



Ethics at Work

2018 survey of employees

Canada

By Guendalina Dondé, Loïc Frank
and Katja Somasundaram

Published by

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Research Associate

Loïc Frank is Director of Operations at the Stewardship Institute, a foundation based in Switzerland. He co-created the IMD Global Board Center at IMB Business School. Over the past 10 years he has managed a large number of board education programmes, board evaluations and reviews. He holds a bachelor's degree in Business Administration as well as a Certificate of Advanced Studies (CAS) in Project Management, Managing Information Systems and Economics for Business, both from Business School Lausanne.

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Gold Supporter			
			
Silver Supporters			
	L'ORÉAL	<i>centrica</i>	Morgan Stanley
Bronze Supporter			
			

Many people and organisations have made this survey report possible. The IBE and the Stewardship Institute are grateful to ComRes for their help and support in producing the data for the report. We are also thankful for the input of all the IBE staff and Neil Pafford who designed the publication.

IBE Foreword

The IBE has been running the *Ethics at Work* survey since 2005, expanding the range of countries included in the survey over the years. This is the first time Canada has been included, reflecting the support and interest shown by our National Partner, the Stewardship Institute.

Set against the backdrop of the current business environment, it is interesting to see how Canadian employees view ethics at their place of work. The survey report also looks at how views differ according to age and gender, plus whether respondents work in the private or public/third sectors and in large or small organisations. These additional correlations highlight different attitudes and, hence, they reflect the culture within an organisation.

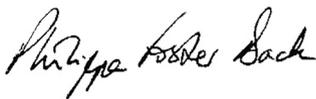
Canada is a sophisticated and mature country, which is reflected in the results of this survey. However, like employees in other countries, those in Canada still face the same pressures to compromise ethical standards and can be afraid to speak up about misconduct at work. There is an indication that Canadian companies and organisations need to do more to support their employees.

We are pleased to present this joint publication and are grateful to all those who have provided additional financial support for this survey – who are listed on the Authors and Acknowledgements page. We look forward to our National Partner's further analysis and insights on the data set beyond the initial analysis reported here.

I would like to thank ComRes for undertaking the survey for us, which is part of a 12-country survey in the IBE's 2018 *Ethics at Work* series. Results from other country surveys have been published and are available on the IBE website (www.ibe.org.uk).

Finally, I am very grateful to Guendalina Dondé, IBE's Head of Research, for her analysis and authorship and to the Stewardship Institute for their additional research for the report.

We look forward to receiving your feedback and insight on these survey findings.



Philippa Foster Back CBE
Director
Institute of Business Ethics





National Partner's Comment*

Canadians genuinely want to be good citizens and good employees. They share a general understanding and care for what ethics is and what ethical behaviours mean. They apply it not only to their company, but also to stakeholders. In our boards, it has long been accepted that directors do not work for shareholders, but for all stakeholders, and there is little debate in the professional circles about this as stakeholders include not only employees, suppliers, customers, etc. but also the government and therefore our tax authorities. There is generally an agreement on the notion of doing good. Fraud is frowned upon and communicated as unacceptable. Bullying is explained and taught as early as in primary schools. The 'Me Too' movement has shaken our society, with prominent business executives paying now the consequences. This is by no means perfect, but the general understanding of the population is there. What is missing, and we are seeing this from the survey, is a non tolerance approach. In particular, I have observed a gap between larger companies' practices as regards to ethics, and what SMEs have been able to implement.

Beyond the road ahead, what struck me most in the results of the survey is how reflective they are of the Canadian society and values. Here are some examples:

This is not a policing state

Canadians do not work under the 35 hour rules, and therefore many would work longer hours, especially at the manager's level, and a minority does not cash in their vacation. It is therefore understandable that placing calls from work is not even on the radar of what many employees would call unethical. Employers tend to rely on management, and common sense to enforce discipline in the ranks, rather than policing it, and this I think will explain why a majority of Canadians would tend to find it acceptable to place personal calls from work, or use the Internet for personal issues.

The strength of the shareholder voice

As in the rest of North America, the shareholder voice is strong, guiding governance principles, but also as we see here behaviour in terms of ethics. Institutional shareholders have long set the tone, punishing harshly companies when ethics are compromised while holding their votes on resolutions and even publicly displaying their arguments. Although not as litigious as in the United States, the shareholders are quick to punish companies who show borderline behaviour by voting with their feet, or taking to the media and other social media to voice their concerns. The civil society and professional organisations such as the IGOPP (Institute for Governance of Private and Public Organizations) are constantly analysing corporate practices and reminding companies and boards alike of their duties to do things right.

“

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*Institutional
shareholders
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harshly companies
when ethics are
compromised*

.....

I could also see this shareholder voice showing when participants seem to be willing to compromise their ethics to deliver results somewhat as a result of the capitalistic nature of our society.

The hunt for conflicts of interest

Canadians, and Canadian companies have a pretty good notion of what constitutes a conflict of interest. In our political life, elected officials put their assets and companies in blind trusts when they join and undergo a rigid process to track their potential conflicts of interest – down to their direct family, but also siblings and parents. Similarly, companies have followed suit. This is reflected in my experience in the fact many organisations have implemented processes for their employees to declare conflicts of interest – when they join or even annually. This ensures not only the arm's length relation as regards to suppliers or clients, but also typically disclosure of family ownership of shares, etc.

Denunciating unethical behaviour – but with respect

Whistleblowing is a common practice in the vast majority of our publicly quoted companies. Contrary to Europe, where the concept still raises eyebrows, maybe as it is associated with denunciation and linked therefore with past war practices, this is well accepted in Canada, used regularly, and handled with professionalism while protecting the whistleblowers. I suspect the reasons why there are still a few who do not know about it and mention it (55%) are linked to the number of respondents from smaller, private companies, rather than the large ones. I have rarely seen a SME with a whistleblowing line. The fact that employees more than managers knew of their existence does not surprise me: I have seen most of the complaints coming through the whistleblowing lines stemming from employees on the ground rather than from managers who have a better access to executives and therefore another channel to raise their concerns.

Valuing consensus rather than direct confrontation

It has been said of Canadians that they tend to value compromises over open and hard confrontation, and are reluctant to make waves. This is illustrated in the survey as one of the main arguments for not speaking out is that participants do not want to appear as a trouble maker – highlighting again one of the cultural traits: belonging, and collectiveness.

In Canada, job security is not a given

With a much more fluid job market than in Europe, and when employers can fire employees with virtually no benefits nor préavis, it is understandable that the number of employees who fail to report unethical behaviour and tend to follow their bosses order.

It is cold in the North

The large deviation from European colleagues in the survey on the question of taking sick days to avoid going to work puzzled me. I wonder if this is also an illustration of where Canada is – a country with a six month winter and hurling blizzards. By -30°C, it is true that employees have been known to prefer to avoid long commutes and braving the elements and sometimes call in sick – even if this means simply they are working from home... or trying to enjoy the beautiful days of our summers!



Estelle Metayer

Board Member at BRP (Bombardier Recreational Products)

Board Member at Audemars Piguet

** The views expressed in this foreword are those of the author mentioned above.
They do not necessarily reflect the views of the Institute of Business Ethics (IBE) or
research partner ComRes.*

The Stewardship Institute

The Stewardship Institute brings together leading economic actors from corporate and investment worlds to combine their knowledge and experience, encouraging business wealth creation towards positive social impact.

This is not about giving back. This is more about how businesses can be more of a positive force in society.

By providing scientific research, investment and guidance, the Stewardship Institute builds and supports a network of change-makers who take action to advance societal goals and tackle societal challenges. We enable them to shape a strong and positive economy, socially sustainable and preferable to all.

For more information www.stewardshipinstitute.com

Key Findings from Canada

Culture

In your organisation's daily operations, how often would you say honesty is practised?



Always/frequently	83%
Occasionally	13%
Rarely/never	3%
Don't know	1%

Speaking up

41% of employees in Canada who have been aware of misconduct at work decided not to speak up. The main reasons are...

1. I did not believe that corrective action would be taken **38%**
2. I did not want to be seen as a troublemaker by management **35%**
3. I felt I might alienate myself from my colleagues; I felt I might jeopardise my job **32%**



Behaviour

25% of employees in Canada have been aware of misconduct at work. The most common types of misconduct they noticed are...



People treated inappropriately/unethically	47%
Bullying/harassment	37%
Safety violations	30%

11% of Canadian employees have felt pressured to compromise ethical standards. The main pressures are...

1. Time pressure **38%**
2. I was following my boss's orders **37%**
3. I had to meet unrealistic objectives/deadlines **24%**

Ethics programme

Around half or more Canadian respondents are aware of each of the four building blocks of an ethics programme in their organisation.

My organisation...

- Has written standards of ethical business conduct that provide guidelines for my job **67%**
- Provides employees with a means of reporting misconduct confidentially **55%**
- Offers advice or an information helpline where I can get advice about behaving ethically at work **48%**
- Provides training on standards of ethical conduct **57%**



Introduction to the Research

What are employees' attitudes to and perceptions of ethics in their place of work? Do they feel able to speak up if they have been aware of misconduct? Are formal ethics programmes effective in embedding ethical values into organisational culture and influencing behaviour? What are the challenges for organisations and what should be the focus going forward?

The IBE and the Stewardship Institute asked questions of the Canadian workforce for the first time in 2018 to gauge employees' perception of ethics in the workplace. This survey report presents results from the IBE's 2018 research into ethics at work in Canada. Data was collected online by the research consultancy ComRes on behalf of the IBE and the Stewardship Institute (SI) in February 2018.

This report forms part of a broader collection of *Ethics at Work* publications covering France, Germany, Ireland, Italy, Portugal, Spain, Switzerland and the UK within Europe, as well as Australia, Canada, Singapore and New Zealand. Reports for all of the countries surveyed will be available to download free of charge from the IBE website. ¹

The aims of the *Ethics at Work: 2018 survey of employees – Canada* were as follows:

- To **develop** an understanding of employees' attitudes to and perceptions of ethics in the workplace in Canada in 2018
- To **compare** how business ethics is viewed and understood by employees in different countries.

This report details survey findings from a nationally representative sample of 766 employees in Canada. The research methodology and respondent profile are presented in Appendix 1. The interview questionnaire (see Appendix 2) consists of 14 questions.

The report is structured in two chapters:

Chapter 1 highlights three key themes that emerged from the research and that define employees' views on ethics at work in 2018. These relate to assessing the ethical culture of an organisation, identifying ethical risks and supporting ethical standards.

Chapter 2 focuses on two specific issues that have a major impact on the culture of an organisation: the ability of employees to voice their ethics-related concerns and the role of line managers in promoting ethics in the workplace.

“

The IBE and the Stewardship Institute asked questions of the Canadian workforce for the first time in 2018 to gauge employees' perception of ethics in the workplace

.....”

¹ www.ibe.org.uk/research-and-publications

Four different subgroups of the employee population have been analysed to see if there are any differences in their experience of ethics in the workplace.

These are:

Gender
(male/female)



Age
(younger employees aged 18-34/
mid-career employees aged 35-54/
older employees aged 55+)



Sector
(public and third sector/
private)



Size of organisation
(small and medium-sized
enterprises – SMEs/
large organisations with more than
250 employees)



The seniority of respondents has been used to analyse how attitudes to ethics at work change between managers and non-managers, as illustrated in Chapter 2.

Where relevant in order to provide context, the responses of employees in Canada are compared to those from Switzerland, where the Stewardship Institute is based, and the United Kingdom, where the IBE is based.



Survey Themes

Taking the ‘ethical temperature’ of an organisation is not an easy task. ‘One-size-fits-all’ approaches rarely work when it comes to understanding people’s behaviour and it is difficult to represent concepts such as honesty, integrity and fairness with numbers.

The IBE’s survey approaches this task by looking at three critical dimensions that responsible organisations need to take into account to ensure that their ethical values are effectively embedded in practice.

- Theme 1: **Assessing the ethical culture** is essential to understanding the role that ethics plays in the organisation and how deeply the core values are rooted in the day-to-day decision-making process.
- Theme 2: **Identifying ethical risks** is important in order to understand which issues should be the focus of an organisation’s ethics programme, the aim of which is to ensure that employees do not feel pressured to compromise ethical standards.
- Theme 3: **Supporting ethics standards** at work by providing the fundamental components of an effective ethics programme minimises ethical risks and shapes organisational culture around core ethical values.

Theme 1: Assessing the ethical culture

There has been much debate on how organisations can understand what defines their culture, how to shape it and how to measure it. One way of doing this is to ask the employees themselves by including questions on ethics in employee surveys.²

The results presented in this section illustrate the views of employees in Canada on some of the indicators of a corporate culture.

Did you know?

Corporate culture

Corporate culture refers to the beliefs, values and behaviours that determine how a company’s employees and management conduct their business and manage the relations with individuals and groups with whom they have dealings inside and outside the organisation (stakeholders). Corporate culture is often implied, not expressly defined, and develops organically over time from the example set at the top and from the traits of the people the organisation employs.

