

Ethics at Work

A national survey

By Simon Webley and Polly Dryden

 Institute of
Business Ethics

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Preface by the IBE

Preface

The Institute of Business Ethics has conducted this first National Ethics at Work Survey in response to a lack of data on the UK workforce concerning their attitudes to business ethics, the ethical standards of their colleagues and of the companies they work for. Since 1992, the IBE has conducted surveys on the use that companies make of their corporate codes of ethics every four years. We felt it was important that the IBE should also gauge the ethical temperature of those employed by these companies and other organisations.

This survey shows that UK staff are concerned about how their employer does business, as well as how they and their colleagues are expected to behave. The survey also explores the opinions of full-time workers, including those with managerial or supervisory roles, about ethical issues they face on a day-to-day basis and the support given by employers to their staff in doing business ethically. It draws interesting distinctions between employee attitudes in the public and private sectors.

The Ethics at Work Survey demonstrates that it is not enough to produce a Code of Ethics and cross your fingers. Embedding the company's ethical values throughout the organisation will help employees to do the right thing as a matter of course. This supports the IBE's recent research (*Company Use of Codes: 2004 survey*) that less than 50% of the top 250 companies provide training about the application of their codes of ethics to all staff.

The results set out in this report serve to outline to employers that their staff have experiences relevant to the success and sustainability of their organisation. It is hoped that companies will see that an investment in ethics training is a key to an ethical, as well as profitable, organisation.

Philippa Foster Back, Director

Executive Summary

Summary

In January 2005, the IBE carried out its first national survey of full-time workers on the subject of ethics at work. The Ethics at Work Survey was conducted as part of MORI's regular omnibus face-to-face survey of a sample of the UK population. This report sets out the responses of 759 employees, including 316 with managerial or supervisory roles which have been weighted to reflect the profile of the national fulltime workforce.

The results of the analysis are presented here in three chapters.

- The first explores the ethical attitudes and standards of full-time employees, including respondents with managerial roles.
- The second presents their observations and experiences regarding ethical practices in their workplace.
- The third reports on the support and guidance that respondents are given by their employers regarding ethical issues.

Where possible, the responses have been compared to a survey carried out in 2000 by KPMG Forensic of the readers of Management Today, and to a US survey conducted every 3 years by the Ethics Resource Center in Washington – the National Business Ethics Survey.

The findings from the IBE survey are, on the whole, encouraging:

- around 80% of the UK 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.

In terms of who has higher ethical standards, the survey indicates that:

- women 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
- and 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.

Introduction

Introduction

UK companies typically ask their staff about employment issues such as job satisfaction, career development, health and safety and remuneration. There are also frequent national surveys of specific professionals. However, there appears to be no national surveys of the UK workforce concerning business ethics or practices. Some questions have been asked about aspects of ethical practice as part of other surveys. In the United States however, the Ethics Resource Center has carried out its National Business Ethics Survey every three years since 1994.¹

To address this gap, the Institute of Business Ethics conducted its first National Ethics at Work Survey in January 2005. It commissioned MORI, the national polling organisation, as part of its regular omnibus opinion survey of a sample of the UK population, to ask questions of full-time employees around the country. Their views were sought on ethical issues at the workplace, including their perceptions of their own ethical behaviour and that of their colleagues. The survey also specifically explored the opinions of those with managerial or supervisory roles about ethical issues that they face on a day-to-day basis and what support was given by employers to their staff in doing business ethically.

Purpose The aim of the IBE Ethics at Work Survey was three fold:

firstly, to draw a picture of what employees in the UK considered to be the standard of ethical conduct at their workplace;

secondly, to see how staff and management view the support they are given in 'doing the right thing' at work;

thirdly, to make comparisons with data from a survey of managers and supervisors in 2000 and other data on relevant issues generated by recent surveys in the United Kingdom and the United States.

It is hoped that the results will persuade those employers not regularly conducting staff surveys, that their staff have perceptions and experiences relevant to the success and sustainability of their organisation and that they would be worth listening to. Surveys of this sort are useful tools in, for instance, assessing an organisation's integrity risks.

The Questionnaire The IBE questionnaire (see Appendix) consisted of twenty-five questions (some with sub questions) exploring four areas of employee perception:

- employees' own ethical attitudes in the workplace
- the behaviour of their colleagues at work
- the views of managers and supervisors concerning ethical behaviour
- the support offered for ethical practice in the workplace.

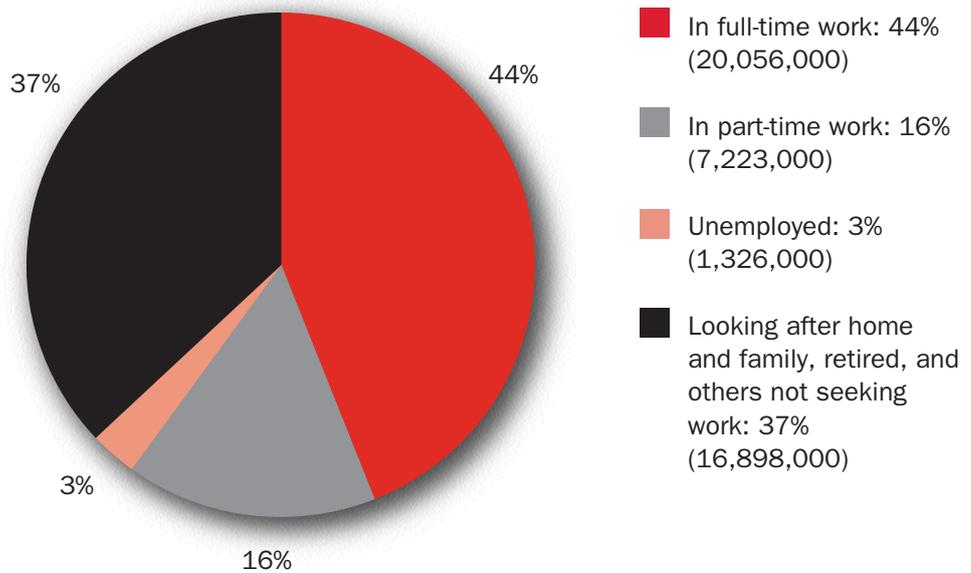
¹ *National Business Ethics Survey*, Ethics Resource Center, Washington DC (see <http://www.ethics.org>).

The questions included some used in a survey of the readers of *Management Today* by KPMG Forensic in 2000, published in 2001² (hereafter referred to as the 2000 MT/KPMG Forensic survey). The choice of topics was also informed by the issues covered in the Ethics Resource Center's surveys in the United States.³

The field work was carried out by MORI in January 2005 and consisted of face-to-face interviews with respondents in their homes. These were located at 195 sample points across Britain. The data collected was weighted to reflect the known UK population profile for full-time employees concerning gender, age and region for example.

Figure 1 shows the recent economic activity breakdown of the adult population as shown by the Annual Labour Force Survey in Great Britain.⁴ In 2004, 44% of the UK adult population were in full-time work. The IBE Survey targeted this group.

Figure 1 Economic Activity in Great Britain; spring 2004



Respondent Profile

The opinions of 759 full-time employees were canvassed. Additional questions were asked of 316 respondents in that sample who were classified as managers and supervisors - 42% of the total. (The opinions of this group have been compared to those polled in 2000 by KPMG Forensic and *Management Today*). Of the 759:

451 were men and 308 were women

316 were in a managerial or supervisory position

546 worked in the private sector and 206 in the public sector (7 employees were unclassified)

² Matthew Weait, 'The Workplace Ethic', *Management Today*, January 2001. For a review of the results of the 2005 IBE *Ethics at Work Survey*, see *Management Today* July 2005 issue.

³ *op. cit.*

⁴ Source: Spring 2004 Labour Force Survey, UK National Statistics

The responses to the IBE survey were analysed according to age, gender, income level, public/private sector and region and reference is made in the report to significant deviations from the results of the total sample when they occur.

Interpretation

Other surveys in the UK and in the US indicate that the general public have a somewhat sceptical view of behaviour in the workplace. The UK public have consistently rated the majority of business leaders as untrustworthy when it comes to telling the truth. For example, in a 2004 MORI survey asking whom the general public trusted to tell the truth, 60% of respondents said they did not trust business leaders. In a similar exercise in the US in 2003, Harris Interactive showed that only 21% of respondents said they trusted companies to do the right thing (in 2000, the proportion was 29%).

