

Institute of Business Ethics Triennial Survey on Corporate Ethics Programmes

Increased investment in corporate ethics programmes, but lack of training still a cause for concern

Bribery & Corruption tops the list of issues which companies are most concerned about

The Institute of Business Ethics (IBE) publishes today its seventh survey exploring the mechanisms used by large companies to embed ethical values within business practice and provide guidance to staff.

The survey is unique in its ability to track changes that have occurred in the UK FTSE350 since 1995 in the way business organisations develop and implement their ethics policy and programmes. Four other European countries, France, Germany, Spain and Italy, have been included since 2010.

Increased investment in ethics

One of the most notable findings is the evidence **of increased investment into ethics programmes** over the last 3 years by corporate management. Seven out of ten respondents said this compared to five out of ten in 2010 (68% of UK and 82% of Continental European respondents).

What is more, **87%** of UK respondents state 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 at this level.

However, ethics is only a regular board agenda item for 65% of UK respondents and 70% of other European companies.

Simon Webley said: *“When you consider the cost of ethical failures to a company’s reputation, it is a cause for concern that more boards are not assessing their company’s ethical performance.”*

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Embedding ethics into business processes

Nearly two thirds of respondent companies state that ethics plays a part in their company's **recruitment processes** (63% up from only 38% in 2010), two thirds include ethics in some way in **staff appraisals**, and three quarters say that a breach of their company's code of ethics has led to a **disciplinary procedure** during the last 3 years.

The number of UK companies **monitoring** the effectiveness of their ethics programmes has increased to 79%. For instance, 'Help Line' data is now used by nine out of ten companies compared with seven out of ten in 2010.

Simon Webley, IBE's Research Director said: *"Monitoring and reporting is essential for companies. This has been a 'Cinderella' subject for too long but the refinement and increased use of relevant tools has made it more practical."*

Cause for concern

Despite the increased investment in ethics programmes, a fifth of companies seem to **offer training only once** to general employees and managers, and only a third routinely train staff and managers once a year and (24%) of FTSE 350 respondents offer ethics training to the board only once.

Simon Webley said: *"For training to be effective and the information retained by employees, it needs to be repeated. Without regular refresher sessions it is unlikely that employees will gain the necessary acumen and sensitivity. As a result, the risk of an ethical lapse occurring in their business conduct is more likely."*

Bribery and Corruption

Bribery, corruption and facilitation payments continues (as in 2010) to be viewed as the most significant ethical issue for respondent companies - nearly **80%** selected it.

Simon Webley said, *"This reflects growing international political attention on the topic and its appearance in the 'Leader's Declaration' following the G20 summit in September 2013. Media reports of western companies being investigated for bribery, particularly in Asia, have also alerted companies to this risk."*

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For an advanced press copy of the survey, interviews, comments or op-eds on the survey findings please contact Katherine Bradshaw k.bradshaw@ibe.org.uk
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NOTES FOR EDITORS

2013 Corporate Ethics Policies and Programmes: UK and Continental Europe Survey

By Polly Wheldon & Simon Webley ISBN 978-1-908534-08-8

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Simon Webley will discuss the survey findings at a live webinar on Wednesday 11th December at 11am. Please email events@ibe.org.uk if you would like to attend.

Methodology

In 2013, as in 2010, IBE surveyed companies quoted in the UK FTSE 350 and the larger quoted companies in France, Germany, Italy and Spain to obtain European wide data. 76 companies completed the survey from the main stock market indexes of the UK, Spain, Italy, Germany and France:

- 48 from the FTSE 350
- 28 from Continental Europe:
- IBEX 35 Index (Spain) = 9
- FTSE MIB (Italy) = 7
- DAX (Germany) = 6
- and CAC 40 (France) = 6

About the authors

Simon Webley is Research Director at the Institute of Business Ethics. He has published numerous studies on all aspects of business ethics, the most recent being: *Employee Views of Ethics at Work: 2012 British Survey* (2012). *Religious Practices in the Workplace* (2011) and *Corporate Ethics Policies and Programmes* (2011). He has lectured and facilitated training on business ethics issues for organisations in many countries.

Polly Wheldon is a Researcher at the IBE where she researches and writes on a range of business ethics topics.

About the Institute of Business Ethics

The Institute of Business Ethics promotes high standards of business practice based on ethical values.

We help organisations to strengthen their ethics culture through the dissemination of knowledge and good practice.

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