A healthy corporate culture is vital to protect and generate value for an organisation and it is therefore important to have a continuous focus on culture.



continues >

² IBE (2018) *Culture Indicators: understanding corporate behaviour*

Did you know? *continued*

“Behind all the numbers that measure our performance is a culture based on strong values, where we stress service, teamwork, responsibility, diversity and integrity,” said RBC Royal Bank President and CEO Gordon M Nixon in his address to shareholders (March 2011). *“Our people put into action every day our vision to always earn the right to be our clients’ first choice.”*

RBC Royal Bank (2011)

“A good, ethical system requires more than just signposts pointing employees in the right direction. Corporate value statements and codes will not necessarily result in the desired behaviour. An all-out effort should be directed at developing and maintaining a culture, a set of beliefs, values, norms and practices that comprise an ethical culture.

“In an organization with an ethical corporate culture, ethical values shape the search for opportunities, the design of organizational systems, and the decision-making process used by individuals and groups. They provide a common frame of reference and serve as a unifying force across different functions, lines of business and employee groups.”

EthicsCentre Canada (as available in February 2019) *Business Ethics FAQs*

“
A healthy corporate culture is vital to protect and generate value for the organisation and it is therefore important to have a continuous focus on culture
.....

What is acceptable?

Are employees able to identify ethical issues relating to everyday choices that they might have to face in the workplace? To what extent do they apply ethical values to their decision-making?

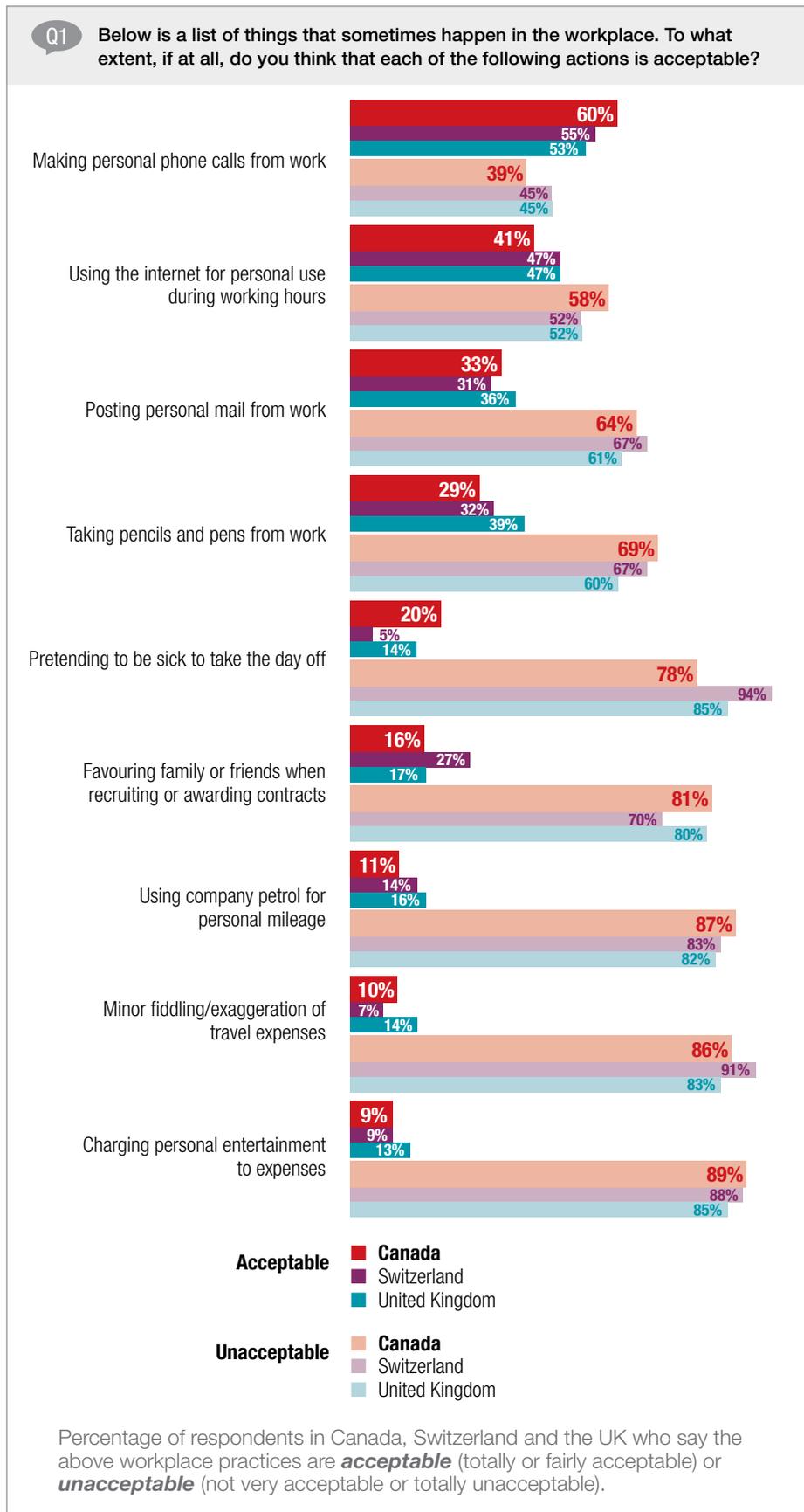
To answer these questions, respondents to this survey were presented with nine common work-related scenarios and were asked to pass judgement on whether or not they considered them acceptable. Although some of these may seem trivial, these answers are important indicators of what kinds of behaviour are considered acceptable in the workplace, and where employees’ ethical boundaries lie.

As shown in Figure 1, Canadian employees regard charging personal entertainment to expenses; using company petrol for personal mileage and minor fiddling with expenses as the least acceptable workplace practices tested.

On the other side of the spectrum, employees in Canada have a more relaxed attitude to making personal phone calls from work; using the internet for personal use during working hours and posting personal mail from work.

Although the findings suggest that employees in Switzerland and the UK have similar attitudes to the questionable workplace practices tested, Canadian employees (20%) find it more acceptable to pretend to be sick and take a day off than employees in the UK (14%) and Switzerland (5%). Canadian employees (16%) and UK employees (17%) are less likely to find it acceptable to favour family or friends when recruiting or awarding contracts than employees in Switzerland (27%).

Figure 1 Acceptability of common workplace practices



Men are more likely than women to find two of the questionable workplace practices acceptable: minor fiddling with expenses (13% of men vs 8% of women) and favouring family or friends when recruiting or awarding contracts (19% of men vs 13% of women).



Younger employees aged 18-34 are more likely to find six out of the nine questionable workplace practices acceptable than older employees aged 55+. For example, 11% of younger employees say it is acceptable to charge personal entertainment to expenses, compared to 4% of older employees.



Employees who work for **SMEs** are more likely to find it acceptable to favour family or friends when recruiting or awarding contracts than employees in large organisations (19% compared to 12%).

Ethics in practice

What do organisations say in their current codes of ethics?

“It is the responsibility of each and every one of us to ensure that we all live by the values of SNC-Lavalin and our Code. We all have an important duty and a responsibility to report in good faith any known or suspected violation of our Code and its underlying policies, as well as any violation of applicable laws, rules or regulations or any observed instances of misconduct or pressure to compromise our ethical standards.”

SNC-Lavalin (2018) *Code of Ethics and Business Conduct*

“A culture that encourages us to voice our concerns will help Enbridge maintain its reputation as a great place to work. If something does not feel right, each of us should feel empowered to take action without fear of retaliation. We have an obligation to speak up when we witness behavior that could violate the Statement, the Enbridge values or the law.”

Enbridge (2017) *Our Statement on Business Conduct*

Is honesty applied in practice?

Another important issue to understand in order to assess workplace culture is how employees perceive their organisation’s commitment to ethical values, and the degree to which this is effectively embedded in practice. This can be seen through employees’ views of the actions of their colleagues and managers.

While the ethical values that organisations adopt are varied, honesty is one of the most frequently mentioned value-words in business – it is easily recognisable by everybody and often used in everyday language. This is also true in the negative, where examples easily come to mind as to what dishonest behaviour might look like in the workplace as well as outside.

This is particularly relevant in today’s digital environment, where so-called ‘fake news’ can spread quickly through social media and it can be difficult to tell what is true and what is not. This situation places an important responsibility on organisations: being perceived as honest in all dealings is an essential part of creating a consistent bond of trust with the public, employees and other stakeholders.

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Did you know?

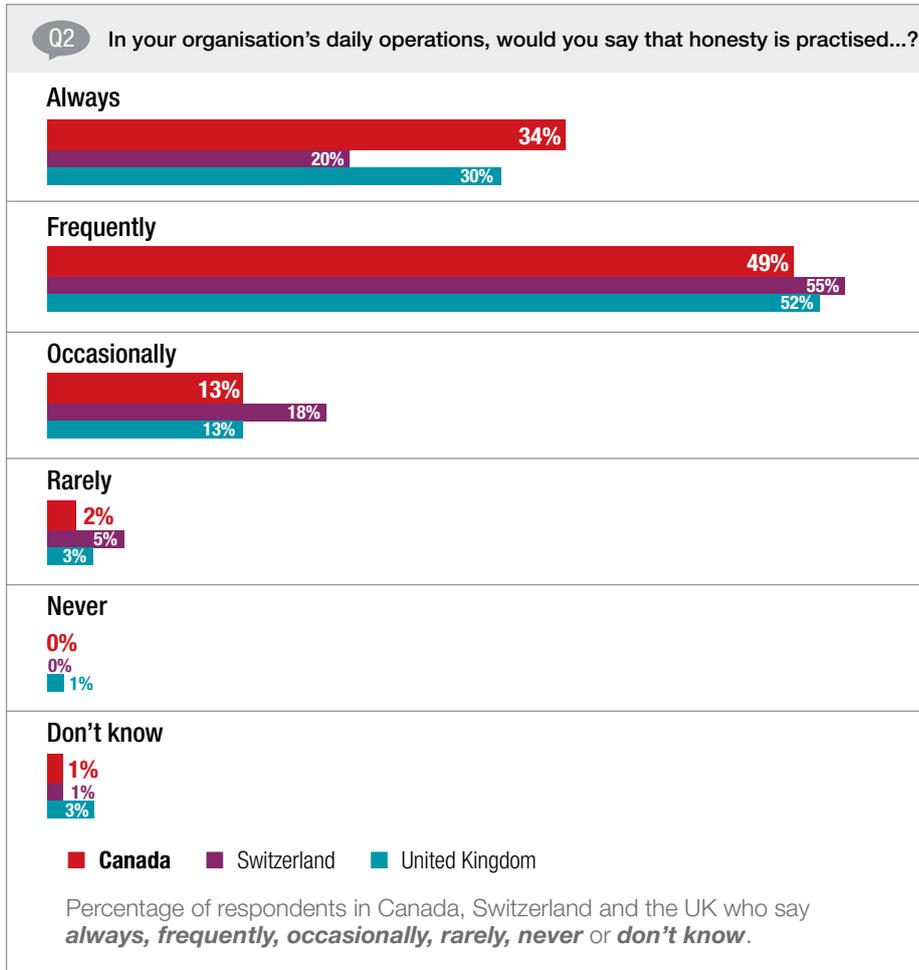
Honesty

The Woodbridge Group includes honesty as a hallmark of their corporate culture: *“We firmly believe in conducting business with honesty, integrity, fairness and respect throughout the organization. Our Woodbridge Teammates will respect and act in a manner sensitive to the cultures and customs of the countries in which we operate, as well as the communities and environment where we conduct business.”*

The Woodbridge Group (2016) *The Woodbridge Way*

Figure 2 shows how employees in Canada view how frequently honesty is practised within their organisation's daily operations in comparison with Switzerland and the UK. Canadian employees (34%) are more likely to say that honesty is always practised in their organisation's daily operations than UK employees (30%) and Swiss employees (20%).

Figure 2 Employees' views of how frequently honesty is practised



How are stakeholders treated?

To understand employees' perceptions of their organisation's engagement with stakeholders, respondents were asked to comment on whether they believe that their organisation acts responsibly in all its business dealings with key stakeholder groups such as customers, clients, suppliers, etc. Respondents were also asked more specific questions relating to internal and external stakeholders: whether their organisation lives up to its stated policy of social responsibility and whether ethical issues are discussed in staff meetings (see Figure 3).

Results show that 72% of Canadian respondents agree that their organisation acts responsibly in all its business dealings.



Older employees

aged 55+ are more likely to say that honesty is practised at least frequently in their organisation's daily operations (89%) than mid-career employees aged 35-54 (83%) and younger employees aged 18-34 (79%).