It should be remembered that the findings in this report are a 'snap-shot' in time. 'Blips' can occur within such findings; for example there may be an increase in the reporting of dishonest/fraudulent behaviour due to heightened awareness amongst staff following an ethics or related training programme. The spread of the sample however, helps to minimise such distortions. The data generated in this survey is statistically robust enough to draw some general conclusions about the way full-time employees view certain ethical practices and their opinion of the ethical behaviour of the organisations for which they work.

The results of the three surveys mentioned above have been compared where possible in order to comment on possible trends and differences. However it should be noted that the respondent profiles and survey methods were different. For example, the 2000 MT/KPMG Forensic survey was among self selected readers of Management Today who are mainly managers.

The results of the analysis are presented below in three chapters.⁵ The first explores the ethical attitudes and standards of full-time employees, including respondents with managerial roles. The second presents their observations and experiences regarding ethical practices in their workplace. The third reports on the support and guidance that respondents are given by their employers regarding ethical issues.

⁵ Responses have been rounded up so percentages may not always total to 100%.

Setting the Scene

Setting the Scene

The context of current ethical behaviour in the UK workplace

The well publicised Enron and WorldCom debacles are now infamous. Such scandals have resulted in the 'bar being raised' with regard to the need to demonstrate ethical behaviour in companies of all sizes. For instance, the introduction of ethics policies and programmes for staff are a growing feature of corporate life.

The behaviour of companies makes headline news which is widely publicised: there is no hiding place. In fact, whilst it may have been thought that the scandals referred to above would lessen the chances of further occurrences of corporate malpractice, this has not been the case – Shell, Boeing, Martha Stewart, AIG, Parmalat, - the list continues to grow and in most cases exposés have been about people at the very highest of levels within their organisations, who have often tripped over their own publicly stated rules.

An example of this is Harry Stonecipher, until recently CEO of Boeing. He was forced to resign following public exposure of an affair with one of the company's senior employees. The Sunday Times described it like this:

He started by putting ethics firmly on the agenda, creating an internal governance office that reported to him and bringing in a new set of ethical guidelines. He required every employee to sign an ethics statement and encouraged staff to blow the whistle on anybody who brought Boeing into disrepute. At the company's shareholder meeting last year, Stonecipher delivered a message to all employees of 'zero tolerance' for anything less than the highest ethical standards. Without integrity you cannot conduct business successfully.⁶

Although it is hoped that dishonest/fraudulent practices will decline over time, it is important to realise that they will never be totally eradicated: there will always be 'chancers'. However, as ethics policies and training are introduced, it will become more accepted and acknowledged that the way companies do business does matter. Staff at all levels will begin to realise that the way they behave – their ethics - is about the decisions they make and the actions they take, even when they are not being observed. There will also be an increasing understanding that those carrying out dishonest or fraudulent practices will be disciplined. Also, if managers are seen to be 'walking the talk' and have close interaction with their staff, they will pass on what behaviours are acceptable and what are not.

⁶ Sunday Times 'Business Focus' March 13th 2005

Counterproductive behaviours at work are not simply the result of clashes between toxic bosses and morally dubious employees. More often than not, the answer lies elsewhere - in the beliefs and behaviours of managers as a whole and in company policy and procedures.⁷ If the CEO and management at the highest levels within organisations behave badly and do not enforce the company's values, should they expect their staff to behave differently or better?

There are clear differences between the perceptions of workers in the public sector and those in the private sector regarding workplace ethics. It would appear from the responses to this survey that those who work in the public sector are more aware of what are acceptable practices, and what are not. There also seems to be an enhanced understanding of the role of their manager in maintaining standards, training received and how to report misconduct and behaviours. Perhaps those working in the private sector believe themselves to be less scrutinised than those in the public sector. The very public humiliations of those at the top of major private sector organisations may well make a difference to future behaviours of those working in the private sector.

⁷ John Taylor and Adrian Furnham (2004) *The Dark Side of Behaviour at Work*, Palgrave Macmillan

1

Attitudes to Ethics at Work

Attitudes to Ethics

1. Introduction

Chapter Highlights

- It is acceptable to about half the UK workforce to take pencils and pens and make personal phone calls from work.
- It is seen as unacceptable by nine out of ten employees to charge personal entertainment to expenses.
- One in six employees sees no problem with a little expense account fiddling.
- One in four employees says they have felt pressure to compromise the organisation's ethical standards.
- Younger, middle income men are more likely to be vulnerable to pressure than others.
- 57% say that they thought that 'a bit of fiddling on expenses' was not as bad as fraud
- 68% think that most people lie to their boss on occasions
- 83% said they would not give a reference to a member of staff who had been involved in fraud – but 13% would.

Ethics starts where the law ends. Business ethics is not so much a matter of right and wrong, but what is acceptable behaviour based on the core values of society in general and an organisation in particular. No organisation can tolerate an 'anything goes as long as it is within the law' approach. In any case, the interpretation of the law is often a grey area. Within this grey area, individuals draw on different standards to guide their behaviour, which can vary between different national cultures, by generation and over time.

Many well run organisations do provide guidelines to staff defining what standards are expected of them and how they should react to ethical dilemmas that they encounter at work. This is normally set out in a code of ethics or conduct. The obligations of employers to their staff should also form part of any code.

However, some employers assume that their employees know what behaviour is acceptable; it is only when an incident involving unethical practice occurs that they realise that this assumption can lead to embarrassing problems, not least those concerning the organisation's reputation.

To find out what UK employees consider to be unethical behaviour, the acceptability of some questionable practices typically found in a work situation were explored.

2. Responses

Employees' ethical standards

Firstly, respondents were asked to indicate their view about the conduct of a hypothetical individual, Jim, in a common business context – travel expenses for a journey by taxi.

Jim takes a taxi to a business meeting. At the end of the cab journey – which costs £6 including tip – the cab driver offers Jim a receipt for £6 or a blank receipt. Jim accepts the blank receipt, fills it in for £7.50 and claims it on expenses. Which of the following reflects your view of Jim's conduct? (Q1)

In Table 1 the first column shows the responses of all 759 respondents. The second column shows the responses of those in managerial and supervisory positions and, for comparison over a five year period, the third column shows responses to a very similar question posed in the MT/KPMG Forensic Survey 2000 described in Management Today in January 2000.⁸

Table 1 What should Jim have done?

	2005 All respondents	2005 Managers & supervisors only	2000 MT/KPMG Forensic survey Managers & supervisors
	%	%	%
a) It's acceptable to take the blank receipt and fill it in for £7.50 - it's only £1.50 and everyone does it.	15	14	4
b) Jim should have accepted the receipt for £6 and claimed that amount.	71	76	61
c) Jim should have taken public transport and saved his employer money.	9	7	35
d) No opinion.	5	2	-

Seven out of ten employees consider that when you incur a cost you claim back the amount (including tip) shown on the receipt (option b). The proportion choosing this option is larger than in 2000, but it would be misleading to draw the conclusion from this evidence alone that ethics at the workplace is changing.

⁸ op.cit

The significant increase in those choosing the first option i.e. 'fiddle' the claim (14% against 4%), seems to suggest that more managers and supervisors are prepared to engage in behaviour that the majority think is unacceptable than in 2000. The response by readers of the MT/KPMG Forensic survey in 2000 was notable in that 35% said that public transport should be used to 'save the employer money'. This may have led to a lower proportion of respondents choosing options a & b in that survey.

Acceptability of some workplace practices

Respondents were asked to rate the acceptability of some workplace practices (Table 2).

In which category would you place the following things that have happened in workplaces? (Q2)

Table 2 Acceptability of selected behaviours at work

	Totally Acceptable %	Fairly Acceptable %	Not very Acceptable %	Totally Unacceptable %
Taking pencils & pens from work	5	44	34	15
Taking software home	2	15	37	43
Posting personal mail from work	5	32	38	24
Making personal phone calls from work	9	50	27	12
Surfing the net for pleasure in work time	3	21	41	33
Using company petrol for personal mileage	4	21	41	32
Charging personal entertainment to expenses	1	7	34	55
Taking a 'sicky' after a work party	2	15	37	44
Minor fiddling of travel expenses	2	18	38	40
Favouring family or friends when awarding contracts	2	13	33	49

Less than half of UK workers think any of these practices are totally unacceptable; the only exception being in the case of charging personal entertainment expenses.

