

SURVEYS ON BUSINESS ETHICS 2008

This IBE Briefing looks at the findings of selected surveys on business ethics issues published in 2008/09. The most recent in Q4 2008 shows a marked deterioration of public trust in business. A copy with active weblinks is available to download from the IBE website free of charge.

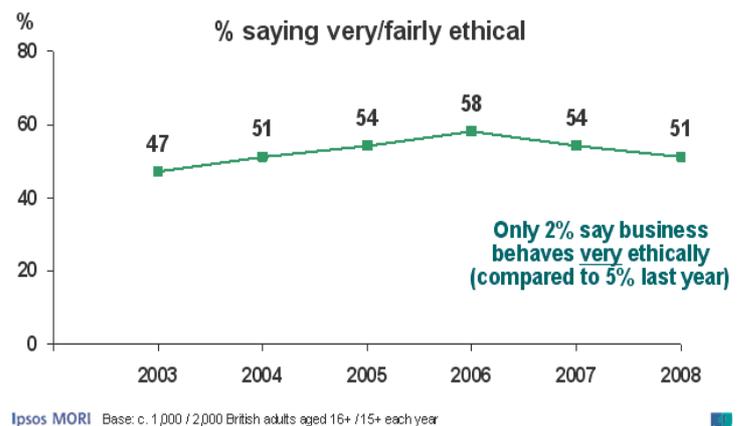
EXECUTIVE PAY, ENVIRONMENTAL RESPONSIBILITY, AND DISCRIMINATION ARE TOP PUBLIC CONCERNS

Annual IBE/Ipsos MORI Survey of UK Adult Opinion on Business Ethics

Every year, Ipsos MORI - on behalf of the IBE - ask a nationally representative sample of adults (1,016 in August/September 2008) to gauge public opinion on business ethics. This year, 51% of respondents thought that British business currently behaves ethically, a small decline from 2007 (54%). This decline may be explained by the prevalence of ethical lapses reported in UK broadsheet newspapers in 2008; such as Marks and Spencers' poor treatment of a whistleblower and allegations against Primark of misconduct in the supply chain. The age group which most felt British business behaves ethically was the 16-34 year olds (64%).

When asked how ethically British business is behaving compared with ten years ago, 29% felt that UK companies act more ethically, slightly less than last year's 33%. This suggests a perception that ethical behaviour by British businesses is diminishing in the long term.

How ethically do you think British business generally behaves?



In your view of company behaviour, which two or three of these issues most need addressing?



Ipsos MORI Base: 1,016 British adults 16+, 7th August - 4th September 2008

The survey also asked respondents to consider which business ethics issues needed to be addressed. "Executive pay" (37%) was rated the most important issue this year, followed by "environmental responsibility" (32%), "discrimination in treatment of people" (25%) and "openness with information" (25%). The issue that, compared to 2007, had receded most in importance is "harassment and bullying in the workplace" (-13%), while "executive pay" had increased the most (+12%).

Full report available on IBE's website:
http://www.ibe.org.uk/publications/Ipsos_MORI_survey_results08.pdf