Private sector

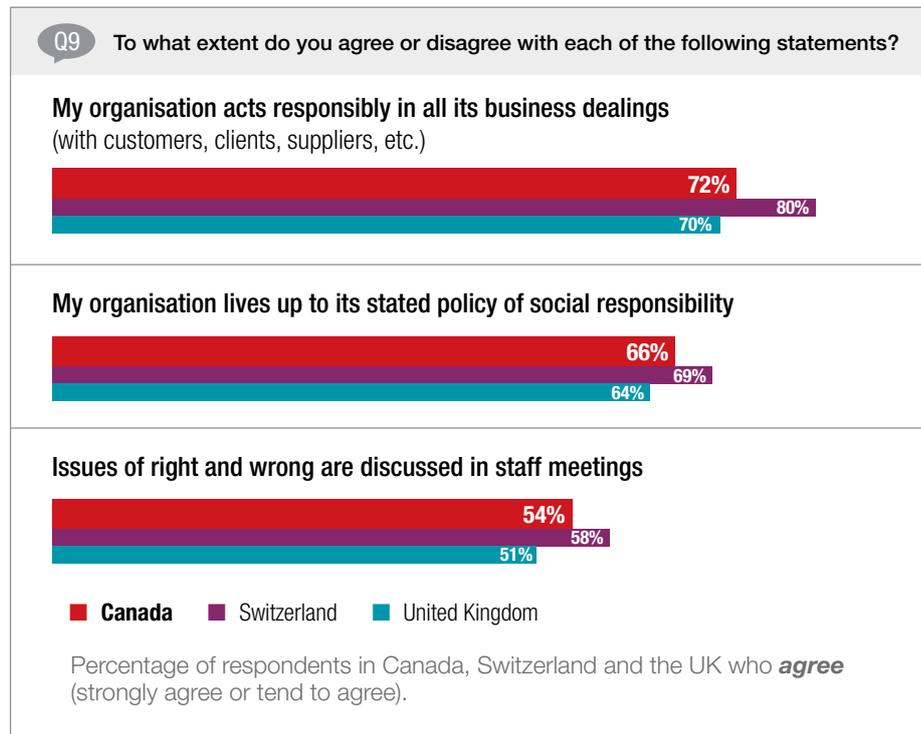
employees are more inclined to believe that honesty is always practised in their organisation's daily operations (37%) than public/third sector employees (29%).



Employees in large organisations

are more likely to believe that honesty is practised frequently in the organisation's daily operations (56%) than employees in SMEs (47%).

Figure 3 Perceptions of engagement with internal and external stakeholders



Younger employees

aged 18-34 are more likely than mid-career employees aged 35-54 to say that their organisation lives up to its stated policy of social responsibility (70% vs 61%) and that issues of right and wrong are discussed at staff meetings (58% vs 49%).



Older employees

aged 55+ are more likely to think that their organisation acts responsibly in all its business dealings (78%) than mid-career employees (69%).

Theme 2: Identifying ethical risks

The consequences that unethical behaviour can have on a business are well known. Hardly a week goes by without some reference to a major illegal act or ethical lapse in business practice. Organisations are encouraged to be constantly vigilant to protect themselves against this risk.

Did you know?

Ethical risk

The concept of ethical risk refers to the negative consequences of unexpected ethical lapses within an organisation. Leon van Vuuren, Executive Director of The Ethics Institute (TEI), South Africa and author of Ethics Risk Handbook, explains that “ethics risk is a dimension of risk in the same way that legal, operational, IT, finance and HR risks are. As the non-management of ethics risks could give rise to as many, if not more, reputational and financial costs for an organisation as any other type of risk, it warrants equal attention. As such, ethics risk is a component of the broader organisational risk framework. The risk management processes of an organisation are also highly dependent on the ethical culture of the organisation to enable effective risk management.”³

³ TEI (2016) *Ethics Risk Handbook*

How can an organisation insure itself against the risk of losing its reputation and the trust of its customers and suppliers? There are no quick or easy answers to this question. But there are practical, preventative measures that any organisation can take to minimise the risk of corporate irresponsibility and its consequences.

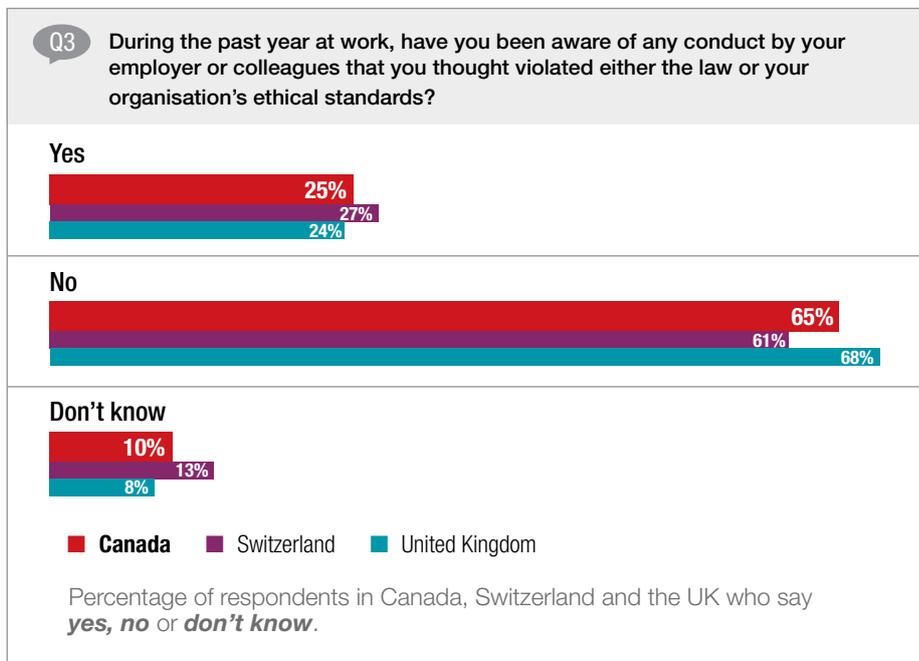
This survey focuses on two ‘red flags’ that indicate an increased risk of ethical lapses: employees’ awareness of misconduct in the workplace and potential pressure on employees to compromise their organisation’s ethical standards.

How common is unethical behaviour?

The effects of widespread misconduct in the workplace can be very serious. There is a direct negative impact that follows from the unethical act itself, affecting the people involved and, potentially, the performance of the organisation. However, there is also a second type of effect that shouldn’t be underestimated: people learn by example and tend to replicate their peers’ and managers’ behaviour. If employees observe that unethical behaviour is commonplace in their organisation and tolerated, they will think that it is acceptable as part of their organisational culture.

Respondents were asked to state whether, during the past year at work, they have been aware of any conduct by their employer or colleagues that violated either the law or their organisation’s ethical standards. Figure 4 illustrates the results.

Figure 4 Awareness of ethical violations



Respondents who were aware of instances of misconduct were then asked to specify further details, as illustrated in Figure 5. People treated inappropriately/unethically (47%) is the most frequent type of misconduct mentioned in Canada, followed by bullying/harassment (37%) and safety violations (30%).

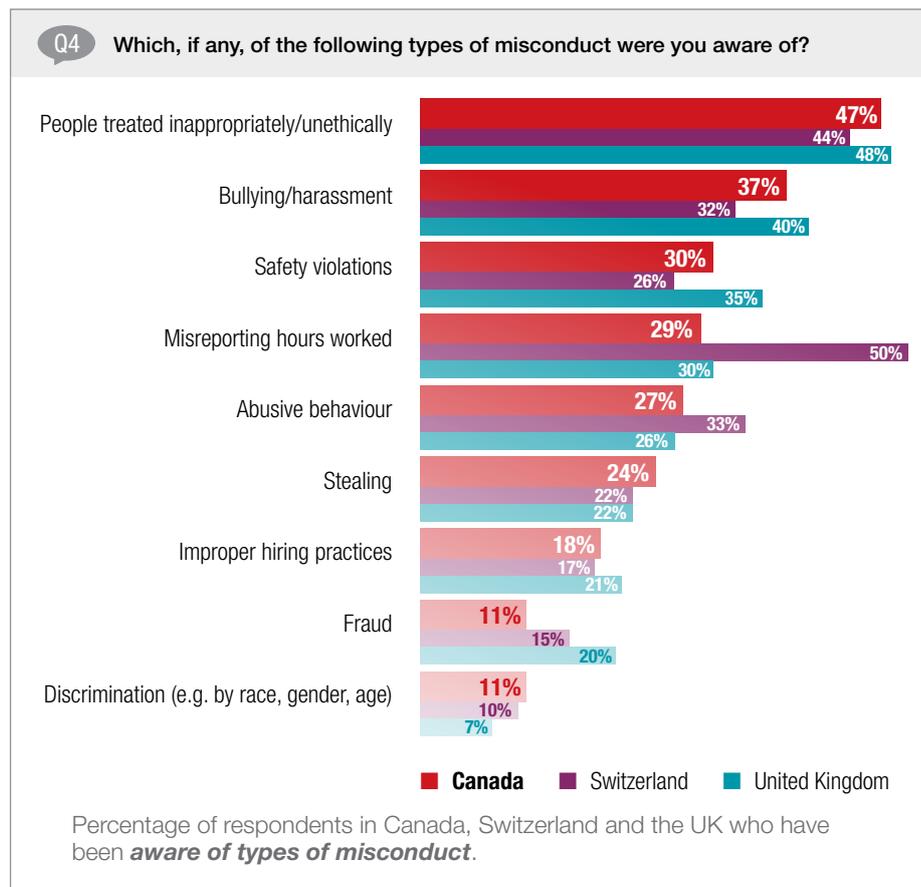


There are practical, preventative measures that any organisation can take to minimise the risk of corporate irresponsibility and its consequences



People treated inappropriately/unethically is the most frequent type of misconduct mentioned in Canada

Figure 5 Types of misconduct of which employees were aware



Older employees aged 55+ are less likely to have been aware of misconduct during the past year at work (18%) than younger employees aged 18-34 and mid-career employees aged 35-54 (both 27%).



Mid-career employees aged 35-54 who have been aware of misconduct are more likely to have been aware of fraud than younger employees aged 18-34 in the same position (15% vs 4%).



Employees in **large organisations** who have been aware of misconduct during the past year at work are more likely to have been aware of discrimination than those working in SMEs (17% vs 4%).

Focus on...

Implications of being aware of misconduct

This survey suggests that, in Canada, employees who have been aware of legal or ethical violations during the past year at work are more likely to have:

! Lenient attitudes to some questionable workplace practices.

Employees who have been aware of misconduct at work are more likely to find it acceptable to pretend to be sick to take a day off than those who have not been aware of misconduct (27% vs 17%).

! A negative perception of how frequently honesty is practised at work. 71% of employees who have been aware of misconduct at work say that honesty is always or frequently practised in their organisation's daily operations, in comparison with 89% of respondents who have not been aware of misconduct.

! A negative outlook on how the organisation engages with its stakeholders. Employees who have been aware of misconduct at work are less likely than those who have not been aware of misconduct to say that their organisation acts responsibly in all its business dealings (56% vs 81%) and that their organisation lives up to its stated policy of social responsibility (51% vs 74%).

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Focus on... *continued*



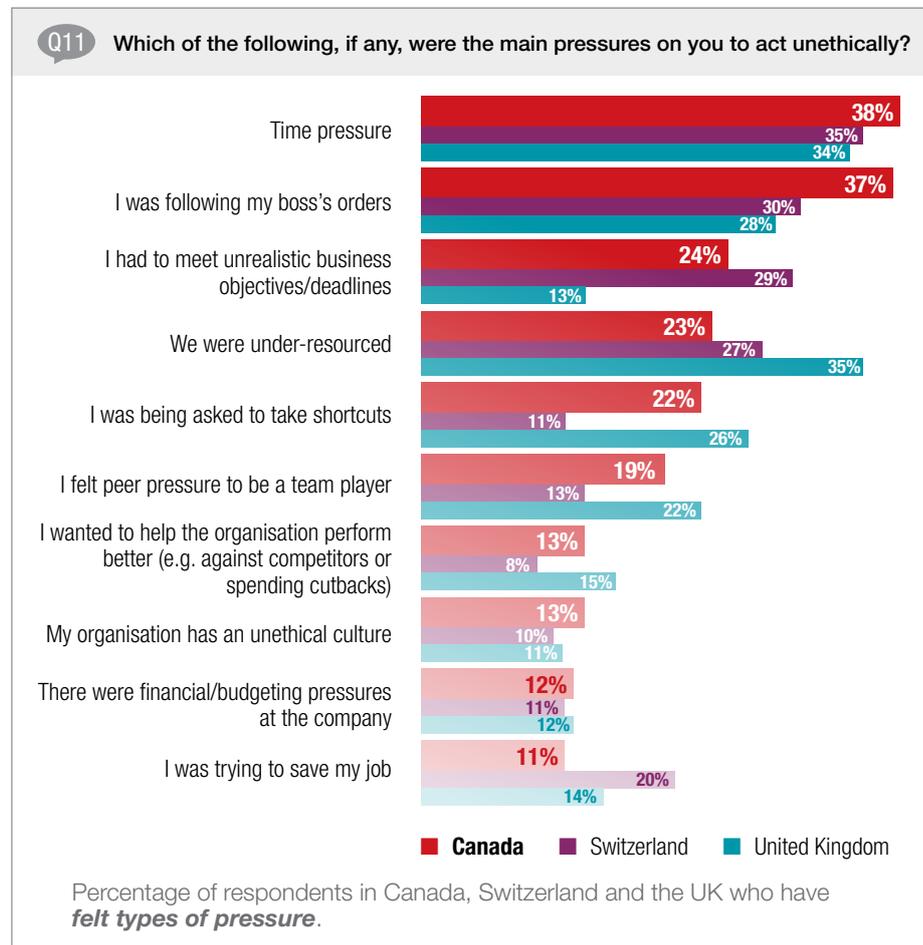
! Felt pressured to compromise ethics. 30% of employees who have been aware of misconduct at work say that they have felt pressured to compromise their current organisation's ethical standards, compared to only 5% of respondents who have not been aware of misconduct.