In order to rank the practices according to their acceptability, the responses were analysed as 'acceptable' and 'unacceptable' (see Table 3). Only 'making personal phone calls from work' and 'taking pencils & pens from work' are considered acceptable by half or more of the workforce. The first five practices in the list are acceptable to at least a quarter or more of the workforce. The remaining practices are unacceptable to more than three quarters of the workforce.

Table 3 Acceptability of selected behaviours at work

	Acceptable %	Unacceptable %
Making personal phone calls from work	59	39
Taking pencils & pens from work	49	49
Posting personal mail from work	37	62
Using company petrol for personal mileage	25	73
Surfing the net for pleasure in work time	24	74
Minor fiddling of travel expenses	20	78
Taking software home	17	80
Taking a 'sicky' after a work party	17	81
Favouring family or friends when awarding contracts	15	82
Charging personal entertainment to expenses	8	89

While some actions like these may be considered as somewhat petty, the attitudes to them shown in the responses serve as an indicator of the general view about ethical behaviour at work.

For instance, they show that petty thieving at work is not considered out of place by a significant proportion of employees. Pencils and pens, stamps, phone calls, time paid for by employers etc. can all be classified under this heading. However, what is tolerated as petty can easily escalate to become far more serious.

An illustration of the scale of the problem is provided by some startling figures from the Home Office's Crime statistics.⁹ They show that in 2003/4, there were 17,571 recorded thefts by employees. This figure has been consistent since 1991. The British Retail Consortium in their 11th Annual Crime Survey¹⁰ state that in 2003 there were nine incidences of theft per 1,000 employees, up from seven per 1,000 in 2002. They estimate that this accounted for 28% of retail crime, costing firms £282million. In the United States, the National Retail Security Survey stated that in 2002 employee theft accounted for 48% of what was described as 'inventory shrinkage', while in Europe the proportion was estimated to be 28%.¹¹

While the retail sector has particular problems because of the prevalence in the workforce of many younger part-time workers, it is perhaps indicative of moral shortcomings in workplace settings and a warning to employers that standards of ethical behaviour among their staff cannot be assumed.

⁹ Table 2.04, *British Crime Survey 2003/4*, The Home Office

¹⁰ *2003 Retail Crime Survey*, British Retail Consortium, Sept 2004

¹¹ *2003 US National Retail Security Survey (NIRSS)*, Final Report

Employee theft

While managers will never be able to wipe out employee theft altogether, there are three possible steps they can take to minimise its occurrence. By ensuring that the prevailing culture in their team – and ideally organisation as a whole – is one of honesty and morality, they can send out a clear message as to what types of behaviour are acceptable and unacceptable at work. By punishing any employees caught thieving in a swift, severe and highly visible manner, they can create a strong deterrent. And by ensuring they treat – and above all pay – all employees fairly, managers can remove the major incentive employees have to steal at work

Source: from John Taylor and Adrian Furnham (2004) *The Dark Side of Behaviour at Work*, Palgrave Macmillan.

Managers' ethical standards

If managers are seen to be 'walking the talk' and have close interaction with those with whom they work, it may have a marked effect on how their staff perceive behaviour at work. They are more likely to know what is acceptable if their manager is setting an example.

This survey provides an insight as to where managers draw the line on acceptable and unacceptable behaviours. It is likely that their own personal ethics and values systems determine the attitude they take to what is acceptable at the workplace. However, their behaviour is also likely to be connected to what is acceptable behaviour from their organisation's perspective.

Managers/supervisors were questioned about their perceptions and attitudes with regard to seven types of behaviour and asked to say whether they considered them to be misconduct. Some questions were designed to find out if certain behaviours at work are considered petty, where a 'blind eye' might be turned, or considered bad and unacceptable. To explore their ethical standards, respondents with managerial/supervisory roles were presented with a set of statements and asked to respond as to whether they agreed/ strongly agreed or disagreed/strongly disagreed with them. For the purpose of this report, the responses have been grouped as agree and disagree.

Petty fiddling and pilfering is inevitable in a modern operation – you just have to make allowances in your costings (Q10a)

Table 4 **Petty fiddling and pilfering is inevitable in modern operations**

	2005	2000
	All Managers	MT/KPMG Forensic survey
	%	%
Agree	38	37
Disagree	50	37
Don't know	12	26

One in two respondents disagreed with this statement and one in five said they strongly disagreed that petty fiddling and pilfering is inevitable (Table 4), a higher proportion of managers than in 2000. In 2005, a similar proportion agreed and a far smaller portion was ambiguous.

Women appear to feel more strongly about this matter than men: 55% disagreed or strongly disagreed with this statement, compared with only 48% for men. A higher percentage of those working in the north (55%) disagreed with this statement compared with (44%) their southern counterparts.

If we cracked down on every little fiddle we'd soon find we had no staff and probably no suppliers as well (Q10b)

The fact that 45% of respondents thought that a crackdown on fiddles would bring about a loss of staff and suppliers, indicates a shift in perception about the effects of dubious ethical behaviour since 2000 (Table 5). The proportion then was 33%, indicating that more now think that disciplining those behaving unethically will have adverse business consequences. One way of helping to show that 'every little fiddle' is unacceptable is to provide clear rules and guidelines for all staff.

Table 5 **Cracking down on fiddles would jeopardise the business**

	2005 All Managers	2000 MT/KPMG Forensic survey
	%	%
Agree	45	33
Disagree	35	55
Don't know	17	12

2005 saw a slight increase in the number of women who agree with this statement. More importantly, there has been a significant increase in men taking this view; from 30% in 2000 to 48% in 2005.

Half of those working in the public sector agree that there would be a loss of staff and suppliers compared with only one in three of those in the private sector.

As long as I come in on time and within budget I'm not going to worry about a bit of petty fiddling (Q10c)

Table 6 Petty fiddling is OK if I meet my targets

	2005 All Managers	2000 MT/KPMG Forensic survey
	%	%
Agree	34	17
Disagree	50	72
Don't know	16	11

Not only has the proportion of managers who agree with this statement doubled since 2000, but it would appear that the gap in the numbers of those who condone and condemn petty fiddling has narrowed sharply (Table 6). In 2005, only 16 percentage points separated the two; five years earlier there was a difference of 55%. So, there seems to be a marked decrease in staff at managerial level who consider a crime to be a crime regardless of magnitude.

There are differences between genders too. It appears that men generally are not only more tolerant of petty fiddling than women but are becoming more so. Three out five women at work do not excuse petty fiddling compared with nearly half of the men. This is a dramatic swing from the figures of the 2000 survey which showed that more men than women (76% compared to 68%) either disagreed or strongly disagreed with allowing petty fiddling.

Looking at a breakdown by sectors, two thirds working in the public sector disagreed with the statement compared with less than half of those in the private sector (45%). Managers in the public sector appear to have higher ethical standards regarding petty fiddling.

The following question was asked in order to test the extent to which respondents differentiate between major and minor misconduct at work. Are they as strict about minor misconduct as they are about fraud?

There's no real difference between fraud and a bit of expense fiddling (Q10d)

57% of respondents disagreed with this statement, indicating that most workers feel that there is a difference between fraud and expense fiddling (Table 7). The degree of severity of the misconduct makes them different. 31% think there is no difference, i.e. they are both crimes. A further 13% were unsure.

Table 7 **There is no difference between fraud and a bit of expense fiddling**

	2005 All Managers	2000 MT/KPMG Forensic survey
	%	%
Agree	31	40
Disagree	57	53
Don't know	13	7

The reactions to the next statement help to assess the degree of honesty that exists between people at work and their bosses.

Everybody lies to their boss on occasions (Q10e)

The practice of lying to the boss is widespread, shown by the fact that 68% of respondents agreed with the statement; a similar proportion to that in 2000 (Table 8). Only 18% felt able to deny lying to their boss and a further 14% could not give an answer either way. 73% of men agree with this statement about occasional lying to the boss against a figure of 60% of women. In 2000, there was parity between the genders in the 67% agreeing with this statement.

Table 8 **Everybody lies to the boss occasionally**

	2005 All Managers	2000 MT/KPMG Forensic survey
	%	%
Agree	68	67
Disagree	18	19
Don't know	14	13

Lying

Lying, like the truth, can be endemic in some organisations. People lie to their boss, who lies to their colleagues, who lie to their customers and shareholders. The first step to overcoming this is to always be honest with your staff.

