

## Business Ethics Briefing

# SURVEY FINDINGS 2007: ethical conduct within business

This IBE Briefing looks at the findings of selected ethics surveys published in 2007 and the beginning of 2008.

### DISCRIMINATION AND HARASSMENT IN THE WORKPLACE TOP PUBLIC CONCERN

*Annual IBE / Ipsos-Mori Survey 2007 of UK Adult Opinion on Business Ethics*

Every year, Ipsos MORI - on behalf of the IBE - surveys a nationally representative sample of adults (1,001 in 2007) to gauge public opinion on business ethics. 54% percent think that British business currently behaves ethically, which is a small decline compared to 2006 (58%). This decline might be explained by extensive newspaper coverage of recent (alleged) misconduct in companies such as BAE Systems and Northern Rock. However, when asked how ethically British business is behaving compared with ten years ago, 33% say that UK companies act more ethically; slightly up on last year at 29%. This suggests that in the long-term, British businesses are perceived to be improving their ethical performance.

The survey also asks which business ethics issues most need addressing. "Discrimination in treatment of people" (32%) was ranked first in 2007, followed by "Harassment and bullying in the workplace" (30%), "Speaking up about wrongdoing" (27%) and "Sweatshop Labour" (27%). These concerns may be a reflection of the respondents own experience in their workplace as well as influenced by increased media coverage on labour conditions in emerging economies.



### MISCONDUCT IN AMERICAN BUSINESS HAS REACHED PRE-ENRON LEVELS

*2007 Ethics Resource Center's US National Business Ethics Survey – an inside view of private sector ethics*

Every two years, the US-based Ethics Resource Center (ERC) carries out a survey asking employees about ethics at their workplace. The report focusing on those working in the private sector (1,929 respondents) revealed that misconduct in companies has reached pre-Enron levels again.

More than half of the respondents observed malpractice in their workplace, but less than 60% of these reported it, leading to increased ethics risk. Frequently cited reasons for non-reporting of misconduct were fear of retaliation and skepticism as to whether their report will make a difference.

The survey found that well-implemented formal ethics and compliance programmes dramatically increase reporting of observed misconduct and also help to decrease the rate of misconduct. However, only 25 percent of companies were identified as having such programmes in place. Also, a strong ethical culture – as indicated by ethical leadership, supervisor reinforcement of ethical behaviour, peer commitment to ethics, and embedded ethical values – was found to diminish radically ethics risk. However, only nine percent of companies were identified as having a strong ethical culture.

The survey also provides an interesting overview of the types of misconduct that employees encounter in their workplace, dividing them into personal lapses and misconduct that furthers the company's agenda.

The full report can be downloaded from: [www.ethics.org](http://www.ethics.org) (NBES)

### TRUST IN BUSINESS IS HIGHER THAN IN GOVERNMENT

*Ninth Annual Edelman Trust Barometer*

The Annual Edelman Trust Barometer Survey measures the trust 'opinion elites' in 18 countries place in government, business, NGOs, media, religious institutions as well as in different groups of people (experts, doctors etc). This year, two age groups, 35-64 and 25-34 year olds were sampled, the overall sample size was 3,775.

Key findings of the 2008 Survey include:

- Trust in business is higher than in government in 14 of 18 countries surveys. Exceptions include France and China.
- 25-34 elites are more trusting of business than their older counterparts in many regions of the globe.
- Seven of the top ten most trusted headquarters countries are European, with Sweden coming on top of the list. The UK ranks fourth.
- The main driver of business trust globally is the customer (quality of products and services, customer service and value for money), followed by corporate reputation, leadership and local familiarity.
- The three most important drivers for global companies to build local reputation are job creation, sound environmental practices and respect of local customs and traditions.
- Trust in CEOs continues to remain fairly low. In the United States only 20% say CEOs are credible spokespeople, compared with 43% for an average employee.
- In the UK, technology remains the most trusted business sector (67%), the insurance industry ranks bottom at 31%.

The full survey report will be available from: [www.edelman.com/trust/2008/](http://www.edelman.com/trust/2008/)

**... Doing business ethically**

**... makes for better business**

## ONE THIRD OF UK EMPLOYEES CONSIDER THEIR EMPLOYERS TO BE UNFAIR

GoodCorporation/GfK Fairness Index Survey

[www.goodcorporation.com/PDF/2007\\_0511\\_MirrorMirror.pdf](http://www.goodcorporation.com/PDF/2007_0511_MirrorMirror.pdf)

This survey of over 1,000 UK employees working in public and business sectors found that one in three British workers do not consider their employers to be fair. Among other things, the survey highlighted the key areas where British businesses need to improve behaviour:

**Employees** More than 40% of UK employees would not describe their employer as fair in terms of internal communication, being clear about pay, training, work/life balance, appraisals.

**Suppliers** More than 30% of UK employees would not describe their employer as fair in terms of paying suppliers on time, selecting suppliers on a fair basis, ensuring that suppliers adopt responsible business practice.

**Community** More than 55% of employees would not describe their employer as fair in terms of encouraging employees to help in the community, listening and dealing with any complaints from community groups, buying from local companies and using local employees.

**Customers** More than 20% of UK employees would not describe their employer as fair in terms of responding to customer complaints, advertising honestly, delivering what was promised, being fair to disabled customers.

The survey also revealed that the state education sector was perceived to be the fairest employer (72%); professional firms ranked bottom with (61%).