! A negative perception of the ability of managers to promote ethics. Employees who have been aware of misconduct at work are less likely than those who have not been aware of misconduct to say that their line manager sets a good example of ethical business behaviour (60% vs 77%); explains the importance of honesty and ethics at work (53% vs 63%) and supports employees in following their organisation's standards of ethical behaviour (60% vs 72%).

Are employees pressured to compromise ethics?

Another important red flag that organisations need to consider is whether employees feel pressured to compromise their organisation's ethical standards. An organisation's formal commitment to ethical values can be easily undermined by a manager suggesting, explicitly or implicitly, that 'it doesn't matter how it gets done as long as it gets done' or convincing employees that 'everybody does it and it is part of the culture'.

Figure 6 Types of pressure to compromise ethical standards



Men who have felt pressured to act unethically are more likely than women in the same position to have felt pressure to be a team player (29% vs 11%).

Women who have felt pressured are more likely than men in the same position to have felt financial/budgeting pressures (20% vs 5%).



Employees in **large organisations** who have felt pressured are more likely to have felt this pressure because they were asked to take shortcuts (34%) than employees in SMEs in the same position (11%).

In Canada, 11% of respondents say they have felt some form of pressure to compromise their current organisation's ethical standards. Figure 6 illustrates the sources of pressure to compromise ethical standards that have been experienced by the 11% of employees who have felt pressured.

Canadian employees are most likely to have felt pressured to compromise their organisation's ethical standards because of time pressure (38%). The percentage of employees who say they have felt pressured because they were following their boss's orders is almost as high (37%), in comparison with just 30% of employees in Switzerland and 28% of employees in the UK.

“
11% of respondents
in Canada say they
have felt pressured
to compromise
their current
organisation's ethical
standards
.....”

Focus on...

Implications of pressures to compromise ethical standards

This survey shows that employees in Canada who have felt pressured to compromise their current organisation's standards of ethical conduct are more likely to have:

! Lenient attitudes to some questionable workplace practices.

Employees who have felt pressured to compromise ethical standards are more likely to find three of the nine questionable workplace practices in Figure 1 acceptable. In particular, pretending to be sick to take a day off is regarded as acceptable by 31% of those who have felt pressured, compared to 18% of those who have not.

! A negative perception of how frequently honesty is practised at work.

Respondents who have felt pressured to compromise ethical standards are less likely to say that honesty is practised always or frequently in their organisation's daily operations than those who have not felt pressured (65% vs 86%).

! A negative outlook on how the organisation engages with its stakeholders.

Employees who have felt pressured to compromise ethical standards are less likely to say that their organisation lives up to its stated policy of social responsibility than those who have not felt pressured (43% vs 70%). Only half (50%) of respondents who have felt pressured say that their organisation acts responsibly in all its business dealings, compared to 75% of those who have not felt pressured.

! Been aware of misconduct at work. 66% of those who have felt pressured to compromise ethical standards also say that they have been aware of misconduct during the past year at work, in comparison with 20% of those who have not felt pressured.

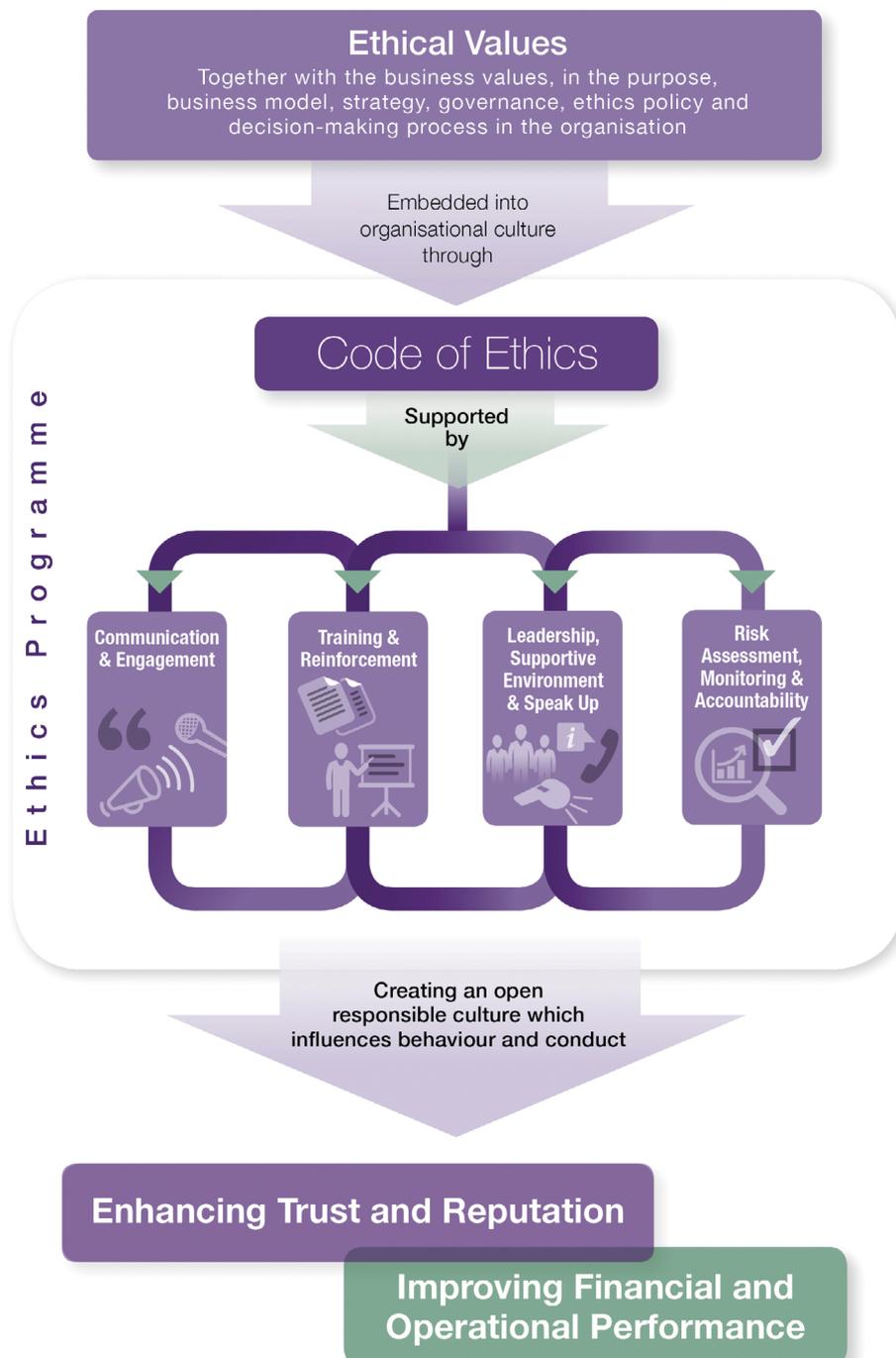
! A negative perception of the ability of managers to promote ethics.

Employees who have felt pressured to compromise ethical standards are more likely to disagree that their line manager promotes ethics at work than those who have not felt pressured. In particular, 29% of employees who felt pressured disagree that their line manager sets a good example of ethical business behaviour, in comparison with just 6% of those who have not felt pressured.

Theme 3: Supporting ethics at work

The third theme covered in this chapter focuses on the tools that organisations can put in place to promote and support ethics at work. The IBE describes the process of building an ethical culture in business as a journey that starts with an organisation’s ethical values (see Figure 7). Values can be seen as the compass that guides behaviour. They are usually expressed through a code of ethics (or similar document) that provides guidance to employees on how the core values of the organisation are applied in practice. If values are the compass, a code is the map that guides employees in their daily decision-making.

Figure 7 The IBE Business Ethics Framework



“
 Values can be seen
 as the compass that
 guides behaviour
 ”

A comprehensive ethics programme provides the additional tools that organisations are advised to develop to make sure their core values are effectively embedded and implemented. These tools include appropriate communication campaigns; regular training; resources that encourage an open and supportive environment – including frameworks for making decisions and speaking up – and monitoring processes.

What percentage of organisations provide an ethics programme?

Respondents were asked whether their organisation offers the following building blocks of a formal ethics programme:

- A code of ethics or similar document (written standards of ethical business conduct that provide guidelines for my job)
- A ‘Speak Up line’ to report misconduct (a means of reporting misconduct confidentially, without giving my name or other information that could easily identify me)
- An ‘Advice line’ to ask for advice or information (advice or an information helpline where I can get advice about behaving ethically at work)
- Ethics training (training on standards of ethical conduct).

The majority of employees in Canada say that their organisation has written guidance on ethics (67%). Employees in Canada (57%) and the UK (56%) are significantly more likely to say that their organisation provides ethics training than those in Switzerland (30%).



67% of employees in Canada say that their organisation has written standards of ethical business conduct that provide guidelines for their job

Figure 8 Employee awareness of the building blocks of a formal ethics programme



Older employees aged 55+ are less likely to be aware of their organisation having written standards of ethical business conduct (57%) than mid-career employees aged 35-54 (68%) and younger employees aged 18-34 (72%).

Focus on...

The impact of providing formal support for ethics in the workplace

This survey shows that employees in Canada whose organisations have a comprehensive ethics programme (all four building blocks) are more likely than those whose employers do not have an ethics programme (none of the building blocks) to have:

-  **A positive perception of how frequently honesty is practised at work.** 88% of employees in organisations that provide a comprehensive ethics programme say that honesty is practised always or frequently in their organisation's daily operations, compared to 77% of in organisations with no ethics programme.
-  **A positive outlook on how the organisation engages with its stakeholders.** Employees who work for an organisation that provides a comprehensive ethics programme are more likely than those in organisations without an ethics programme to agree that their organisation acts responsibly in all its business dealings (87% vs 49%); that it lives up to its stated policy of social responsibility (83% vs 32%) and that issues of right and wrong are discussed at team meetings (79% vs 25%).
-  **Spoken up about misconduct at work.** Employees who have been aware of misconduct in organisations with a comprehensive ethics programme are more likely to have raised concerns (74%) than those in organisations in a similar position in an organisation with no ethics programme (54%).
-  **A positive perception of the ability of managers to promote ethics but also to think that managers reward employees for good results, even if they use questionable practices.** Employees who work in an organisation with a comprehensive ethics programme are more likely than those in organisations without an ethics programme to agree with statements indicating that their line manager promotes ethical behaviour at work. For example, 85% say that their line manager supports them in following their organisation's standards of ethical behaviour, compared to 33% of employees in organisations without an ethics programme.

However, 40% of employees in organisations with a comprehensive ethics programme say that their line manager rewards those who get good results, even if they use practices that are ethically questionable, as opposed to only 18% of employees in organisations without an ethics programme.

How do employers incentivise ethical behaviour?

In order to enhance the effectiveness of an ethics programme, it is important that organisations support the building blocks presented in the section above with other types of incentive aimed at ensuring that ethics is embedded in every aspect of an employee's daily work. Respondents were asked whether their organisation provides incentives to employees to encourage them to live up to the organisation's ethical standards.