*Source: from John Taylor and Adrian Furnham (2004) *The Dark Side of Behaviour at Work*, Palgrave Macmillan.*

Respondents were asked to compare ethical standards at their workplace with those they knew about abroad.

UK workplace ethics are better than those in other countries (Q10f)

Table 9 UK workplace ethics are better than those in other countries

	2005 All Managers	2000 MT/KPMG Forensic survey
	%	%
Agree	35	23
Disagree	18	13
Don't know	47	65

Of the 53% who ventured an opinion, a third (35%) considered UK workplace ethics to be better than in other countries, while 18% did not agree (Table 9).

More people do now have a view with regard to UK workplace ethics than previously. However, 47% of respondents were still unable to say whether UK workplace ethics were better or worse than in other countries (Table 9) - compared with 65% in 2000. It may be difficult for people to come to a firm conclusion on this statement if they have had no personal experience of working in other countries. It follows that their responses can only be based on perceptions obtained from acquaintances or the media.

The next statement was designed to gauge the extent to which managers are happy to accept the massaging of financial data in order to influence or manipulate perceptions of that data. In this instance respondents were asked if, provided no money was stolen, they would find it acceptable if profits were artificially increased in the books.

It is acceptable to artificially increase profits in the books as long as no money is stolen (Q10g)

Nearly three quarters of respondents – 72% said this was unacceptable; this however is a decline of 11% from the 84% who said it was unacceptable in the 2000 survey (Table 10).

Table 10 Fiddling the books without stealing is OK

	2005 All Managers	2000 MT/KPMG Forensic survey
	%	%
Agree	10	7
Disagree	72	84
Don't know	18	9

There has been an increase from 7% in 2000 to 10% in 2005 of respondents who felt that artificially increasing profits was an acceptable accounting practice. 18% of respondents remained neutral on the issue, double the proportion in 2000. Since 2000, there has been the widely reported Shell mismanagement which involved massaging of figures (in this case, oil reserve estimates were inflated). This resulted in the CEO leaving the company.

More people now think that it is alright to massage profit figures than did in 2000. More people in the north, 76%, think that it is not acceptable to do this as long as no money is stolen, compared with only 67% of those working in the south.

Some indication of the extent to which managers condemn malpractice is demonstrated by their apparent unwillingness to provide a clean reference for a staff member who has been involved in fraud. The survey asked:

Would you give a clean reference to a member of your staff who had been involved in fraud of some sort? (Q11)

Table 11 **Would you give a clean reference to someone who had been involved in fraud?**

	2005 All Managers	2000 MT/KPMG Forensic survey
	%	%
Yes	3	<1
Possibly	5	7
Not sure	7	20
No	83	72

83% of respondents said that they would definitely not give a reference to a member of staff who had been involved in fraud of some sort (Table 11). When this question was asked in 2000, 72% said they would not give a clean reference. So significantly more managers now indicate that they would not give a clean reference in such circumstances. 3% of all respondents said that they would give a clean reference for a dishonest member of their staff.

Only 7% were not sure what they would do compared to 20% in 2000 indicating a significant hardening of opinion about this issue. A recent change in the law regarding the accuracy of references may have had an influence on responses to this question.

There is again a small north/south divide with more northerners (83%) saying they would not give a clean reference to a previously fraudulent member of staff compared to 77% of managers interviewed in the south. There was also a small gender divide with 88% of women saying they would not give a reference in such circumstances compared with 80% of male respondents.

3. Are some groups of workers more ethical than others?

The Ethics at Work survey enabled a profile to be developed of the UK's most and least ethical full-time employees.

The responses to the list of work practices in Question 2 (set out in Table 3 above) were used to form two groups from the full sample of respondents:

- 'most ethical' respondents are those judging all items in Q2 as unacceptable.
- 'least ethical' respondents are those judging 6 or more items in Q2 acceptable.

The profiles of these two groups were then explored, i.e. according to gender, age and social class and region, and then compared to the profile of the full sample. Some interesting results were found (Table 12):

- men represent two-thirds (67%) of full-time workers - but a higher proportion of the 'least ethical' group. This leads to the conclusion that male workers are more likely to have lower ethical standards than female workers
- while the analysis shows a significant difference in attitude between men and women, there is little variation by social class or region
- the most striking breakdown is by age. The under-35s form a relatively high proportion of the 'least ethical' group, and are much less likely to be in the 'most ethical' camp. The over-55s appear particularly strict in their standards.

This analysis was repeated on the cohort with managerial/supervisory roles and the profiles were similar to those of the complete sample.

Table 12 Profiles of the 'most' and 'least' ethical workers

		All full-time workers	Most ethical	Least ethical
		%	%	%
Gender	Men	67	61	78
	Women	33	39	22
Age	15-34	39	24	56
	35-44	50	57	38
	55+	11	19	7
Social Class	AB	27	21	21
	C1	30	27	28
	C2	26	27	31
	DE	17	25	20
Region	North	31	31	32
	South	39	38	42
	Midlands	30	32	26
Base:		(759)	(168)	(128)

4. Comments

This survey confirms that it would not be sensible to assume that the personal values of all staff within an organisation are the same. Nor can it be taken for granted that their behaviour at work will consistently reflect the organisation's core values. To help resolve this problem Sir Adrian Cadbury in the Cadbury Report in 1992 recommended that:¹²

It is important that all employees should know what standards of conduct are expected of them. We regard it as good practice for boards of directors to draw up codes of ethics or statements of business practice and to publish them both internally and externally.

At least nine out of ten of the UK's larger companies now have such a code and while their use of it varies considerably, 60% require conformity to it as part of their contracts of employment compared with 53% in 2000.¹³

Chapter 3 explores the guidance and support that employees receive.

¹² The Committee on the Financial Aspects of Corporate Governance, 1992 (The Cadbury Committee).

¹³ Webley and Le Jeune (2005) *Corporate Use of Codes of Ethics*, IBE.

Behaviour

1. Introduction

Chapter Highlights

- 75% of respondents said that they were not even aware of any dishonest or fraudulent practices at work.
- One in five employees have observed unethical or illegal conduct at work
- 25% of respondents who were aware of misconduct, and 50% of those who had personally observed it, have blown the whistle
- The main reason cited for not blowing the whistle was concern of being alienated by their co-workers.
- 90% of respondents perceive their organisations to be behaving honestly either always or frequently

Generally, most people in the UK want to be trusted and are keen to demonstrate open, honest and trustworthy behaviour. They therefore expect the organisations in which they work to behave in a similar manner towards them and their colleagues.

Whether perceived or real, data on dishonest or fraudulent practices in the workplace can reveal much about the ethical behaviours and values of the organisation concerned. Indeed, such data can give a feel for the current morale of the whole organisation.

Conclusions emerging from this survey should be viewed against wider social trends. In the world of work for instance, there is an increasing availability of information about behaviour which is transmitted almost as it happens. This will have influenced, to some extent, the answers to the questions.

Surveys that ask about the attitude or behaviour of a third person have generally been shown to achieve a more realistic answer than surveys addressed to someone asking about their own attitude or past behaviour.¹⁴ This chapter discusses employees' perceptions of and responses to the ethics, behaviours and practices of their workplace colleagues. The survey asked specific questions with regard to dishonest/fraudulent practices taking place at work. Such behaviours can be defined as ones that are illegal or deceptive in any way. The full-time workers' views are contrasted with those of managers.

¹⁴ For instance, 'British Businessmen's Behaviour' reproduced in J.Treasure, *Business Responsibilities* NTL Publications 1997 and Bob Dixon, *Five Years On*, The Work Foundation, 2005.

2. Responses

Ethics in practice

In your organisation's daily operations would you say that honesty is practised...? (Q9)

Four out of five respondents said that they thought that their organisations' daily operations were carried out either honestly all the time (43%) or frequently (37%) (Table 13). This compares with 9% who thought their companies occasionally behaved honestly or 4% who thought that this was rare. The ERC survey in the US indicated that in 2003, a similar proportion of respondents (85%) thought their organisation behaved honestly most of the time. Of those in the UK who said that their companies were always honest in their business practices, 49% were women compared with 39% of men. There was no significant regional variation in the responses to this question.

