Business Ethics Briefing

SURVEY FINDINGS 2005:
ethical conduct within business

This briefing presents a synopsis of the findings of selected 2005 surveys of public and employee perception of ethical conduct within business in the UK and the US.

What is the UK public's perception of ethics in business?
IBE survey on 'Business Ethics: General Trends in Public Perception': included in the MORI omnibus survey of the UK public, September 2005.

When asked to select from a list of ethical issues which most needed addressing by business, the three highest priorities, raised by about a third of those asked, were:
- Enabling employees to speak out about wrong doing
- Preventing discrimination. Younger people felt particularly strongly about this (42% of 15-24 year olds)
- Environmental responsibility
- Executive Pay, the most common concern in 2004, fell from being a concern of 40% to just 25% of the respondents.

When asked if British business behaves ethically, a comparison with the previous 2 years suggests that:
- Public perception of business behaviour is improving. In 2005, 54% thought that British business behaves ethically, up seven points since 2003.

Nevertheless, the perception of most people is that the ethics of business behaviour has not changed in the last year (55%). Only 12% think British business is behaving more ethically compared to a year ago, and 11% think it is less ethical.

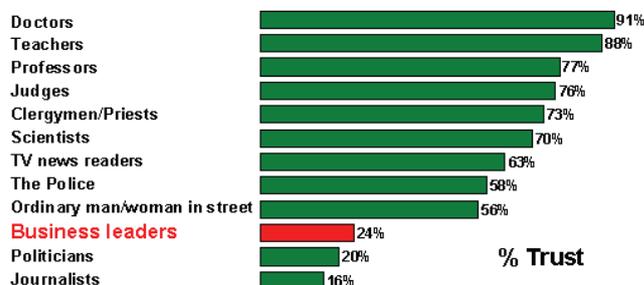## Are business leaders trusted by the public?
BMA/MORI annual poll on trustworthy professions

A stratified sample of 2000 members of the British public are asked which profession they trust to tell the truth.
Trust in business leaders continues so be low (24%), with only politicians and journalists ranked below them.

Further information can be found under: http://tinyurl.com/398ujrz

Profession	% Trust
Doctors	91%
Teachers	88%
Professors	77%
Judges	76%
Clergymen/Priests	73%
Scientists	70%
TV news readers	63%
The Police	58%
Ordinary man/woman in street	56%
Business leaders	24%
Politicians	20%
Journalists	16%

Base: 2,017 British adults aged 15+, February 2005 Source: MORI/BMA

How important is organisational culture in ethical behaviour? – a US perspective
ERC National Business Ethics Survey, 2005 (US)

The US-based Ethics Resource Center (ERC) carries out National Business Ethics Surveys asking employees about ethics at their workplace. The 2005 survey found that formal ethics programmes were frequently found in companies, positive outcomes, such as employee willingness to report misconduct and pressure to compromise standards, were not. The ERC concluded that contextual organisational culture is more influential in determining outcomes.
- A strong ethical culture is needed to achieve positive outcomes from those programmes; including the actions of leaders and peers.
- Formal programmes play a key role in the creation and maintenance of a strong ethical culture.
- Where top management displays certain ethics-related actions, employees are 50% less likely to have observed misconduct.
- Ethics-related actions of co-workers can increase employee willingness to report misconduct, by as much as 10 percentage points.
- When employees perceive that others are held accountable for their actions, their overall satisfaction with the organisation they work for increases by 32%.
- Formal ethics programmes have most impact in weak ethical cultures.

The full report and executive summary are available from: http://tinyurl.com/35gqnjm

... Doing business ethically

... makes for better business

What do UK workers think of ethics at their workplace?
IBE 'Ethics at Work – A national survey, Jan 2005' conducted by MORI

759 British full-time employees were asked about ethical conduct at their workplace:
- Around 80% of the full time workforce feel positive about the ethical practices and standards in their workplace.
- Four out of five think business is (always or frequently) conducted honestly.
- Two thirds think the organisation for which they work lives up to its stated policies on corporate responsibility.
- Generally, women at work are stricter in their ethical standards than men.
- The under 35s are likely to be less strict than older employees about ethical conduct.
- Public sector workers are more aware, and have more support for adhering to ethical standards, than their colleagues in the private sector.

Of concern is that:
- One in five employees have personally observed behaviour by their colleagues that does not accord with their organisation's expected standard.
- Of these, only a half say they have reported the case of misconduct to their management.
- A quarter of all staff felt they would be considered a troublemaker if they reported any unethical or dishonest behaviour.
- One in four employees says that they have felt pressure to compromise their organisation's ethical standards.
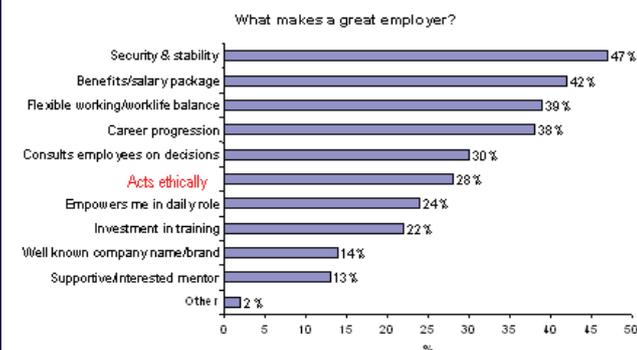
Does an ethics policy make a difference?
In organisations with codes of ethics, managers are twice as likely to explain the importance of ethics, and employees seem to be more sensitive to malpractice: 23% of respondents reported that they have personally observed conduct they thought violated the law or the organisation's standard compared to 18% in organisations with no code. Where training is given, 71% report that their managers communicate ethics compared to 29% of those not receiving training.

The full survey report is available from the Institute of Business Ethics (www.ibe.org.uk).

Is ethics important in choosing an employer?
MANPOWER/MORI survey: what makes a great employer (October 2005)

What makes a great employer?

	%
Security & stability	47%
Benefits/salary package	42%
Flexible working/worklife balance	39%
Career progression	38%
Consults employees on decisions	30%
Acts ethically	28%
Empowers me in daily role	24%
Investment in training	22%
Well known company name/brand	14%
Supportive/interested mentor	13%
Other	2%

This international survey revealed that 28% of job-seekers in 15 Europe/Middle-East & Africa (EMEA) countries consider the ethical conduct of an employer as an important factor when looking for work. (Salary packages scored 42%).

More information can be found at: http://www.ipsos-mori.com/researchpublications/researcharchive/poll.aspx?oItemId=501

Comment

There is a growing demand for national benchmarks by which to assess an organisations performance. This is becoming true of ethics and corporate responsibility programmes and their efficacy. The surveys reviewed here provide some objective standards and an understanding of what should be the focus of those programmes. The trends in public opinion about ethical standards of business indicate that there are signs of increasing trust.