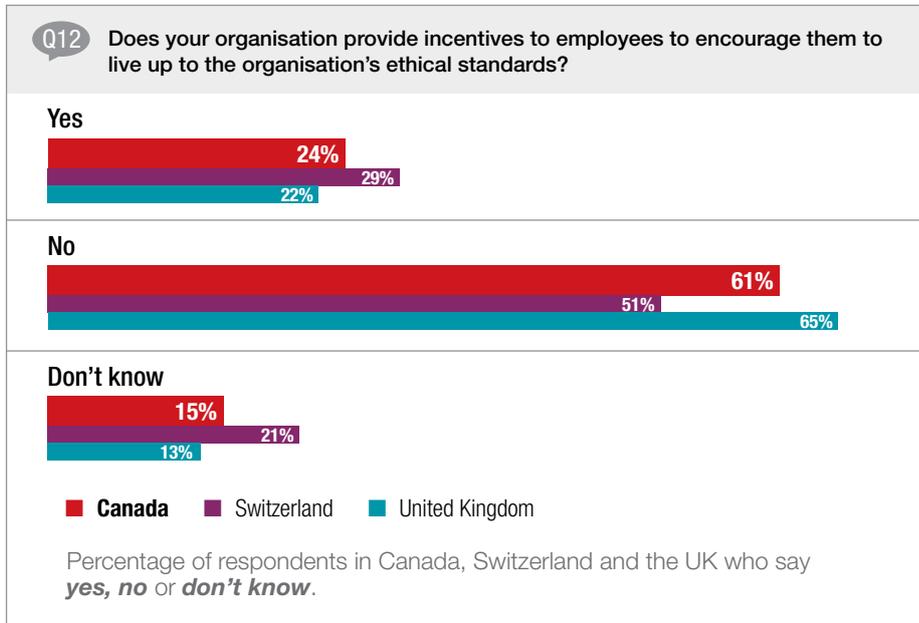
Employees in the **public/third sector** are more likely than those in the private sector to be aware of advice or an information helpline (54% vs 45%); a means of reporting misconduct confidentially (60% vs 52%) and written standards of ethical business conduct (75% vs 63%).



Employees in **large companies** are more likely to be aware of each of the four building blocks of an ethics programme than those in SMEs. For example, 82% of employees in large organisations are aware of written standards of ethical business conduct, compared to 57% in SMEs.

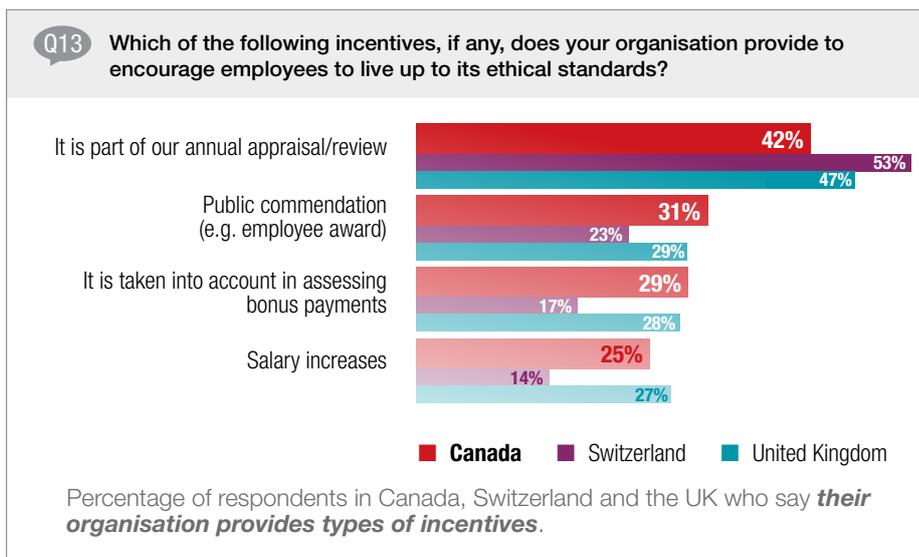
As shown in Figure 9, less than a quarter (24%) of employees in Canada say that their organisation provides this type of incentives. This is similar to those of the UK (22%) and lower than the results for Switzerland (29%).

Figure 9 Employee awareness of incentives to live up to ethical standards



Respondents who indicated that their organisation offers incentives to encourage ethical behaviour were also asked about the type of incentives offered (see Figure 10). As in Switzerland and the UK, the most common incentive in Canada is including ethics in annual appraisals or reviews.

Figure 10 Prominence of types of incentives



“

Just 24% of Canadian employees say that their organisation provides incentives to encourage employees to live up to their organisation's ethical standards

.....



Younger employees

aged 18-34 are more likely to be aware of incentives to encourage ethical behaviour (33%) than older colleagues age 55+ and mid-career employees aged 35-54 (both 19%).

Focus on...

The impact of providing incentives to encourage ethical behaviour

This survey shows that although incentives to encourage ethical behaviour can potentially have a positive impact on employees' perceptions of ethics at work, in some cases there may be a gap between the objective that an organisation is trying to achieve through its incentive scheme and the practical impact of the incentives offered to employees. Employees in Canada who are aware of their organisation providing incentives are more likely to have:

✔ **A positive perception of how frequently honesty is practised at work.** 43% of employees in organisations that provide incentives to act ethically say that honesty is always practised in their organisation's daily operations, compared to 30% of employees in organisations with no incentive scheme.

✔ **A positive outlook on how the organisation engages with its stakeholders.** Employees in organisations with incentives to encourage ethical behaviour are significantly more likely to agree with each of the statements relating to stakeholder engagement than those without such incentives. For example, 78% say that issues of right and wrong are discussed in team meetings, compared to 46% of employees in organisations without incentives.

✔ **Spoken up about misconduct at work.** Three quarters (76%) of respondents who work in organisations with incentives to act ethically and who have been aware of misconduct say they spoke up or raised their concerns. In contrast, less than half (47%) of employees who have been aware of misconduct in organisations with no incentives say that they raised their concerns.

Of those who raised their concerns, 75% of those in organisations with incentives to encourage ethical behaviour are satisfied with the outcome of speaking up, while only 45% in organisations that do not provide ethical incentives say they are satisfied.

⚠ **A more positive perception of the ability of managers to promote ethics but also to think that managers reward employees for good results, even if they use questionable practices.** Employees in organisations that provide incentives to act ethically are more likely than those in organisations without incentives to say that their line manager sets a good example of ethical behaviour (82% vs 66%); explains the importance of honesty and ethics at work (79% vs 50%) and supports them in following their organisation's ethical standards (82% vs 60%).

They are, however, also more likely than those in organisations without incentives to say that their line manager rewards results even if they are achieved through ethically questionable practices (52% vs 24%).

continues >

“

Employees in organisations with incentives are more likely to have a positive view of their line manager's behaviour

.....”

Focus on... *continued*



! Lenient attitudes to some questionable workplace practices.

Employees in organisations that provide incentives to act ethically are more likely than those in organisations without incentives to find three of the nine questionable workplace practices described in Figure 1 acceptable: favouring family or friends when recruiting or awarding contracts (24% vs 15%); using company petrol for personal mileage (18% vs 9%) and charging personal entertainment to expenses (16% vs 7%).

This rather counterintuitive evidence shows that it is important for organisations to monitor the practical impact of the incentives provided and design their incentive schemes with special care. Focussing primarily on specific Key Performance Indicators (KPIs) might distract an employee's attention from wider ethical dilemmas. It is important that employees are encouraged to think about and make ethical decisions for themselves and not just comply with a list of organisational requirements.

“
It is important for organisations to monitor the practical impact of the incentives provided
.....

Spotlight Issues

Issue 1: Speaking up

The freedom to raise concerns is a core component of an open and supportive ethical business culture, where employees are confident that they will be supported to do the right thing.

IBE research shows that most global organisations provide mechanisms to support those who wish to speak up, raise concerns or ask questions when unsure about what course of action to take.⁴ Speak Up arrangements are an element of good governance and can act as an early warning system for potential risks.

In 2017, Canada passed the Journalistic Sources Protection Act (Bill S-231), which grants journalists the right not to disclose the identity of their sources, thereby protecting those who speak up.⁵

Did you know?

Speaking up or whistleblowing?

The terms ‘whistleblowing’ or ‘Speak Up’ are often used interchangeably and can cover disclosure of a wide range of legal and ethical issues.

The term whistleblowing originates from when a pit whistle was blown at times of an accident in a mine. [...] It implies letting everyone know there is a problem by creating a noise or disturbance because something bad has happened. [...] In recent years, the connotation of whistleblowing has come to mean disclosing concerns outside an organisation, usually by informing the media or a regulator.

The IBE differentiates between whistleblowing and speaking up. ‘Blowing the whistle’ externally may be considered a last resort, occurring when concerns have not been listened to or acted upon internally. Speaking up implies raising a concern internally so that it can be remedied, hopefully before it becomes a bigger problem.

The IBE prefers the term Speak Up as it has more positive and constructive connotations for organisations wishing to encourage employees to raise concerns.⁶

The 25% of respondents in Canada who have been aware of misconduct during the past year at work (see Figure 4) were asked whether they raised – or decided to speak up about – any of their concerns directly to management, to another appropriate person or through any other mechanism. A small majority of these employees (56%) did so, while 41% did not speak up.⁷

The 41% of respondents who have been aware of misconduct but did not raise their concerns were asked an additional question to assess what they considered to be the barriers to speaking up (see Figure 11).

“

41% of Canadian employees who have been aware of misconduct at work did not speak up or raise their concerns

.....”

⁴ IBE (2017) *Corporate Ethics Policies and Programmes: 2016 UK and Continental Europe survey*

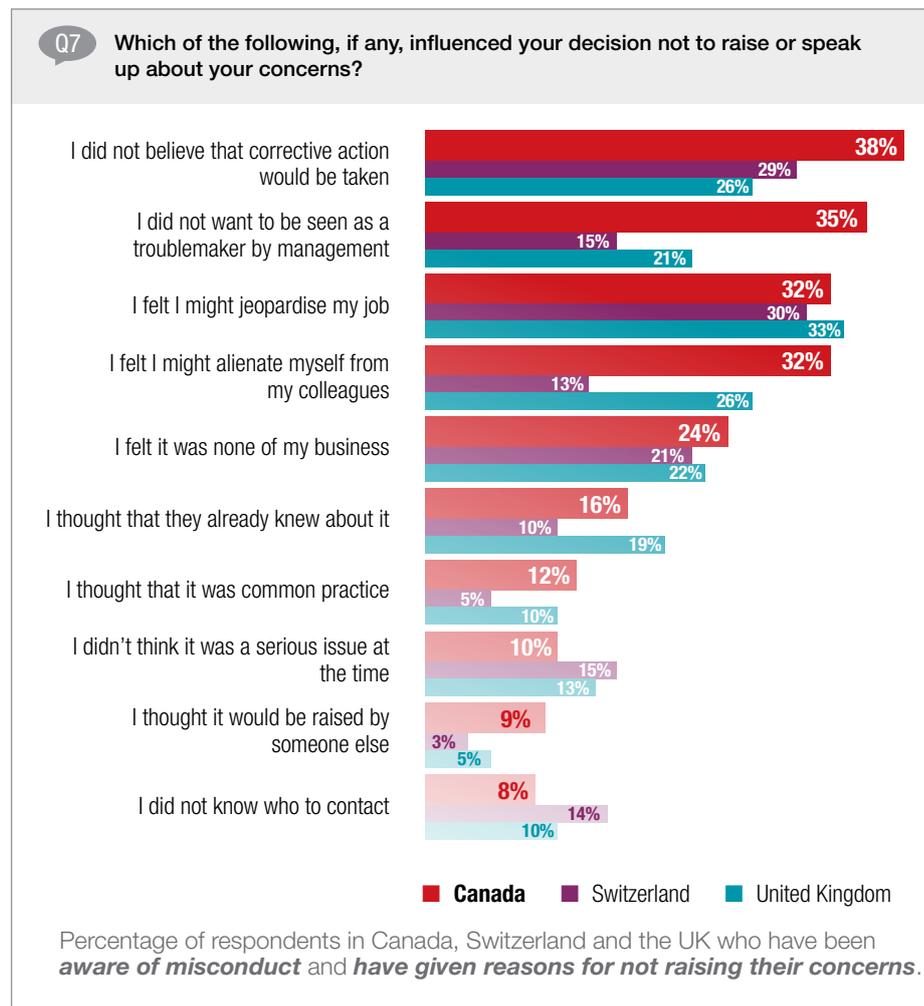
⁵ http://laws-lois.justice.gc.ca/eng/AnnualStatutes/2017_22/FullText.html

⁶ IBE (2017) *Encouraging a Speak Up Culture*

⁷ The remaining 3% chose the ‘don’t know’ option as their response.

The most prominent reason for Canadian employees not speaking up is that they did not believe that corrective action would be taken. Nearly two fifths (38%) of Canadian employees who have been aware of misconduct and did not raise their concerns chose this response, compared to only 29% of Swiss employees and 26% of UK employees in the same position. In addition, 35% of Canadian employees who have been aware of misconduct and did not raise concerns say that they did not speak up because they did not want to be seen as a troublemaker by management. This is in comparison with just 21% of employees in the UK and 15% of Swiss employees in the same position.