Table 13 Is honesty practised at work?

	2005 UK IBE survey
	%
Always	43
Frequently	37
Occasionally	9
Rarely	4
Never	2
Don't know	6

To discover to what degree misconduct actually occurs at work, a question was asked of employees about observations of violations of company standards or the law.

Cutting corners The following question was asked to establish the degree of pressure to 'cut corners' that was being experienced by employees.

Do you ever feel under pressure from your colleagues or managers to compromise your organisation's standards of ethical business conduct in order to achieve business goals? (Q8)

The responses are set out in Table 14.

Table 14 Are you pressured to compromise your organisation's standards?

	All Respondents	Managers & supervisors only
	%	%
Yes	15	18
No	76	76
Sometimes	4	3
Don't know	5	3

Table 14 shows that three-quarters of full-time employees say they are unaffected by pressure to ‘cut corners’ – but a quarter are either pressured or are ambiguous about their experience. This latter figure seems a relatively high proportion, and when the responses are more closely examined it appears that younger men in a middle income bracket (21%) feel more pressure than other respondents. Pressure to perform is part of working life. But when achieving results requires staff to override their own standard or that of the organisation, it is an indication that there is something seriously wrong with management of that organisation.

Awareness of dishonest and fraudulent practices

This survey asked workers about both their awareness (Q3) and their actual observations of misconduct (Q7).

Are you aware of any dishonest or fraudulent practices at work? (Q3a)

In 2005, 5% of staff said they were aware of ‘lots’ of dishonest or fraudulent practices at work and a further 20% said they were aware of ‘some’ (Table 15). This is a lower proportion than is recorded in a similar survey carried out in 2000 by Management Today and KPMG Forensic.¹⁵ To the same question in 2000, 50% of respondents said that they were aware of dishonest or fraudulent behaviour. The 2005 data in response to this question indicates a substantial decline in employees’ perception of fraudulent behaviour at work.

It is of note that there was a difference in gender perceptions on this matter. Of the respondents who said that they were aware of either ‘some’ or ‘lots’ of dishonest or fraudulent practices, 27% were men, against 21% women.

A slightly higher proportion of public sector employees (24%) were aware of some dishonest/fraudulent practices at work compared with 19% in the private sector.

Table 15 Awareness of dishonest practice at work

	2005 All employees	2005 Managers & supervisors only	2000 MT/KPMG Forensic survey
	%	%	
Yes, lots	5	4	2
Yes, some	20	22	49
None	75	73	49

Change over time

How does this level compare with 5 years ago? Is it better, worse or about the same? (Q3b)

The response to this question showed a considerable degree of ambivalence.

21% thought that dishonest/fraudulent practices had worsened over the last five years. When looked at by gender, the data shows that overall, 30% of women compared to 17% of men thought that the incidences of such practices had worsened.

¹⁵ Ibid.

However, the same proportion (21%), said that they thought that the level of fraudulent/dishonest practices had improved compared with five years ago. This concurs with the findings of the study by the US Ethics Resource Center in 2003, where the number of employees saying they had observed misconduct had declined.¹⁶

In the public sector, 25% of workers think that there are more dishonest or fraudulent practices at work than five years ago, compared with 19% in the private sector who think this.

Table 16 provides an indication that the incidence of dishonesty at work may not be improving. There is a decline in the proportion of managers and supervisors who say that the situation is 'about the same' in 2005 (45%) compared to those who were of that opinion in 2000 (64%). The difference can be seen in the increase of those that say things are getting worse (20% compared to 9%).

Table 16 Are things getting better or worse?

	2005 All employees	2005 Managers & supervisors only	2000 MT/KPMG Forensic survey
	%	%	
Better	21	21	27
Worse	21	20	9
About the same	44	45	64
Not been with the company long enough to form an opinion	10	9	-
Don't know	4	8	-

**Observations of
misconduct**

In addition to general awareness of practices, a question was asked of all employees about actual observations of violations of company standards or the law.

During the past year, have you personally observed conduct that you thought violated the law or your organisation's standards of ethical business? (Q 7a)

Table 17 Observation of illegal or unethical conduct

	All Respondents	Managers & supervisors only
	%	%
Yes	20	25
No	74	71
Don't know	6	4

¹⁶ op. cit. ERC Survey 2003

One in five workers had actually observed some misconduct, a similar figure to that found in the 2003 ERC survey in the United States. Among managers and supervisors, the figure was higher at one in four. Compared with five years before, there appears to be some improvement in workplace conduct in the UK. In 2000, half the managers and supervisors who responded said they were aware of dishonest or fraudulent practices at work compared with the 2005 figure of 25%.

**Speaking up
(Whistleblowing)**

Being aware of misconduct is one thing. But would an employee feel an obligation to respond to it?

To respondents who were aware of misconduct (Q3), the question was posed:

Have you ever “blown the whistle” on those concerned or considered doing so? (Q3c)

Whistleblowing has been defined as:

An employee raising a concern about malpractice within an organisation internally or externally through an independent structure associated with it. (This may be either openly or anonymously).¹⁷

In this survey, two terms, reporting and whistleblowing, were used to ask about making management aware of malpractice. Blowing the whistle is associated in the public mind with exposing a problem to the media. However, it is being increasingly used also as a way of expressing a concern about misconduct internally. The terms can be taken to be synonymous for the purposes of this report.

Table 18 **Have you ever blown the whistle?**

	2005 All employees	2005 Managers & supervisors only	2000 MT/KPMG Forensic survey
	%	%	
Yes - actually blown the whistle	24	31	31
No - but have considered doing so	25	21	27
No - and have not even considered doing so	47	42	42
Don't know	4	5	-

¹⁷ Source: The UK Committee on Standards in Public Life.

Nearly a quarter of those who were aware of misconduct (Q3) say they had blown the whistle sometime in their career (Table 18), and a quarter of respondents had considered it but had not done it. 47% of respondents said 'they had not even considered it'. This may be because they wanted an 'easy life' or because they had not been aware of any dishonest or fraudulent behaviour in their workplace. From the data, the latter may be correct as it concurs with the answers to question 3a where 75% of staff said that they were not aware of any dishonest or fraudulent practices at work. This is a similar figure to that of the MT/KPMG Forensic findings of 2000 (27%).

Speaking Up Policy at Cadbury Schweppes

If you know or have genuine suspicions of any legal violation in work-related issues or breaches of these principles, you should report them to your manager or human resources department so that we can take action.

If your concern is in relation to a legal violation or breach in which you believe both your manager and the human resources department to be implicated you should contact the chief legal officer at our group headquarters in London. We will make confidential enquiries and make sure that we keep you informed as appropriate.

We will make all proper efforts to protect the confidentiality of those who raise concerns. We will not criticise anyone for speaking up, or for failure to speak up on earlier occasions. We will not permit retaliation for reports of misconduct by others made in good faith by employees.

We will treat any attempt to prevent employees from raising concerns as a serious disciplinary offence.

Source: Cadbury Schweppes 'Business Principles', 2003

Looking at changes since the 2000 survey, there has been a small reduction in the proportion of men who had considered blowing the whistle but had not done so: 28% compare to 23% in 2005. The same question which was posed to women in the sample shows no change between 2000 and 2005 – with those who had considered blowing the whistle but had not done so remaining at 30%. Whilst it is notable that a significant proportion of the respondents had at some time blown the whistle, there are still many who do not; a similar percentage had 'considered doing so' but had not.

An equal percentage of men and women say they had actually blown the whistle, with a slightly higher percentage of women having considered taking action but not doing so. More people living in the south (30%), have considered blowing the whistle compared with only 22% of respondents questioned in the north.

One in three public sector respondents had considered blowing the whistle but had not done so compared with only one in five of their counterparts in the private sector.

Of those respondents who had actually observed misconduct (Q7), one in two reported their observations (Table 19).

Did you report this observation of misconduct to management or another appropriate person? (Q7b)

Table 19 Did you report misconduct?

	All Respondents who noticed a violation	Managers & supervisors only
	%	%
Yes:	48	56
Of which: Male	40	n/a
Female	60	n/a
No	52	37

There is a marked contrast in the male and female responses to this question. Women seem much more likely to report unethical issues they have seen than men.

Managers and supervisors were found to be more likely to report a violation than other members of the workforce.