### Other surveys:

#### PWC Global Economic Crime Survey

[www.pwc.com/extweb/home.nsf/docid/29CAE5B1F1D40EE38525736A007123FD](http://www.pwc.com/extweb/home.nsf/docid/29CAE5B1F1D40EE38525736A007123FD)

This biennial survey reveals that fraud remains one of the most problematic issues for businesses worldwide; over 43% of the 5,428 companies surveyed reported suffering one or more significant economic crimes during the previous two years.

#### KROLL Global Fraud Report

[www.kroll.com/about/library/fraud/](http://www.kroll.com/about/library/fraud/)

The objective of this report is to examine the problem of corporate fraud, both for business in general and within particular industries, and to explore the approaches that companies take to minimize their exposure to these threats, based on a survey of nearly 900 senior executives worldwide. The survey found that in the past three years, four out of five firms have suffered from some form of corporate fraud.

#### Ernst & Young European Fraud Risk Mitigation Survey

[www.ey.com/global/content.nsf/International/AABS\\_-\\_FIDS\\_-\\_Survey\\_-\\_Fraud\\_Risk\\_the\\_Human\\_Element](http://www.ey.com/global/content.nsf/International/AABS_-_FIDS_-_Survey_-_Fraud_Risk_the_Human_Element)

This report is based on a survey of 1,300 employees of multinational companies in 13 European countries, examining their views on how anti-fraud measures were implemented within their employer organizations. Among the issues considered are the benefits of an effective code of conduct and of whistleblower reporting systems. The survey found that UK employees are most at ease about blowing the whistle in the workplace (86%, Europe average: 57%). UK employees also showed the greatest awareness of whistleblower hotlines at work (70%, Europe average: 38%).

#### Global Ethics & Compliance Programs Best Practices & Benchmarking Survey Report 2007 (Language & Culture Worldwide, LLC)

[www.languageandculture.com/lcw\\_eng/services/serv\\_ethics\\_survey.html](http://www.languageandculture.com/lcw_eng/services/serv_ethics_survey.html)

The goal of this report is to provide a resource that identifies practitioners' standard practices, best practices, and innovations for global ethics/compliance programs. It is based on a survey of 200 people responsible for ethics or compliance programmes within their organization and addresses.

#### The state of responsible business: Global corporate response to environmental, social and governance challenges

(EIRIS Survey) [www.eiris.org/files/research%20publications/stateofrespbusinesssep07.pdf](http://www.eiris.org/files/research%20publications/stateofrespbusinesssep07.pdf)

This report provides an overview of the extent to which companies are addressing their environmental, social and governance impacts. The companies examined are constituents of the FTSE All-World Developed Index; the data is presented by country/region and contextual analysis is provided. The issues covered are corporate governance, equal opportunities, human rights, supply chain labour standards, environmental responsibility and community involvement.

#### Shaping the New Rules of Competition: UN Global Compact Participant Mirror (UN Global Compact and McKinsey)

[www.unglobalcompact.org/docs/news\\_events/8.1/McKinsey.pdf](http://www.unglobalcompact.org/docs/news_events/8.1/McKinsey.pdf)

This survey of 391 CEOs of UN Global Compact member organisations found that over 90% of them are doing more than they did five years ago to incorporate environmental, social and governance issues.

#### Assessing the impact of societal issues: A McKinsey Global Survey

[www.mckinseyquarterly.com/Assessing\\_the\\_impact\\_of\\_societal\\_issues\\_A\\_McKinsey\\_Global\\_Survey\\_2077\\_abstract](http://www.mckinseyquarterly.com/Assessing_the_impact_of_societal_issues_A_McKinsey_Global_Survey_2077_abstract)

2,687 executives around the world were asked which sociopolitical issues are likely to significantly affect shareholder value over the next five years. Environmental issues, including climate change, came top (48%) followed by political involvement and influence of companies (25%), health care and other employee benefits (24%) and job losses from off-shoring (24%).

#### Action or Aspiration? - Sustainability in the British workplace (Economic Intelligence Unit)

[a330.g.akamai.net/7/330/25828/20071030150903/graphics.eiu.com/upload/BT\\_SUSTAIN\\_UK\\_301007.pdf](http://a330.g.akamai.net/7/330/25828/20071030150903/graphics.eiu.com/upload/BT_SUSTAIN_UK_301007.pdf)

This report, based on surveys and interviews with CEO of UK companies, examines what firms operating in the UK are doing to implement a culture of sustainability within their organizations. Some key findings are:

- Companies still find it difficult to drive sustainability throughout their organisations.
- While many executives (67%) see ethical behaviour and corporate values as the issues that encompass sustainability in the context of their organisation, the majority (83%) identify environmental impact as the most prominent issue.
- Organisationally, sustainability has moved up the corporate hierarchy in many British firms. While positions such as chief sustainability officer remain rare, 65% of respondents said that the person responsible for this area reported to the board.

#### Corporate ethics and the CFO: Balancing principles and profits in the public eye (CFO Europe Research and ACCA)

[www.accaglobal.com/allnews/global/2007/NEWSQ3/Features/3016903](http://www.accaglobal.com/allnews/global/2007/NEWSQ3/Features/3016903)

These reports, based on surveys and in-depth interviews, set out how Chief Financial Officers view their ethical responsibilities, to what extent they are involved in promoting an ethical culture in their organisation, and what they regard as their biggest ethical challenges. The reports include cross-national comparisons between Europe, the US, and Asia.