understand that fostering a culture of doing the right thing drives results; that "outbehaving" outperforms. Four out of five of respondents now see performance and value creation as the greatest benefits of an ethical culture, surpassing compliance for the first time.

Paradoxically, 40% of the E&C leaders report that lack of appreciation of culture as a business driver is a major impediment to building a strong ethical culture, second only to organizational complexity (58%). Furthermore, the difficulty in making the business case for culture has increased slightly over the past three years, with 34% of respondents citing this as an obstacle in 2010-2011 and 36% in 2011-2012.

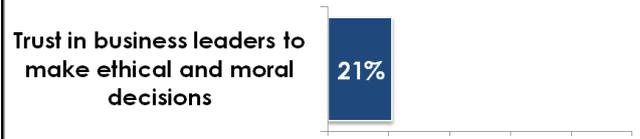
An analysis of spending by all respondents suggested no correlation between the amount respondents spent per employee and the effectiveness of their programmes. When measured by impact on employees, programme effectiveness isn't tied to how much the programme spends, but on how it spends and why.

The full report is available from:
www.lrn.com/operational-guidance-whitepapers/2013-ethics-compliance-leadership-survey-report

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Box 1: Graphs from Global Surveys

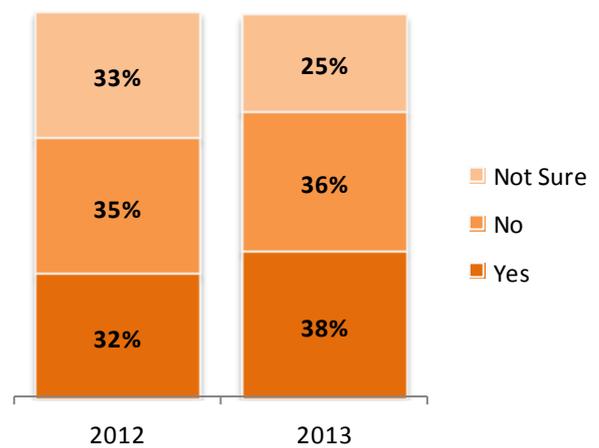
Trust in business leaders:



Source: Edelman Trust Barometer 2014

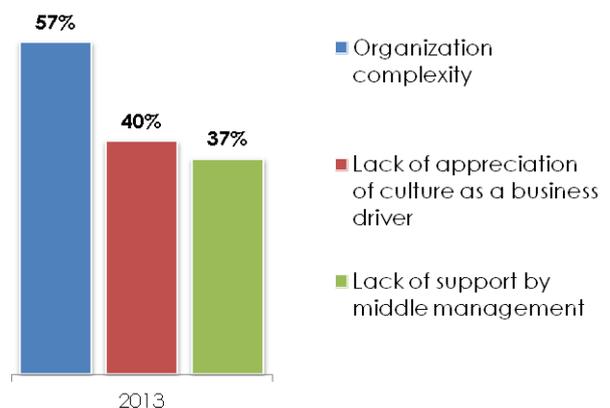
Banning facilitation payments:

Realistic to Ban Facilitation Payments



Source: State of Anti-Corruption Compliance Survey 2013

Obstacles to building a strong ethical culture:



Source: 2013 Ethics & Compliance Leadership Survey Report

UK Survey

4. BITC/ILM survey: Added values – the importance of ethical leadership

During this research the Institute of Leadership and Management (ILM) and Business in the Community (BITC) asked business leaders and managers (largely from their own memberships) about their personal values, the values of the organisations for which they work and any ethical dilemmas they have faced in the workplace.

63% of managers surveyed say that they have been asked to do something contrary to their own ethical code at some point in their career. Over half (51%) say they have been expected to behave at work in a way that made them feel morally uncomfortable at some point in their career. One in ten managers (10%) say they have left their jobs as a result of being asked to do something at work that made them feel uncomfortable.

Lower level/first line managers are also the least likely to refer to their organisation's values statement when making decisions (65% of all managers compared to 84% of directors).