Since non-financial risk reporting has become obligatory for quoted UK companies, one would expect there to be a higher level of concern about reputation risk in these organisations. When mal-practice is not noticed and therefore left uncorrected, the subsequent risk of outside whistleblowing will increase.

A general conclusion from the data in Tables 18 and 19 is that if an employee has actually observed malpractice, (as opposed to being aware of it), they are more likely to report it.

Whistleblowing Policy In Action at BP

Launched in April 2003, OpenTalk, our global employee concerns programme, aims to provide employees in all parts of our business the opportunity to highlight a number of different concerns. The issues raised are investigated by independent ombudspersons and swift and appropriate action taken to address any breaches in BP policy.

In the USA a caller to OpenTalk alleged that illegal drugs were being used and sold on company premises. BP and local law enforcement authorities worked together to search the premises. Proscribed substances were found and two employees were arrested. Both have now been dismissed.

In China, an employee using a company credit card to cover personal expenses, and also demanding air tickets free of charge from a contractor, was dismissed following an OpenTalk report and investigation.

Three other BP employees (including a manager) have also been dismissed in the USA following an investigation prompted by two separate calls to OpenTalk. Incidences of theft, fraud and credit card misuses came to light and BP assets worth over \$100,000 have been recovered.

In Taiwan, an investigation confirmed allegations that BP products had been supplied to customers for personal gain. Two BP employees were found to have improperly received over \$100,000 over two years. Both were dismissed.

Source: BP Sustainability Report 2003

In the United States in 2003, 65% of employees who say they observed misconduct at work also reported it.¹⁸ This was a significantly higher proportion than in the equivalent UK survey in 2000 (31%). Employees in the UK seem more reticent to speak up than those in the US but as in this survey, those at management level in the US are more likely to take unethical behaviour seriously than the general workforce.

Reasons for not speaking out

Those who had not blown the whistle on misconduct that they were aware of were asked:

What was your main reason for not blowing the whistle on those involved? (Q3d)

Why do some employees choose not to blow the whistle on dishonest or fraudulent behaviours? The reasons are many and varied and include: feeling their own jobs may be put in jeopardy, that they did not consider it their business or the feeling that such action would alienate them from their colleagues and that they did not want to be considered a ‘snitch’.

Table 20

What was your reason for not blowing the whistle?

	2005 All employees	2005 Managers & Supervisors only
	%	%
Felt it might jeopardise my job	13	9
It's none of my business	19	19
Felt I might alienate myself from colleagues	21	14
It's fair game	3	3
Everybody's doing it	12	10
Other	23	31
Don't know	9	14

¹⁸ National Business Ethics Survey 2003, Ethics Resource Center, Washington DC

If I report concerns about unethical or dishonest behaviour, I will be seen as a troublemaker by management (Q6e)

Table 21 I will be seen as a troublemaker if I speak up

	2005 UK IBE survey	2003 US ERC survey
	%	%
Strongly agree	6	22
Tend to agree	20	n/a
Neither agree or disagree	29	2
Tend to disagree	32	27
Strongly disagree	12	n/a
Agree = 26% Disagree = 44%		

A quarter of employees (26%) thought that they would be considered a troublemaker by management if they reported concerns about unethical or dishonest behaviour but 44% disagreed with this opinion (Table 21). This confirms a finding of a more limited sample in a MORI survey for PricewaterhouseCoopers in 2004 of 439 full and part time employees working in large companies.¹⁹ This found that 43% said that speaking up on an issue where they disagree with senior management is not likely to damage their career prospects.

These figures compare with only 27% in the US who thought that they would not be thought of as troublemaker if they reported misconduct. In that country, employees gave as the main reason for not reporting misbehaviour that they thought that no action would be taken. Confidentiality and retaliation were also high on the list of reasons.

The converse of this data is that around half those in employment would not speak up when they are aware of breaches in ethical standards in their organisations. This is in spite of protection given to whistleblowers by the 1998 Public Interest Disclosure Act in the UK and often repeated assurances in preambles to codes of ethics that those who speak up will not suffer any retaliation. In the US protection for whistleblowers on financial related matters was provided in the Sarbanes-Oxley Act 2002.²⁰

59% of respondents from the public sector did not think they would be seen as a troublemaker if they reported concerns about unethical or dishonest behaviour, against only 49% of private sector respondents.

¹⁹ Glenn Peters (2004): *Cascading good governance through the organisation*, European Business Forum, Issue 17, Spring 2004

²⁰ Sarbanes-Oxley Act 2002, <http://www.sec.gov/about/laws/soa2002.pdf>

Living up to values Finally in this section, a question was asked about the overall impression that employees had of whether the organisation for which they work lived up to its policy on corporate social responsibility.

My company lives up to its stated policy of corporate social responsibility. (Q6d)

66% agreed that their organisation lived up to its stated policy of corporate social responsibility (47% in 2000). Table 22 shows that 25% neither agree nor disagree. The 2000 survey also showed similar ambivalence of respondents about their organisations' policy on this matter. This may indicate a lack of any policy or simply that employee awareness of it is low.

Table 22 My company lives up to its responsibilities

	2005 All respondents	2000 MT/KPMG Forensic survey
	%	%
Strongly agree	25	14
Tend to agree	41	33
Neither agree or disagree	25	24
Tend to disagree	6	20
Strongly disagree	3	9

There was no significant gender or regional variations in the answers given by respondents to this question. However, four out of five employees in the public sector said that their organisation lived up to its stated policy on corporate social responsibility compared with three out of five in the private sector.

3. Comment

Overall there is a consistent picture that three quarters of UK full-time employees think that the organisation for which they work is honest. A quarter had noticed some dishonest practices and this level has remained unchanged over the last five years. Less than one in five felt pressure to compromise their employer's standards.

But only half of those who say they have observed malpractice have been prepared to report it. This suggests that there is still some way to go in creating a culture of openness in organisations to help ensure that ethical issues can be raised without fear of retaliation. Alienation from colleagues was the main reason given for this.

Corporate Assistance

1. Introduction

Chapter Highlights

- 65% organisations have written standards on ethics and business behaviours
- 52% organisations provide a way of reporting misconduct anonymously
- 47% organisations provide advice or an information help-line for employees
- 50% of managers say that their company provides training in business ethics

There is no current legislation or regulatory requirement in the UK requiring companies or other organisations to provide a code of ethics or any training with regard to ethical behaviour. However, an increasing number of organisations are beginning to offer not only such training but also to have dedicated departments charged with advising staff at all levels on such issues as governance and handling ethical dilemmas.²¹ Ethics training is slowly becoming mainstream and is usually based upon core values and a code of conduct. Larger organisations are more likely to have formal processes and procedures in place for such training than are smaller ones.

This chapter looks at the extent to which business ethics advice and training are provided, the types of training and the form it takes. It also looks at who takes part and the types of training received at managerial level. Some assessment of the perceived benefits, if any, is also given.

There have been significant changes in recent years in the regulations and guidance which has been given to listed companies on the way they are expected to be managed. For instance there have been a number of corporate governance reviews in the last decade, which have resulted in the requirement for listed companies to abide by The Combined Code (of corporate governance). The recent requirement for listed companies to produce an Operating and Financial Review (OFR) will impact on staff at the highest level and serve to increase awareness of ethical issues across all levels of organisations as risk assessments are made.

Our culture created a blind spot, something that experts have called 'presumptive integrity' we simply did not believe that anything wrong could occur within our walls. In this cocoon of false security, one tends to rely more on personalized relationships and presumed integrity, rather than setting out on a journey to thoroughly question, analyze, and scrutinize incremental actions as they are occurring.

Source: David Frishkom, Director of Business Ethics and Compliance at Xerox Corporation, speaking in a personal capacity at the 1st Annual Business Ethics Summit, 'Corporate Scandals, Corporate Responsibility and the Media: Who Should We Believe?'. New York, 21 April 2005.

²¹ op.cit Webley & Le Jeune, 2004

In the US, the introduction of the Sarbanes-Oxley Act requires more detailed reporting by companies of their activities, over and above their financial results.²² This has impacted on UK subsidiaries of US listed companies, so that they too, because of their American parentage, have to submit more rigorous reports. Also in the US, there are a number of requirements for support set out for an organisation which if in place, can significantly reduce penalties under their Sentencing Guidelines Programme should prosecutions occur.