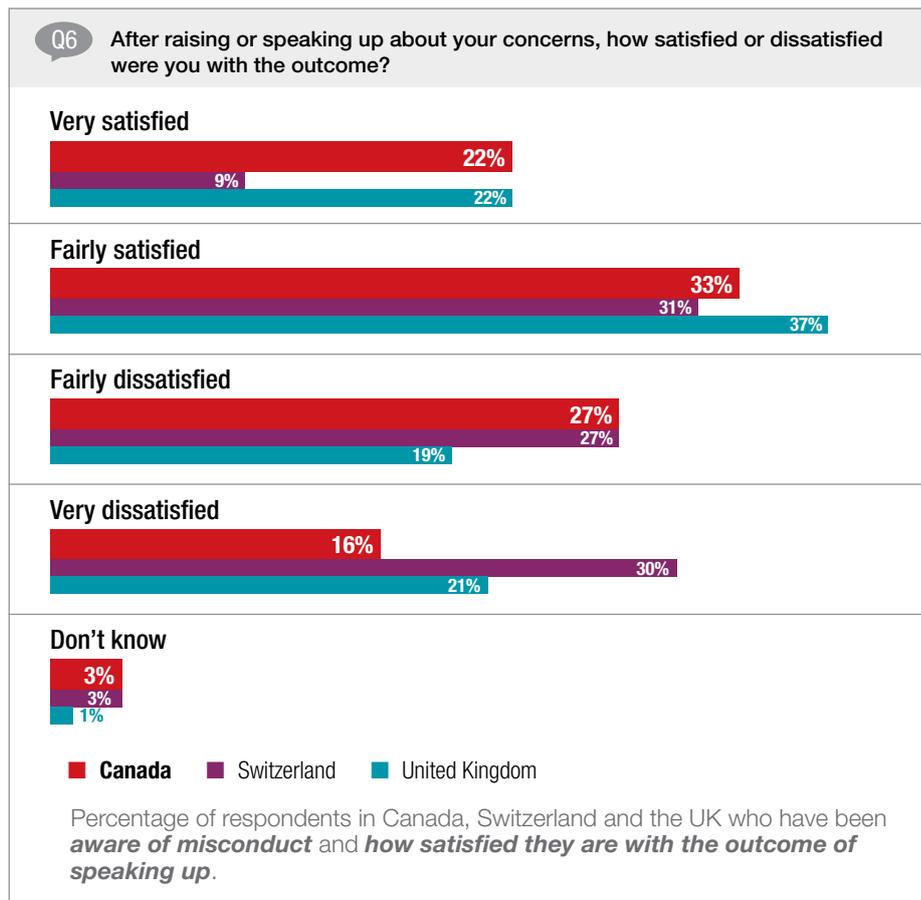
Figure 11 Reasons why employees did not raise concerns about misconduct



It is clear that employees are concerned about the impact of speaking up and, in particular, whether their situation would improve as a result of doing so. Reporting concerns can require courage, particularly in an unsupportive environment. Employees won't take the risk if they believe that nothing will be done about it.

To understand whether employees' concerns about speaking up are justified, respondents who had raised concerns were asked whether they were satisfied with the outcome of doing so. Only a small majority of employees in Canada (55%) who reported their concerns say they are satisfied or very satisfied with the outcome. The findings in Figure 12 suggest that organisations in Canada could do more to give employees the confidence and support they need to raise their concerns.

Figure 12 Employee satisfaction with the outcome of speaking up



“
Organisations in Canada could do more to give employees the confidence and support they need to raise their concerns
.....”

Another important indicator that shows whether employees think their organisation is taking ethical misconduct seriously is the action taken against employees who violate the organisation's ethical standards.

Many organisations highlight the consequences of violations of ethical standards in their code of ethics. However, far fewer organisations publish data externally on ethical breaches and disciplinary actions including dismissals. Separate research conducted in the UK by the IBE in 2017 shows that only 16 FTSE 100 companies include this type of information in their sustainability or corporate responsibility report. Three of these 16 companies stated that no material breaches of the code of conduct were reported during the previous year, which might raise questions about the ability of the organisations to recognise breaches and act on them.

A majority of employees in Canada (59%) believe that their organisation disciplines employees who violate their organisation’s ethical standards (compared to 59% in the UK and 51% in Switzerland).

Ethics in practice

What do organisations say?

“We ensure that all questions and concerns raised are addressed. While the Code and RBC policies outline the ethical behaviour expected of us, they cannot anticipate every situation we encounter. By speaking up and raising our concerns, we ensure RBC does the right thing and we protect our clients’ interests and assets, and RBC’s reputation.”

RBC (2017) Code of Conduct

“We all share a responsibility to report potential violations of our Code. Speaking up helps fix the problem and protects our colleagues and Suncor. Remember, no-one has to face ethical challenges alone as there is always someone who can help. If you suspect illegal or unethical behaviour or believe that our Code is being violated, raise your concern with your leader or one of the contacts listed under Resources. Your concerns will be taken seriously and investigated.”

Suncor (2017) Standards of Business Conduct



Men are more likely to think that their organisation disciplines employees who violate ethical standards than women (65% vs 52%).

Issue 2: Ethical management

The attitudes and behaviours of managers in the workplace is a topic of significant focus and concern. The term ‘manager’ applies to different groups and encompasses diverse roles in different organisations. However, the role that managers play in promoting ethics and embedding the organisation’s core values in the corporate culture is a crucial one. Their role is particularly critical because managers are generally positioned between those on the front line and senior leadership. While this means they can help bridge the gap between the top and the bottom of the organisation, this position is not without its risks.

Managers are often under pressure from both those above and below them, and this can encourage them to ‘cut ethical corners’ to achieve results. The nature of their role is such that they are often looked at as role models by their team, which means they can significantly influence perceptions and behaviour in their organisation.

This survey report analyses the attitudes of managers to business ethics through two different lenses: managers’ first-hand views and the perceptions that employees have of their managers.

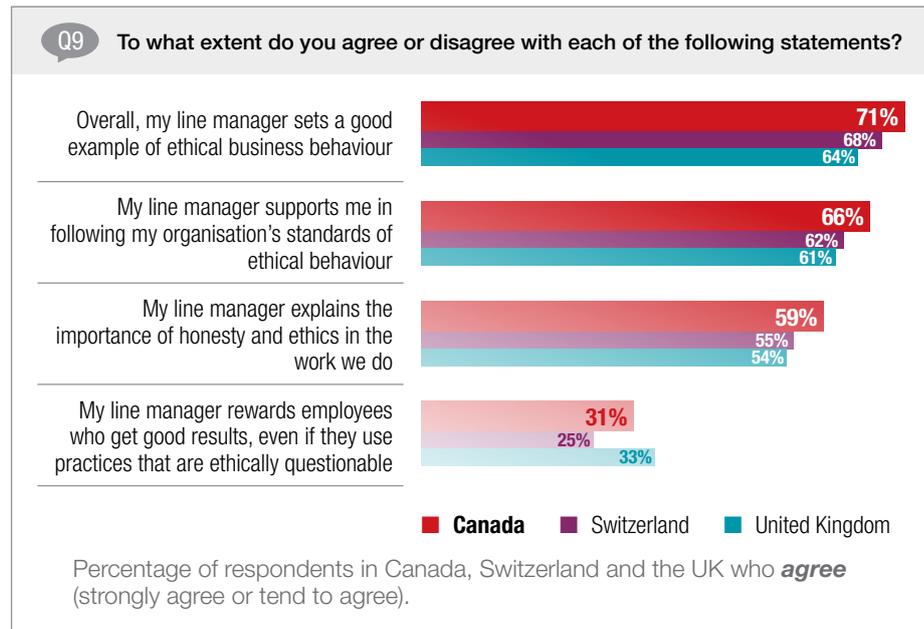
This survey uses four indicators to gauge employee perception of managers’ attitudes towards ethics. These are whether managers are seen to set a good example of ethical business behaviour; support employees in following their organisation’s standards of ethical behaviour; explain the importance of honesty and ethics at work and, conversely, reward employees who get good results, even if they use practices that are ethically questionable.



Managers are often under pressure from both those above and below them, and this can encourage them to ‘cut ethical corners’ to achieve results

As shown in Figure 13, Canadian employees (71%) are more likely to think that their line manager sets a good example of ethical business behaviour than employees in Switzerland (68%) and the UK (64%). However, 31% of Canadian employees believe that their line manager rewards employees who get good results, even if they use practices that are ethically questionable (see Figure 13). In other words, they appear to be more likely to prioritise ‘what’ is achieved over the ‘how’ it is done.

Figure 13 Perception of management behaviour



“
71% of Canadian employees think that their line manager sets a good example of ethical business behaviour
.....”



Younger employees

aged 18-34 are more likely to say that their line manager rewards good results, even if they use practices that are ethically questionable (38%) than mid-career employees aged 35-54 (27%) and older employees aged 55+ (28%).

Focus on...

The impact of providing a work environment that is regarded as supportive to ethics⁸

This survey shows that employees in Canada who work in organisations with an environment that is perceived as supportive to ethics are more likely to have:

- ✓ **A positive perception of how frequently honesty is practised at work.** Employees in the most supportive organisations are more likely to say that honesty is practised always or frequently in their organisation’s daily operations (92%) than those in unsupportive organisations (56%).
- ✓ **Not been aware of misconduct at work.** Employees in the most supportive organisations are less likely to say that they have been aware of misconduct at work (16%) than employees in unsupportive organisations (49%).

continues >

⁸ The supportiveness of the organisation is defined by how many statements employees agree or tend to agree with at Q9 (see Appendix 2). This excludes the statement on the line manager rewarding employees who get good results despite using ethically questionable practices, as this is framed in the negative. The most supportive organisations agree or tend to agree with all of the statements and unsupportive organisations are those in which respondents disagree or tend to disagree with three or more of the statements.

Focus on... *continued*



✓ **Spoken up about misconduct at work.** Employees in the most supportive organisations who have been aware of misconduct at work are more likely to have spoken up about their concerns (66%) than those in unsupportive organisations (52%).

✓ **Not felt pressured to compromise ethics.** Employees in the most supportive organisations are less likely to say that they have felt pressured to compromise their current organisation's ethical standards (5%) than employees in unsupportive organisations (30%).

Did you know?

Supportive environment for ethics

Creating a supportive environment for ethical behaviour is essential to applying business ethics in practice and closing the 'say-do gap' between an organisation's formal commitments and what happens on the front line.

In this survey, the following elements are considered as indicators of a supportive environment for ethics in an organisation:

- **Tone from the top** includes the ability of managers to set a good example of ethical business behaviour; explain the importance of honesty and ethics at work and support employees in following the organisation's standards of behaviour
- **Stakeholder engagement** refers to whether an organisation discusses issues of right and wrong at staff meetings, lives up to its stated policy of social responsibility and acts responsibly in all its business dealings
- **Addressing misconduct** captures the ability of an organisation to discipline employees who violate its ethical standards.

What are managers' views of ethics at work?

In order to set a good example of ethical behaviour and support employees in living up to their organisation's ethical standards, it is important that people in a managerial position understand their responsibilities in leading by example on the application of ethical values to the day-to-day tasks in the workplace.

To understand this, the 36% of respondents in Canada who identified themselves as managers were asked to give their opinion on a series of statements that describe examples of 'petty fiddling' that can occur in an organisation. Figure 14 illustrates the results. An example of petty fiddling is an employee charging their company for small items such as a taxi ride when they used public transport instead.

Ethics in practice

What do organisations say?

"While everyone who works at Enbridge has a duty to know and comply with the Statement, Enbridge's People Leaders have additional responsibilities to uphold the Statement and Enbridge's values. People Leaders are responsible for:

- *Modeling appropriate behaviors that are consistent with the Statement and the Enbridge values*
- *Being knowledgeable about the Statement, as well as the policies and procedures that may apply to them and the people they lead*
- *Fostering a positive work environment where only legal, ethical and respectful actions are acceptable – and ensuring that everyone under their direction is accountable for their behavior*
- *Promoting open communication and trust in the workplace so that employees and contractors feel secure about voicing concerns, without any real or implied threat of retaliation*
- *Responding promptly when employees or contractors raise concerns and escalating those concerns when necessary to human resources, law or the ethics and compliance department*
- *Holding the people they lead accountable for compliance with the Statement."*

Enbridge (2017) *Our Statement on Business Conduct*

"Expectations of Executives / Senior Officers / Managers: As leaders of the company, Magna executives, senior officers and managers are expected to set the highest ethical standard for themselves, in turn setting an example for their teams to follow. Magna's leaders are also expected to be diligent and alert to any potential violations of the Code and report concerns on a timely basis. They must also maintain an environment in which employees can feel comfortable raising compliance concerns. This leadership by example is critical in establishing and maintaining the company-wide standards of behaviour outlined in this Code."

Magna (as available in February 2019) *Code of Conduct and Ethics*

"Shares in Toronto-Dominion Bank posted their biggest loss since 2009 [...] after the publication of a second CBC News story uncovering how employees admit they have broken the law at their customers' expense in a desperate bid to meet sales targets and keep their jobs.