The study also reveals concerns around Speak Up with 28% respondents either certain, or concerned, that they would be negatively affected if they were to report an ethical breach at their workplace.

The full report is available from:

<http://www.ibe.org.uk/userimages/20130610bitcilmaddedvaluesimportanceofethicalleadership.pdf>

Figure 1: *Ethical conflicts for managers*



Source: Added values - the importance of ethical leadership

US Surveys

5. ERC generational difference in workplace ethics

This study is a supplement report of the 2011 National Business Ethics Survey³.

The report looks at the generational differences in perception of workplace ethics and culture within US companies. It divides the respondents into three generations: Millennials (18-29), Generation X (30-44) and Boomers and Traditionalists (45-63).

Findings reveal that Millennials are more likely to respond to the elements of ethics and compliance programmes that include social interaction and provision of support (e.g., helplines, mechanisms for seeking advice, training) than the other groups.

Alternatively Boomers and Traditionalists came of age professionally in a time before ethics and compliance offices were commonplace and/or well established and are not as prepared to work with them to deal with a dilemma in the office as Millennials. They are most responsive to ethics and compliance programme elements that involve formal systems.

Conversely, those in Generation X are less likely to turn to formal systems and corporate standards to help with their ethics questions.

The report concludes that while companies do not have to redesign their ethics programmes to accommodate all these different preferences, they would be wise to acknowledge them and tailor their messaging so that company commitment to integrity is heard by all employees.

The full report is available from:

<http://www.ethics.org/nbes/files/2011GenDiffFinal.pdf>

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³ Since 1994, the Ethics Resource Centre has undertaken the National Business Ethics Survey® (NBES), a US representative survey of employees at all levels, to understand how they view ethics and compliance at work.

6. ERC National Business Ethics Survey of Social Networkers

The 2012 survey of social networkers is a study of workers in the U.S. who use at least one social networking site. 4,735 individuals were invited to participate in the Social Networkers study.

While those under 30 are most likely to belong to a social network, more than seven out of ten workers (72%) over the age of 30 said they take part in social networking activity either at home or at work.

The sheer frequency of social networking activity makes it a challenge to businesses. Nearly three out of four social networkers (72%) say they spend at least some time on their social networks during every workday, and almost three in ten (28%) say such activity adds up to an hour or more of each day they spend at work. Very little of the online time is work-related. One-third of those (33%) who spend an hour or more of the workday on social networking say that none of the activity is related to work.

The vast majority (79%) of social networkers do consider how their employer would react before posting something work-related on a personal social networking site, and more than six of ten (64%) consider how their employer would react to personal information posted to a personal site. 60% of active social networkers would comment about their company if it was in the news. Most (53%) share information about work projects once a week or more, and more than one third of them share information about managers, co-workers and clients/customers.

The full report is available from:
<http://www.ethics.org/nbes/files/FinalNBES-web.pdf>

Figure 2: Employees in companies with procedures and controls are more likely to perceive a strong ethics culture



Source: National Business Ethics Survey of Social Networkers

7. KPMG Integrity Survey 2013

This study looks at corporate fraud and misconduct from the perspective of over 3,500 employees in the United States. It builds upon insights gained from previous Integrity Surveys conducted in 2009, 2005, and 2000.

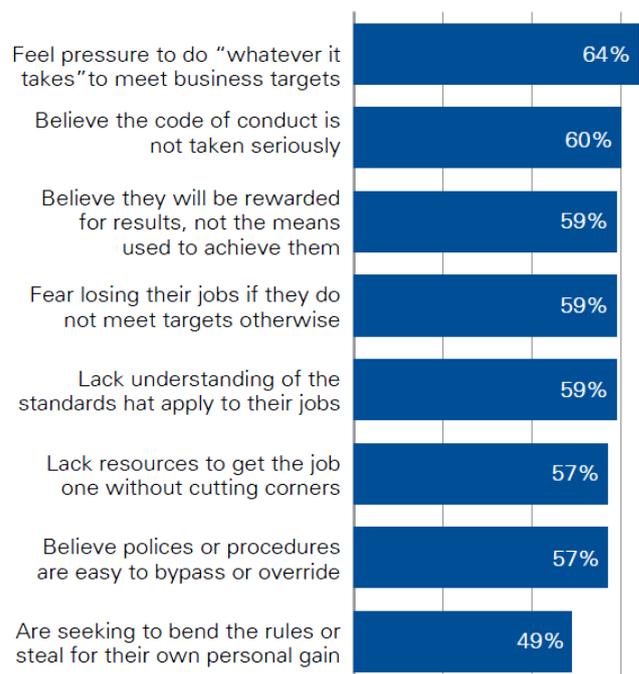
The majority of employees nationally (73%) reported that they have observed misconduct in the prior 12-month period. More than half (56%) reported that what they had observed could cause "a significant loss of public trust if discovered."