These are:

- written standards of ethical conduct
- training on standards and conduct
- an ethics office or telephone advice line
- a means to report misconduct anonymously.

The responses on corporate support for ethics in the 2003 ERC Survey in the US generally show a higher percentage of positive answers compared to those recorded by UK employees in 2005. This is understandable as ethics training has been established within US organisations over a longer period.

2. Responses

The provision of a code of ethics in UK workplaces

Does your organisation have any written standards on ethical business conduct, for example a code of ethics, a policy statement on ethics or guidelines on proper business conduct, that provide guidelines for your job? (Q4a)

Table 23 Does your organisation have a written code or other standard?

	2005 UK IBE survey	2003 US ERC survey
	%	%
Yes	65	73
No	24	23
Don't know	11	4

The relatively high percentage (65%) who said that their organisations do have written standards (Table 23) may reflect the reaction to the corporate or other scandals referred to earlier. The Institute of Business Ethics found that 92% of the FTSE 100 companies have a written code (or similarly named document) and 65% of the FTSE 350.²³

In the UK, women were generally more aware of their organisations having written standards/codes on business ethics; 72% compared with the 61% for males.

²² op.cit.

²³ op.cit. IBE, 2005

A greater percentage of public sector respondents – 88%, said they had a code of ethics compared to 58% of private sector respondents.

The US Ethics Resource Center studies show a decline in the percentage of employees saying that their companies have written standards on ethical conduct: in 2000 it was 79% and 73% in 2003. However, there seems to be a higher awareness among US employees of the existence of written standards compared with those in the UK. This difference may be because the US has always been associated with a higher degree of litigation. Companies may feel that by having written codes or policies in place, they are protecting themselves from judicial enquiry. Having an explicit code of ethics is now a condition of listing on the New York Stock Exchange and NASDAQ.

Tone from the top

My line manager explains the importance of honesty and ethics in the work we do. (Q6c)

Just over half of respondents said that their manager explained to them the importance of honesty and ethics in the work that they do. 19% did not think this happened. In the US, 85% of respondents said that they either agreed (55%) or strongly agreed (30%) with this statement. This would suggest that openness about the importance of ethical standards at work has some way to go in the UK.

Table 24 The importance of honesty and ethics is explained

	2005 UK IBE survey	2003 US ERC survey
	%	%
Strongly agree	22	30
Tend to agree	32	55
Neither agree or disagree	27	1
Tend to disagree	14	11
Strongly disagree	5	3

63% of women compared with 49% of men said that their line manager explained the importance of honesty and ethics at work to them, and seven out of ten public sector workers compared with one in two in the private sector.

Overall, my manager sets a good example of ethical business behaviour. (Q6a)

Table 25 My manager sets a good example

	2005 UK IBE survey	2003 US ERC survey
	%	%
Strongly agree	25	25
Tend to agree	38	63
Neither agree or disagree	25	2
Tend to disagree	7	8
Strongly disagree	4	2

More than six out of ten agreed that their manager set a good example with regard to ethical business behaviour; only one in ten disagreed (Table 25). A quarter of all respondents said that they neither agree nor disagreed. A higher proportion of women (71%) agreed with the statement compared with men (60%).

In the US in 2003, a higher percentage of respondents than in the UK thought that their manager set a good example of ethical business behaviour; 64% agreeing with the statement and a further 24% strongly agreeing.

A higher percentage of managers or supervisors in the public sector (82%) thought that their managers set a good example of ethical behaviour compared with private sector (57%).

Reporting and helplines

Does your organisation provide employees with a way to report misconduct anonymously, without giving their name or other information that could easily identify them? (Q4b)

Table 26 Can you report misconduct anonymously?

	2005 UK IBE survey	2003 US ERC survey
	%	%
Yes	52	62
No	34	32
Don't know	14	6

Half the respondents said that their organisation did provide a way for them to report misconduct anonymously (Table 26). Again, more women (59%) compared to men (48%) were aware of what was provided. A significant number of public sector employees (79%) said that they had a way of reporting misconduct anonymously, compared with only 43% of respondents in the private sector.

By contrast, in the US in 2003, 62% of respondents compared with 52% in the UK were aware of being able to report misconduct anonymously. A reason for this may be because the US has had such procedures in place for a longer time period than in Britain.

Does your organisation offer advice or an information help line where you can get advice about behaving ethically at work? (Q4c)

Table 27 Is there a means of obtaining advice or information on ethics at work?

	2005 UK IBE survey	2003 US ERC survey
	%	%
Yes	47	62
No	40	32
Don't know	13	6

Again, nearly half of respondents said that they had access to help and advice about work place ethics (Table 27) and again there was greater awareness of this service amongst women respondents (53% of women against 45% of men) . Regionally there was a significant difference: 49% in the north of the UK knew of the availability compared with 38% in the south.

Access to advice appears to be much more readily available in the public sector than in the private. 72% of public sector workers as against 38% respondents working in the private sector say they have this resource.

In the US, a similar question in 2003 showed that 62% said that their organisation provided a way for employees to report misconduct anonymously.

Discipline

My organisation disciplines employees who violate my organisation's ethics standards (Q6b)

Table 28 Ethics standards are enforced in my organisation

	2005 UK IBE survey	2003 US ERC survey
	%	%
Strongly agree	25	14
Tend to agree	39	63
Neither agree or disagree	25	8
Tend to disagree	8	14
Strongly disagree	3	1

64% of respondents said that their organisation disciplined employees who violated the company's ethics standards, 11% said they did not and 25% did not know (Table 28). There were no particular gender or regional differences in answers to this question.

79% of respondents from the public sector said that employees would be disciplined for violating their organisations ethical standards compared with 60% in the private sector.

The 2003 US survey again shows higher percentage of respondents (77%) agreeing or strongly agreeing that employees who violate their organisation's ethical standards would be disciplined compared with 15% who disagreed.

Training

Does your organisation provide training on standards of ethical behaviour? (Q4d)

Half of respondents said that their organisations did provide training on standards of ethical behaviour against 38% who said they did not (Table 29). In an IBE survey in 2004 of the use of codes in the corporate sector, 45% of companies known to have codes of ethics indicated that they provided training in its use.²⁴ It seems likely that maintaining ethical standards is part of training curricula in many public sector organisations. 72% employed in this sector say their organisation provides this.

²⁴ Simon Webley and Martin Le Jeune (2005), *Corporate Use of Codes of Ethics*, IBE

Table 29 Does your organisation provide training about ethics?

	2005 UK IBE survey	2003 US ERC survey
	%	%
Yes	50	54
No	38	44
Don't know	11	2

The following question was asked of those 389 who answered 'yes' to question 4d:

How useful have you found the ethics training to be in guiding your decisions and conduct at work? (Q5)

A total of 76% of respondents who had received ethics training found it either 'fairly useful' (27%) or 'very useful' (49%) (Table 30). This is lower than the 2003 US Surveys findings, where 52% of respondents said they had found it 'very useful', whereas a slightly higher figure of 39% had found it 'somewhat useful'. 80% of men who responded in the UK that said the training was either 'fairly or very useful', compared with 74% of women. There appeared to be no regional variations in the answers to this question.

An effective ethics policy usually includes continuous staff training in the subject. So the positive response to this question is encouraging. Three out of four of those who have been on an ethics training course say they have benefited from it.

Table 30 Has the ethics training been useful?

	2005 UK IBE survey	2003 US ERC survey
	%	%
Very useful	27	52
Fairly useful	49	39
Not particularly useful	13	7
Not at all useful	5	-
Don't know	6	2

Managers and training

The following questions were asked only to the managers and supervisors in the sample.

Does your organisation provide any training in business ethics? (Q12a)

The purpose of this question was to gauge the provision of business ethics training for managers in UK organisations and also to see whether they think it should be provided by their employer. The answer gave an almost exact 50 – 50 split between those whose organisation provides ethics training and those that do not (Table 31). Compared with the data from the MT/KPMG Forensic 2000 survey, the current survey shows a considerable change. In 2000, 84% of managers said they did not receive any ethics training.

A higher proportion of respondents working in the public sector (63%), said that ethics training was provided for them compared with 45% of managers in the private sector.

Table 31 Are you, as a manager, provided with ethics training?