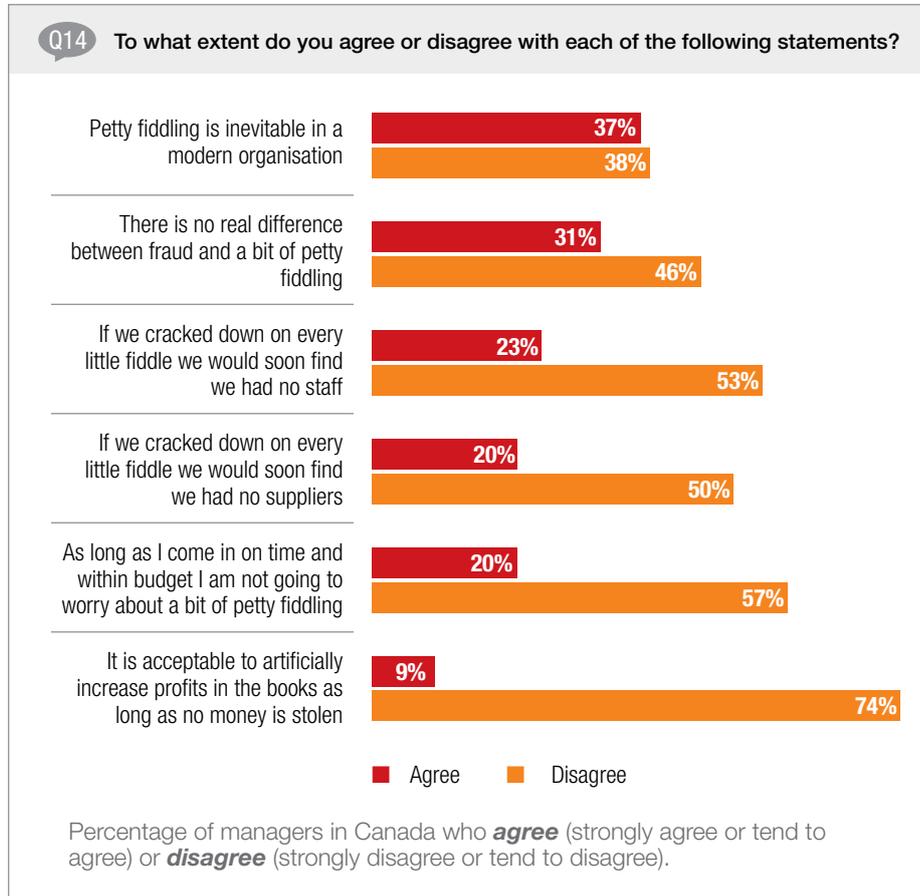
TD stock closed at \$66, falling \$3.88 a share – more than 5.5% – its worst day since the end of the financial crisis, and enough to wipe out all of its gains for 2017.

[...] CBC's Go Public team outlined how TD employees have come under pressure to sell products that may not be appropriate for customers, and in at least one case increased a customer's overdraft and credit limits without their knowledge."

CBC News (10 March 2017) *TD Bank shares post worst day since 2009*

More than a third of managers in Canada agree that petty fiddling is inevitable in a modern organisation (37%), which is similar to the UK (38%) but higher than in Switzerland (22%).

Figure 14 Managers' attitudes to petty fiddling



“
37% of Canadian managers think that petty fiddling is inevitable in a modern organisation



Younger managers

aged 18-34 are more likely than older managers aged 55+ to say that they are not going to worry about a bit of petty fiddling as long as they come in on time and within budget (27% vs 13%). Younger managers are also more likely than older managers to say it is acceptable to artificially increase profits in the books as long as no money is stolen (13% vs 3%).



On the other hand, **older managers** aged 55+ are more likely than younger managers to say that there is no real difference between fraud and a bit of petty fiddling (38% vs 23%).

Focus on...

Attitudes of managers towards ethics at work

This survey provides a picture of how managers in Canada approach ethics at work. In comparison with non-managers, they are more likely to have:

✓ **A positive perception of how frequently honesty is practised at work.** Managers are more likely to say that honesty is always practised in their organisation's daily operations than non-managers (43% vs 29%).

✓ **Spoken up about misconduct at work.** Managers who have been aware of misconduct are more likely to have spoken up about their concerns than non-managers (71% vs 48%).

72% of the managers who spoke up say they are satisfied with the outcome of raising their concerns, compared to 41% of non-managers.

continues >

Focus on... *continued*

✓ **A positive outlook on how the organisation engages with stakeholders.** Managers are more likely than non-managers to have a positive outlook on the way their organisation engages with external stakeholders. 79% of managers say their organisation acts responsibly in all its business dealings (compared to 68% of non-managers) and 72% of managers say that their organisation lives up to its stated policy of social responsibility (compared to 63% of non-managers).

! **Lenient attitudes to some questionable workplace practices.** Managers are more likely to say that it is acceptable to favour family or friends when recruiting and awarding contracts than non-managers (23% vs 12%). Managers also find it more acceptable to charge personal entertainment to expenses than non-managers (13% vs 6%).

! **Not been aware of their organisation having written standards of ethical business conduct.** Surprisingly, Canadian managers are less likely to be aware of their organisation having a code of ethics or similar document than non-managers (60% vs 71%).

! **Felt pressured to compromise ethics.** Managers are more likely to say they have felt pressured to compromise their current organisation's ethical standards than non-managers (15% vs 10%).

“
*Surprisingly,
Canadian managers
are less likely to
be aware of their
organisation having
a code of ethics or
similar document
than non-managers*
.....



Summary and Conclusion

The data presented in this survey report highlights important issues about current attitudes to ethics in the workplace and raises crucial questions for organisations. It is important to stress that, in order to paint a meaningful picture, the results related to each indicator need to be read in the wider context, in parallel with other elements. For instance, higher awareness of misconduct could show that employees are failing to live up to the organisation's values. However, it could also be a positive sign of increased 'ethical literacy' among employees who have learned to identify and act upon ethical dilemmas in their workplace.

A quarter of employees in Canada (25%) have been aware of misconduct during the past year at work. Although this percentage is similar to that of the UK (24%) and not as high as in Switzerland (27%), it is still significant because of the range of negative impacts of misconduct that are highlighted throughout this survey report. For example, nearly a third of Canadian employees who have been aware of misconduct also felt pressured to compromise their organisation's ethical standards (30%), in comparison with just 5% of employees who have not been aware of ethical misconduct.

How can employees be encouraged to raise their concerns?

The findings of this survey suggest that too few Canadian employees speak up or raise their ethical concerns. Only a small majority (56%) of survey respondents who have been aware of misconduct say they raised their concerns with management or another appropriate mechanism.

The reasons that these employees give for not raising their concerns provide hints as to what organisations could do to make employees feel safe and confident enough to speak up. The most common reason for not speaking up is the belief that no corrective action would be taken. To change this belief, organisations need to ensure that they address concerns effectively and then communicate with employees about what has been done as a result.⁹ If organisations demonstrate their commitment to addressing concerns, employees will be more inclined to speak up about misconduct.

Do managers promote ethics effectively?

Another common reason for Canadian employees deciding not to speak up is that they do not want to be seen as a troublemaker by management. Managers have a responsibility to support their employees in raising concerns. It is also worrying that Canadian managers are less likely to be aware of their organisation having a code of ethics or similar document than non-managers. These findings indicate that the leaders of organisations need to be more attentive to how ethics is communicated to managers.

“
If organisations demonstrate their commitment to addressing concerns, employees will be more inclined to speak up about misconduct
.....

⁹ See the IBE's 2017 publication *Encouraging a Speak Up Culture* for guidance in this area.

Do incentives target the right kind of behaviour? How are schemes to incentivise ethical behaviour designed? Are they achieving their intended purpose?

Practical incentives that motivate and encourage people to behave ethically are an important tool that organisations can use to embed their values in practice. For example, providing incentives has a positive impact on Canadian employees' perception of how frequently honesty is practised at work and employees in organisations with incentives are more likely to have spoken up about misconduct.

The findings of this survey are twofold. Employees in organisations that provide incentives to encourage ethical behaviour find it less acceptable to make personal phone calls from work or use the internet during work hours than employees in organisations with no incentives. However, the survey shows that the presence of incentive schemes is also correlated to some less ethical attitudes or behaviours. Employees in organisations with incentive schemes are more likely than those in organisations without incentives to think it is acceptable to favour family or friends when recruiting or awarding contracts (24% vs 15%); use company petrol for personal mileage (18% vs 9%) and charge personal entertainment to expenses (16% vs 7%).

Moreover, employees in organisations that incentivise ethical behaviour are also significantly more likely than those in organisations with no incentive schemes to say that their line manager rewards employees who get good results, even if they use practices that are ethically questionable (52% vs 24%).

This suggests that incentive schemes are not universally successful in shifting attitudes and behaviours, or perhaps even accidentally reinforce some less ethical organisational cultures. It is vital that organisations design and test their incentive schemes to ensure that they are effective.



It is vital that organisations design and test their incentive schemes to ensure that they are effective



Appendix 1

Methodology and Respondent Profile

This survey report presents the findings of public research undertaken by ComRes on behalf of the IBE and the Stewardship Institute. ComRes is a member of the British Polling Council and abides by its rules.

The Institute of Business Ethics (IBE) has asked similar questions of the British workforce every three years since 2005. In 2012, the IBE extended part of the survey to four additional major European markets: France, Germany, Italy and Spain.

The *Ethics at Work: 2018 survey of employees* illustrates the latest evolution and trends in employees' perceptions of ethics in the workplace. Given that organisations are increasingly taking an integrated approach to business ethics at the international level, the number of countries included in the research has been expanded to cover France, Germany, Ireland, Italy, Portugal, Spain, Switzerland and the UK within Europe, as well as Australia, Canada, Singapore and New Zealand.

This report describes the Canadian findings and provides comparison with Switzerland and the UK. The survey was completed by a representative sample of about 750 working adults in each country aged 18+, including 766 working adults in Canada. The survey was undertaken between 5th and 25th February 2018.

COUNTRY	Total number of respondents	GENDER			AGE				SECTOR		MANAGERS		SIZE ¹⁰	
		Male	Female	Prefer not to say	18-34	35-54	55+	Prefer not to say	Public/Third	Private	Manager	Non-manager	SME	Large
Canada	766	396	366	4	257	334	173	2	285	481	274	492	363	349
Switzerland	756	393	356	7	255	350	150	1	307	449	178	578	455	261
UK	764	400	364	-	266	346	152	-	315	449	312	452	360	345

Please note that the data in the table above is unweighted. For the purposes of analysis and reporting, the data was weighted to make the sample representative of the working populations (age 18+) in each of the countries surveyed by gender, age, and region.

The survey was conducted online, in the native language of the country being surveyed, and questions were 'randomised' to avoid any undue bias there may have been when answering potentially sensitive questions. In some cases, percentages do not add up exactly to 100%. This is due to a number of reasons, including rounding, participants being able to select more than one response to the question, or additional options not shown (e.g. don't know or other).

¹⁰ Please note that a small number of sole traders also participated in the survey.



Appendix 2

Survey Questionnaire

The survey questionnaire consisted of 14 questions, although not all questions were answered by all respondents. Eligibility for certain questions was dependent on responses to previous questions.

Q1. Below is a list of things that sometimes happen in the workplace. To what extent, if at all, do you think that each of the following actions is acceptable?

Please select one answer per row.

Totally acceptable **Fairly acceptable** **Not very acceptable** **Totally unacceptable** **Don't know**

- Taking pencils and pens from work
- Posting personal mail from work (e.g. letters or parcels)
- Making personal phone calls from work
- Using the internet for personal use during working hours
- Using company petrol for personal mileage
- Charging personal entertainment to expenses
- Pretending to be sick to take the day off
- Minor fiddling of travel expenses
- Favouring family or friends when recruiting or awarding contracts

Base 2018 = 766 employees in Canada, 756 in Switzerland and 764 in the UK.

Q2. In your organisation's daily operations, would you say that honesty is practised...?

Please select one response only.

Always **Frequently** **Occasionally** **Rarely** **Never** **Don't know**

Base 2018 = 766 employees in Canada, 756 in Switzerland and 764 in the UK.

Q3. During the past year at work, have you been aware of any conduct by your employer or colleagues that you thought violated either the law or your organisation's ethical standards? *Please select one response only.*

Yes **No** **Don't know**

Base 2018 = 766 employees in Canada, 756 in Switzerland and 764 in the UK.

Q4. Asked to respondents who answered yes to Q3.

Which, if any, of the following types of misconduct were you aware of?

Please select all that apply.

- **Abusive behaviour**
- **Misreporting hours worked**
- **Safety violations**
- **Discrimination (e.g. by race, gender, age)**
- **Stealing**
- **Improper hiring practices (e.g. favouring family or friends)**
- **Fraud**
- **Bullying/harassment**
- **People treated inappropriately/unethically**
- **Other**

Base 2018 = 190 employees in Canada, 202 in Switzerland and 184 in the UK who were aware of legal or ethical violations at work.

Q5. Asked to respondents who answered yes to Q3.

Did you raise any of your concerns with management, another appropriate person, or through any other mechanism? Please select one response only.

Yes No Don't know

Base 2018 = 190 employees in Canada, 202 in Switzerland and 184 in the UK who were aware of illegal or unethical practices at work.