When employees were asked what they would do if they observed a violation of their organisation's standards of conduct, the majority (78%) indicated that they would notify their supervisor or another manager. More than half (53%) said that they would call the ethics hotline (an increase from 44% in 2009 and 38% in 2005).

However, about a quarter of all participants said that they would look the other way or do nothing (23%, up from only 6% in 2009) or notify someone outside the organization (26%, up from only 10% in 2009).

The full report is available from:
www.kpmg.com/CN/en/IssuesAndInsights/ArticlesPublications/Documents/Integrity-Survey-2013-O-201307.pdf

Figure 3: Root causes of misconduct



Source: KPMG Integrity Survey 2013

IBE Surveys

8. IBE: Attitudes of the British Public to Business Ethics 2013

Since 2003 Ipsos MORI have been commissioned annually by the IBE to survey the British public on their attitudes to ethics in business. The survey of three questions was conducted through face-to-face interviews in August 2013 among a representative sample of 996 British adults (aged 16-75)⁴. The findings allowed the IBE to consider a decade of data on the topic.

When asked how ethically they think British business generally behaves, over the decade public opinion has fluctuated from year to year. What is clear is that the British public's opinion consistently leans more towards business behaving 'ethically' than 'not ethically'. However, when considering business's behaviour now compared to ten years ago, 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.

Respondents were also asked to select from a list two or three issues relating to company behaviour which need addressing. Over the decade, 'executive pay', 'discrimination in the treatment of people' and 'employees being able to speak out about company wrongdoing' have consistently be found in the top five. Top of the list of issues of concern for 2013 was 'tax avoidance'.

The full report is available from:

<http://www.ibe.org.uk/userassets/briefings/attitudes10yr2013.pdf>

9. IBE Corporate Ethics Policies and Programmes 2013 UK and Continental European Survey

Since 1995 the IBE has been conducting a triennial survey examining how large companies promote ethical values through a code of ethics. Overall in 2013 there are more grounds for encouragement than concern in the survey findings.

Firstly, there is evidence of increased investment by corporate management in ethics programme over the last 3 years. 74% of all respondents said this and 86% stated that a member of the Board of Directors takes ultimate responsibility for the ethics programme. This suggests that the embedding of ethical values is being given a higher priority.

Other signs of encouragement are that more than half of all respondent companies state that ethics plays a part in their company's recruitment processes (67% up from 45% in 2010), 62% include ethics in some way in staff appraisals and 69% say that a breach of their company's code of ethics has led to a disciplinary procedure during the last 3 years.

However, a cause for concern is that over a third of companies seem to offer ethics training to employees only once. Also, ethics is a regular board room agenda item in only 68% of respondent companies.

The full report is available from:

www.ibe.org.uk/userassets/publicationdownloads/codes_survey_2013_interactive.pdf



⁴ Complete findings at www.ibe.org.uk



The IBE was established in 1986 to encourage high standards of business behaviour based on ethical values.

Our vision is to lead the dissemination of knowledge and good practice in business ethics.

We raise public awareness of the importance of doing business ethically, and collaborate with other UK and international organisations with interests and expertise in business ethics.

We help organisations to strengthen their ethics culture through effective and relevant ethics programmes.

The IBE is a registered charity, supported by subscriptions from businesses and other organisations, as well as individuals. Charity no. 1084014

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**