	2005 Managers	2000 MT/KPMG Forensic survey
	%	%
Yes	49	16
No	48	84
Don't know	3	-

The following question was put to those who had replied that their organisation did not provide training in business ethics:

***Do you think your organisation should provide training in business ethics?
(Q12b)***

In 2000, 67% of the managers whose organisation did not provide ethics training said that they should. To a considerable extent, this appears to have happened (see Table 32). However, in 2005 when managers who did not receive training were asked whether they thought their organisation should provide it, 57% said 'no' compared with 33% who replied 'yes'.

Table 32 Should your organisation provide ethics training?

	2005 All respondents	2000 MT/KPMG Forensic survey
	%	%
Yes	33	67
No	57	33
Don't know	10	-

This apparent reversal of opinion may be partly accounted for by the wider sample used in 2000. In 2005 this question was confined to those working in organisations that do not provide ethics training whereas in 2000, the question was asked of all managers.

3. Comment

Having a code of ethics to guide employees' decisions is a necessary, but not sufficient, tool to make an ethics policy successful. It is encouraging then to know that two in three organisations are thought to have a written code or standard. So far so good, but unless the standard is taken seriously and for instance, a way provided to raise issues anonymously, the code may be little more than a paper exercise.

A vital ingredient in any ethics policy is effective training and about half of respondents to this survey say their organisation provides this for their employees and three quarters think it is useful. Furthermore, two thirds say their manager sets a good example.

Comparing the UK and the US, there was a significant difference in the number of staff who felt their manager had explained the importance of honesty and ethics: 54% in the UK and 85% in the US. Of those not receiving training, a third in the UK said it should be provided compared with two thirds in the US. In the UK, half have access to a means of raising concerns anonymously compared to two thirds in the US.

Conclusions

Conclusions

The findings from this survey are, on the whole, encouraging.

The responses to most of the questions suggest that around 80% of the UK full-time workforce feel positive about the ethical practices and standards in their workplace. Two out of three think the organisation for which they work lives up to its stated policy on corporate social responsibility. Even more (four out of five) think business is (always or frequently) conducted honestly.

Of concern is that one in four employees says they are aware of misconduct and more troubling is that only a quarter of these have reported it. Also, one in five employees has actually observed behaviour by their colleagues and only half of these have reported the misconduct. 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. In 2005, less managers and supervisors than in 2000 say they think that fiddling and pilfering is inevitable, but more would tolerate it because of a fear that cracking down would drive away some employees and suppliers.

This and other evidence suggests that employers can not take for granted the behaviour of their employees nor their organisation's ethical standards.

So what support are employers giving their staff?

In comparison with the US 2003 survey data, the UK has a smaller proportion of organisations with a written code of ethics and confidential help lines. The training given on this topic is not seen to be so useful as that provided in the US, but a higher proportion of UK than US employees think that their organisation lives up to its corporate social responsibilities.

The ethical perceptions and practices of some subgroups were found to vary. It seems that:

- public sector workers are more aware and have more support for adhering to ethical standards than their colleagues in the private sector,
- women are stricter in their ethical standards than men, and
- the under 35s are likely to be less strict than older employees about ethical conduct.

As the first national UK employee survey on ethics in the workplace, the findings reported here will serve as a benchmark for tracking changes over time. The data will also enable employers to compare their organisation and their employees with national norms. Further research on the ethical issues of most concern to employees in their workplace would assist employers to understand their ethical risks and identify where more support is required.

Appendix: The questionnaire

Appendix

Ethics at Work Survey Institute of Business Ethics (Conducted by MORI)

- ALL QUESTIONS TO BE ASKED AMONG GB ADULTS, IN FULL-TIME WORK
- FIELDWORK DATES: JANUARY 20 - 24 2005

Q1. Jim takes a taxi to a business meeting. At the end of the cab journey - which costs £6 including tip – the cab driver offers Jim a receipt for £6 or a blank receipt. Jim accepts the blank receipt, fills it in for £7.50 and claims it on expenses. Which of the following reflects your view of Jim’s conduct?

	%
It’s acceptable to take the blank receipt and fill it in for £7.50 – its only £1.50 and everyone does it.	
Jim should have accepted the receipt for £6 and claimed that amount	
Jim should have taken public transport and saved his employer the money.	
No opinion	

Q2. I am going to read out some things which have happened in workplaces. In which category would you personally place each one...?

	Totally Acceptable	Fairly Acceptable	Not very Acceptable	Totally Unacceptable	Don't Know
Taking pencils & pens from work					
Taking software home					
Posting personal mail from work					
Making personal phone calls from work					
Surfing the net for pleasure in work time					
Using company petrol for personal mileage					
Charging personal entertainment to expenses					
Taking a 'sicky' after a work party					
Minor fiddling of travel expenses					
Favouring family or friends when awarding contracts					

Q3a. Are you aware of any dishonest or fraudulent practices at work?.

	%
Yes, lots	
Yes, Some	
None	

If YES at Q3a, ask Qs 3b and 3c

Q3b. How does the level compare with 5 years ago? Is it better, worse, or about the same?

	%
Better	
Worse	
About the same	
Don't know	

Q3c. Have you ever “blown the whistle” on those concerned or considered doing so?

	%
Yes - actually blown the whistle	
No - but have considered doing so	
No - and have not even considered doing so	
Don't know	

If NO at 3c

Q3d. What was your main reason for not blowing the whistle on those involved?

	%
Felt it might jeopardise my job	
It's none of my business	
Felt I might alienate myself from colleagues	
It's fair game	
Everybody's doing it	
Other (write in)	
Don't know	

Ask all

Q4. The next few questions relate to the level to which your organisation provides information and assistance with regard to acting ethically. Simply answer 'yes' or 'no'.

	Yes	No	Don't Know
A does your organisation have any written standards of ethical business conduct, for example a code of ethics, a policy statement on ethics or guidelines on proper business conduct, that provide guidelines for your job?			
B does your organisation provide employees with a way to report misconduct anonymously, without giving their name or other information that could easily identify them?			
C does your organisation offer advice or an information helpline where you can get advice about behaving ethically at work?			
D does your organisation provide training on standards of ethical conduct?			

If YES at Q4d

Q5. How useful have you found the ethics training to be in guiding your decisions and conduct at work?

	%
Very useful	
Fairly useful	
Not particularly useful	
Not at all useful	
Don't know	

Ask all

Q6. To what extent do you agree or disagree with the following?

	Strongly agree	Tend to agree	Neither agree nor disagree	Tend to disagree	Strongly disagree
Overall, my manager sets a good example of ethical business behaviour					
My organisation disciplines employees who violate my organisation's ethics standards					
My line manager explains the importance of honesty, and ethics in the work we do.					
My company lives up to its stated policy of corporate social responsibility					
If I report my concerns about unethical or dishonest behaviour, I will be seen as a troublemaker by management					

Q7a. During the past year, have you personally observed conduct that you thought violated the law or your organisation's standards of ethical business?

	%
Yes	
No	
Don't know	

If YES at Q7a

Q7b. Did you report this observation of misconduct to management or another appropriate person?

	%
Yes	
No	
Don't know	

Ask all

Q8. Do you ever feel under pressure from your colleagues or managers to compromise your organisation's standards of ethical business conduct in order to achieve business goals?

	%
Yes	
No	
Sometimes	
Don't know	

Q9. In your organisation's daily operations, would you say that honesty is practiced...?

	%
Always	
Frequently	
Occasionally	
Rarely	
Never	
Don't know	

Q10. To what extent do you agree or disagree with the following?

	Strongly agree	Tend to agree	Neither agree nor disagree	Tend to disagree	Strongly disagree
Petty fiddling and pilfering is inevitable in a modern operation – you just have to make allowances in your costings					
If we cracked down on every little fiddle we'd soon find we had no staff and probably no suppliers as well					
As long as I come in on time and within budget I'm not going to worry about a bit of petty fiddling					
There's no real difference between fraud and a bit of expense fiddling					
Everybody lies to their boss on occasions					
UK workplace ethics are better than those in other countries					
It is acceptable to artificially increase profits in the books as long as no money is stolen					

Q11. Would you give a clean reference to a member of your staff who had been involved in fraud of some sort?

	%
Yes	
Possibly	
Not sure	
No	
Don't know	

Q12a. Does your organisation provide any training in business ethics?

	%
Yes	
No	
Don't know	

If NO at Q12a

Q12b. Do you think your organisation should provide training in Business Ethics?

	%
Yes	
No	
Don't know	

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