... Doing business ethically

... makes for better business

ENVIRONMENTAL RESPONSIBILITY AND WORK/HOME BALANCE RECEIVING INCREASED ATTENTION

Managing Responsible Business: Chartered Institute Management Accountants & IBE

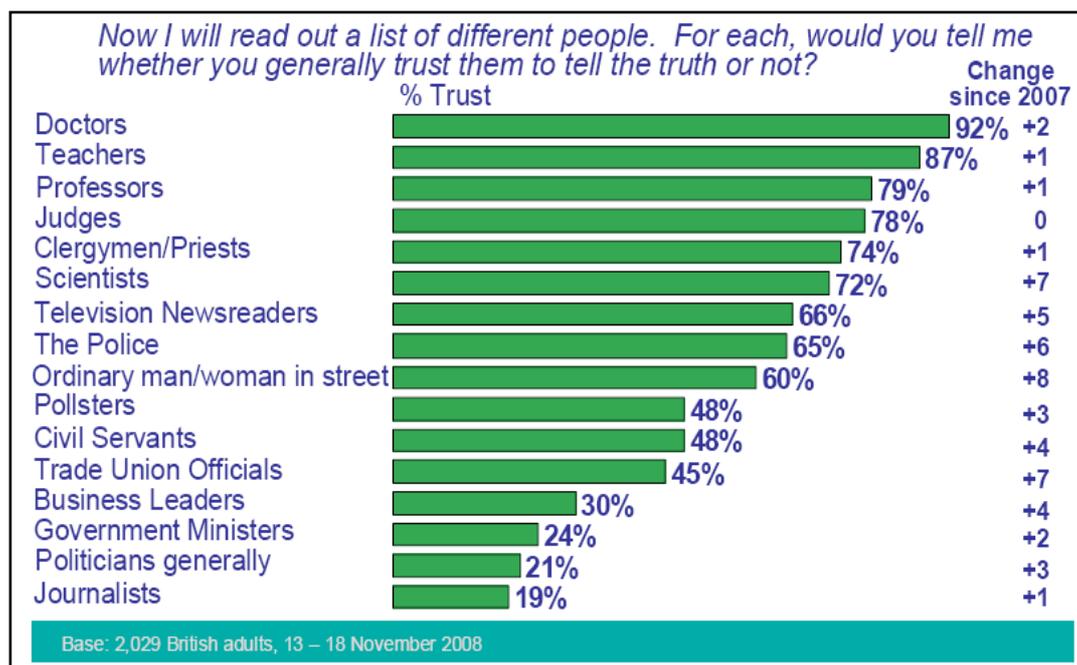
In March 2008 CIMA, together with the IBE, surveyed finance professionals about their attitudes to ethical standards. 1,300 responses were received globally. Of these, 51% were based in the UK and 70% worked in the private sector. The survey found that 84% of respondents believed that business has a moral imperative to help address global issues. 'Safety and security' and 'security of information' were considered to be the most important ethical issues, with those such as 'environmental responsibility' and 'work/home balance' receiving increased attention. Three out of ten respondents have experienced pressures to compromise ethical standards.

Full report available at: http://www1.cimaglobal.com/cps/rde/xbcr/SID-0AE7C4D1-933173CA/live/Managing_Responsible_Business.pdf

BUSINESS LEADERS AMONGST LEAST TRUSTED PROFESSIONS

Trust in Professions: Ipsos MORI

Ipsos MORI's annual survey, conducted in November 2008 on behalf of the Royal College of Physicians, examines the trust that the UK public has in a range of professions. This year, around 2,000 respondents were sampled. The survey found that in line with previous years, business leaders were one of the least trusted professions with only 30% of people trusting them to tell the truth. This was a marginal change of +4% on last years result. The most trusted professions were doctors (92%), teachers (87%) and professors (79%). Notably, men were more likely to trust business leaders than women.



Full report available at: <http://www.ipsos-mori.com/content/only-one-in-five-say-they-trust-journalists-to-tel.ashx>

TRUST IN CORPORATIONS DOWN AROUND THE WORLD

Edelman Trust Barometer

The 10th annual Edelman Trust Barometer Survey measured the trust that 'informed publics', aged 25-64 years in 20 countries, place in government, business, NGOs, media, religious institutions and various spokespeople (e.g. academics, analysts etc.). This year 4,475 people were surveyed in November and December 2008. Key findings of the survey include:

- Trust in business has decreased generally worldwide. The US has experienced the biggest decline with a 20% decrease in trust in business from the previous year. This is the lowest in the Barometer's tracking history.
- Europe also witnessed a notable decline with two third of respondents, in nine EU member countries, reporting that they are less trusting of business today than they were at the same time last year.
- NGOs are the most trusted institution in Europe and every region except Asia Pacific. Globally, 54% of 25 to 64 year olds trust them to 'do what is right'.
- 65% of respondents agree that government should impose stricter regulations and greater control over business across all industries. In the UK 73% of respondents say that the government should step in to prevent future financial crises.
- Communication and trust are as important to corporate reputation as value for money, with 77% of respondents having refused to buy a product or service from a distrusted company.
- Globally, academics and industry experts were the most trusted spokespeople, whilst government regulators and CEOs were the least.

Full report available at: <http://www.edelman.com/TRUST/2009/>

OTHER SURVEYS

Corruption or Compliance – Weighing the Costs, 10th Global Fraud Survey: Ernst & Young

In this edition of the Global Fraud Survey executives from 1,200 major companies in 33 countries were surveyed on their experiences of corruption. One in four respondents said that their company had experienced an incident of bribery and corruption in the past two years and over a third felt that corrupt business practices were getting worse. Respondents felt that regulatory enforcement was significantly stronger now than in the past, however basic anti-corruption compliance is still lacking, with 43% of respondents indicating that their company did not have specific anti-corruption procedures in place.

Full report available at: [http://www.ey.com/Global/assets.nsf/International/FIDS_Corruption_or_compliance_weighing_the_costs/\\$file/Corruption_or_compliance_weighing_the_costs.pdf](http://www.ey.com/Global/assets.nsf/International/FIDS_Corruption_or_compliance_weighing_the_costs/$file/Corruption_or_compliance_weighing_the_costs.pdf)

Global Fraud Report: KROLL

Based on a survey of 890 senior executives from various industries across the globe, this report examines the effect that fraud has on business. On average, companies' losses to fraud stood at \$8.2 million, an increase of 22% from last years results. The survey also showed that the theft of physical assets was the most widespread fraud and furthermore, with the exception of intellectual property, fraud is most prevalent in less developed economies notably the Middle East and Africa.

Full report available at: http://www.kroll.com/library/fraud/FraudReport_English-US_Sept08.pdf

The National Survey of CEOs on Business Ethics: The Centre for Ethics and CSR (US)

This survey, based on a sample of 293 US CEOs across 13 industries, identifies the top ten ethical issues faced by public and private companies. Issues identified included improper accounting practices, exorbitant executive compensation and conflicts of interest. The survey also offers a classification of ethical issues by industry, reasons for and management of misconduct, and examines economic and market pressures affecting corporate ethics.

Full report available at: http://robinson.gsu.edu/files/ethics/2008CEO_Survey.pdf

Doing Good - Business and the Sustainability Challenge: Economic Intelligence Unit

This report draws on a global survey of the attitudes of over 1,200 senior executives from a cross-section of industries and company sizes to corporate sustainability. Quantitative results were complimented by in-depth interviews with executives and subject experts (including NGOs) in addition to extensive desk research. Key findings from the survey indicated that senior executives think that being a good corporate citizen has never been so challenging. Less than one in three (29%) say their company has a coherent strategy covering the whole business, including its supply chain.

Full report available at: http://a330.g.akamai.net/7/330/25828/20080208191823/graphics.eiu.com/upload/Sustainability_allponsors.pdf

Corporate Citizenship - Profiting from a Sustainable Business: Economist Intelligence Unit

The findings in this report come from a survey of 566 US based executives, from more than 17 different industries, who were questioned on their corporate citizenship initiatives and strategies for benefiting from them. The report showed that many firms view corporate citizenship as little more than public relations, but a minority are beginning to recognise its long term potential. It also indicated that American firms are playing catch up with their European counterparts in terms of maximising benefits of corporate citizenship.

Full report available at: http://a330.g.akamai.net/7/330/25828/20081114204729/graphics.eiu.com/upload/Corporate_Citizens.pdf

From Risk to Opportunity – How Global Executives View Sociopolitical Issues: McKinsey Quarterly

In this survey 1,453 executives from 78 countries were asked to identify issues that matter most to the public, those which have the greatest impact on shareholder value and emerging sociopolitical issues. Executives were also asked how companies manage social and ethical issues and to identify which stakeholders have the most influence on companies. The results showed that the issue executives felt mattered most to the public was environmental concerns. Overall, sociopolitical issues seemed to be less feared today than they were a year ago.

Full report available at: <http://www.mckinseyquarterly.com/PDFDownload.aspx?L2=52&L3=0&ar=2235>

Doing Well by Doing Right: International Corporate Governance

This review of three surveys of Chief Financial Officers' attitudes to business ethics across Europe, the US and South East Asia, shows that the most significant challenge to having an ethical company culture is balancing business needs with ethical practice. The CFOs surveyed felt that having a strong ethical culture has a beneficial effect on business performance in terms of staff trust, loyalty and motivation, more reliable financial reporting, improved corporate culture, and helps to boost relationships with external stakeholders. CFOs also perceived a risk to their personal and corporate reputations if they did not give ethics a high enough priority.

Full report available at: www.accaglobal.com/ethics