Q6. Asked to respondents who answered yes to Q5.

After raising or speaking up about your concerns, how satisfied or dissatisfied were you with the outcome? Please select one response only.

Very satisfied Fairly satisfied Fairly dissatisfied Very dissatisfied Don't know

Base 2018 = 108 employees in Canada, 118 in Switzerland and 122 in the UK who were aware of legal or ethical violations at work and raised their concerns.

Q7. Asked to respondents who answered no to Q5.

Which of the following, if any, influenced your decision not to raise or speak up about your concerns? Please select all that apply.

- I felt it was none of my business
- I felt I might jeopardise my job
- I did not believe that corrective action would be taken
- I felt I might alienate myself from my colleagues
- I did not want to be seen as a troublemaker by management
- I did not know who to contact
- I thought that it was common practice
- I thought it would be raised by someone else
- I thought that they already knew about it
- I didn't think it was a serious issue at the time
- Other (Please specify)
- Don't know

Base 2018 = 77 employees in Canada, 80 in Switzerland and 61 in the UK who were aware of legal or ethical violations at work but did not raise their concerns.

Q8. Please indicate whether each of the following statements apply to your organisation or not. Please select one response only.

Yes No Don't know

- My organisation has written standards of ethical business conduct that provide guidelines for my job (for example a code of ethics, a policy statement on ethics or guidance on proper business conduct)
- My organisation provides employees with a means of reporting misconduct confidentially, without giving their name or other information that could easily identify them
- My organisation offers advice or an information helpline where I can get advice about behaving ethically at work
- My organisation provides training on standards of ethical conduct

Base 2018 = 766 employees in Canada, 756 in Switzerland and 764 in the UK.

Q9. To what extent do you agree or disagree with each of the following statements?

Please select one answer per row.

Strongly agree **Tend to agree** **Neither agree nor disagree** **Tend to disagree** **Strongly disagree**
Don't know

- Overall, my line manager sets a good example of ethical business behaviour
- My line manager explains the importance of honesty and ethics in the work we do
- My line manager rewards employees who get good results, even if they use practices that are ethically questionable
- My line manager supports me in following my organisation's standards of ethical behaviour
- My organisation disciplines employees who violate my organisation's ethical standards
- My organisation acts responsibly in all its business dealings (with customers, clients, suppliers, etc.)
- My organisation lives up to its stated policy of social responsibility
- Issues of right and wrong are discussed in staff meetings

Base 2018 = 766 employees in Canada, 756 in Switzerland and 764 in the UK.

Q10. Have you felt pressured to compromise your current organisation's standards of ethical conduct? Please select one response only.

Yes **No** **Don't know**

Base 2018 = 766 employees in Canada, 756 in Switzerland and 764 in the UK.

Q11. Asked to respondents who answered yes to Q10.**Which of the following, if any, were the main pressures on you to act unethically?**

Please select a maximum of three responses.

- I had to meet unrealistic business objectives/deadlines
- I was following my boss's orders
- I felt peer pressure to be a team player
- I wanted to help the organisation perform better (e.g. against competitors or spending cutbacks)
- I was trying to save my job
- My organisation has an unethical culture
- I was being asked to take shortcuts
- There were financial/budgeting pressures at the company
- We were under-resourced
- Time pressure
- Other (Please specify)
- Don't know

Base 2018 = 87 employees in Canada, 120 in Switzerland and 91 in the UK who have felt pressured to compromise their organisation's standards of ethical conduct.

Q12. Does your organisation provide incentives to employees to encourage them to live up to the organisation's ethical standards? Please select one response only.

Yes **No** **Don't know**

Base 2018 = 766 employees in Canada, 756 in Switzerland and 764 in the UK.

Q13. *Asked to respondents who answered yes to Q12.*

Which of the following incentives, if any, does your organisation provide to encourage employees to live up to its ethical standards? *Please select all that apply.*

- **It is part of our annual appraisal/review**
- **It is taken into account in assessing bonus payments**
- **Salary increases**
- **Public commendation (e.g. employee awards)**
- **Other (Please specify)**
- **Don't know**

Base 2018 = 184 employees in Canada, 217 in Switzerland and 169 in the UK who say their organisation provides incentives to encourage employees to live up to its ethical standards.

Q14. *Asked to respondents who identified themselves as managers.*

To what extent do you agree or disagree with each of the following statements?

Please select one answer per row.

Strongly agree Tend to agree Neither agree nor disagree Tend to disagree Strongly disagree
Don't know

- **Petty fiddling is inevitable in a modern organisation**
- **If we cracked down on every little fiddle we would soon find we had no staff**
- **If we cracked down on every little fiddle we would soon find we had no suppliers**
- **As long as I come in on time and within budget I am not going to worry about a bit of petty fiddling**
- **There is no real difference between fraud and a bit of petty fiddling**
- **It is acceptable to artificially increase profits in the books as long as no money is stolen**

Base 2018 = 274 managers in Canada, 178 in Switzerland and 312 in the UK.

Related IBE Publications

IBE publications provide thought leadership and practical guidance to those involved in developing and promoting business ethics, including senior business people, corporate governance professionals and ethics and compliance practitioners. Some recent publications related to this topic which you might be interested in include:



Ethics at Work: 2018 survey of employees

Guendalina Dondé and Katja Somasundaram

Employees' views are a key indicator of the ethical temperature in today's organisations. *Ethics at Work: 2018 survey of employees* is the only survey of its kind that provides real insight into employees' views on ethics across all sectors and job roles. It covers Europe, Australia, Canada, New Zealand and Singapore.

The survey, first introduced in 2005, asks employees how they experience ethical dilemmas in their day-to-day working lives. It looks at whether they have witnessed misconduct; whether they have reported it; the pressures they are under and what stops them speaking up. The *Ethics at Work* reports examine employees' experiences and the impact of formal ethics programmes on embedding ethical values into organisational culture and influencing behaviour.

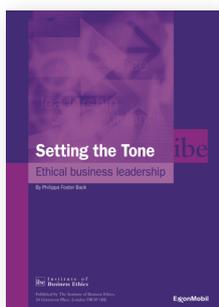


Culture Indicators: understanding corporate behaviour

Peter Montagnon

Boards are increasingly focused on corporate culture, yet they often struggle to understand the forces that drive behaviour in their business. Culture cannot easily be measured, but boards can and do have access to a range of information that will shed light on the culture of their organisations.

Culture Indicators: understanding corporate behaviour analyses survey data and draws on interviews with directors and those who advise them to provide practical and tangible assistance for boards in how to understand the corporate culture of their organisations. It examines a wide range of relevant indicators and how to interpret them in order to produce a useful and authentic picture of the culture of a business.



Report: Setting the Tone: ethical business leadership

Philippa Foster Back CBE

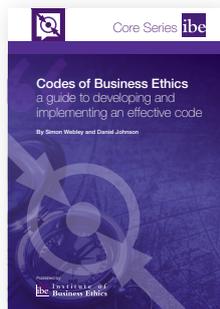
Leadership is essential to business ethics, as ethical qualities are essential to good leadership. This report demonstrates that business leaders should consider ethical competence as a core part of their business acumen and provides guidance to those wishing to build a culture of trust and accountability and strengthen the ethical aspirations of their organisation. It includes interviews with business leaders offering practical insights into ethical leadership issues.



Good Practice Guide: encouraging a speak up culture

Katherine Bradshaw

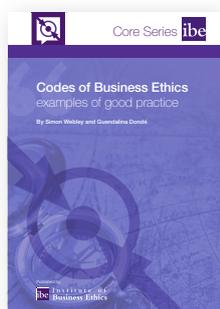
The freedom to raise concerns without fear of retaliation is a core component of a supportive ethical business culture – one where employees are confident they will be supported to ‘do the right thing’. *Encouraging a Speak Up Culture* is the latest IBE Good Practice Guide. It examines practical ways that organisations can encourage a Speak Up culture by establishing a procedure to give employees the confidence to raise concerns about anything they find unsafe, unethical or unlawful without fear of retaliation. If companies do not support their employees in this way, they risk a concern becoming a crisis.



Codes of Business Ethics: a guide to developing and implementing an effective code

Simon Webley and Daniel Johnson

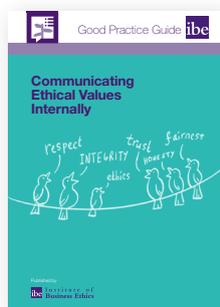
Updated guidance from the IBE on how to develop and implement an effective code of ethics. This Core IBE Report addresses many of the questions that arise when organisations wish to provide support and guidance to staff in ethical decision-making. It is intended to apply to organisations of any size, regardless of the sector in which they operate and will assist those charged with implementing or updating their organisation’s code of ethics. *Codes of Business Ethics* follows the IBE 9–Step Model and shares examples of good practice.



Codes of Business Ethics: examples of good practice

Simon Webley and Guendalina Dondé

This companion publication to *Codes of Business Ethics: a guide to developing and implementing an effective code* draws on the wording of a number of current corporate codes which address the most common concerns encountered in doing business today. There are potentially 108 issues which codes of ethics can cover. These include new issues, such as personal relationships at work; treating customers fairly; social media; protection of the company’s brand; risk management and prioritising ethics over profits which did not exist when the guidance was last updated in 2003.



Good Practice Guide: communicating ethical values internally

Katherine Bradshaw

An organisation which operates to high ethical standards is one where ethics is just ‘the way we do things around here’. But how do you communicate something as nebulous as ‘integrity’? How can you communicate the ethical standards of an organisation effectively, so that they are not only understood, but are embedded in decision-making and behaviour? This guide shares examples of some ways of communicating messages about ethical values to employees so that they are empowered to ‘do the right thing’. It examines the role of internal communications in establishing a corporate culture.



Culture by Committee: the pros and cons

Peter Montagnon

Shifting perceptions of risk have increasingly encouraged companies to form special board committees to deal with broad questions of corporate responsibility, sustainability and ethics. This IBE Survey Report looks at the nature and role of these board committees, and also at the way companies that choose not to have such committees handle this growing range of non-financial risks.

The idea of having a committee dedicated to the task of overseeing culture and ethics is relatively new. This survey report is intended to benchmark what is happening in the UK, providing a valuable insight into how companies are approaching the task, and helping companies decide on the right approach for them in an increasingly complex world.

This survey was prepared in collaboration with ICSA: The Governance Institute and Mazars.



Ethics, Risk and Governance

Peter Montagnon

Setting the right values and culture is integral to a company's success and its ability to generate value over the longer term. The challenge for business is how to develop and embed real values. This requires leadership and is a core task for boards. Many boards acknowledge the importance of a healthy corporate culture, both because of the role this plays in mitigating risk and because of the value to their franchise of a sound reputation. This IBE Board Briefing sets out why directors need to be actively involved in setting and maintaining a company's ethical values and suggests some ways to approach it. It aims to help directors define their contribution to the maintenance of sound values and culture.



Business Ethics and Artificial Intelligence

What is artificial intelligence and what is the impact of AI developments on our society? What are the biggest risks that new technologies can pose? How will we seek to control the way it affects our daily lives? Are we preparing ourselves sufficiently?

This Business Ethics Briefing looks at these questions and sets forth a framework of fundamental values and principles for the use of AI in business.

The IBE encourages organisations to engage in a multi-stakeholder dialogue that always considers commitment to ethical values in the application and impact of AI developments.

Other IBE Resources



E-learning

The IBE's e-learning package *Understanding Business Ethics* is available in English, French, German and Spanish.

This short introductory online training course is designed to raise awareness of business ethics and provide an understanding of why ethical standards in the workplace matter.

The course is designed to support employees at all levels, in organisations of any size and in any sector to 'do the right thing'. The programme takes approximately 35 minutes to complete.

The IBE's e-learning package is used by professional bodies to develop ethical sensitivity in their members and for CPD (Continuing Professional Development) accreditation.

If you would like to offer this to multiple users, please contact us.



Say No Toolkit

The IBE's *Say No Toolkit* is a decision-making tool to help organisations encourage employees to make the right decision in difficult situations. The *Say No Toolkit* delivers immediate guidance to employees on a wide range of common business issues, especially those that could lead to accusations of bribery.

Employees tap through a series of questions about the situation they face and the tool will provide the right decision to take: Say No, Say Yes or Ask. The answer also makes it clear why it is important to make that decision so your employees can have the confidence and the knowledge to respond correctly.

Organisations can use both the IBE *Say No Toolkit* app and website for free. The app can be downloaded on to any smartphone or tablet.

Simply go to www.saynotoolkit.net

The *Say No Toolkit* can be customised and branded to suit your organisation's needs and detailed procedures. For more information email info@ibe.org.uk or call the IBE office on +44 20 7798 6040.

For details of all IBE publications and resources visit our website www.ibe.org.uk

Ethics at Work

2018 survey of employees

Canada

Employees' views are a key indicator of the ethical temperature in Canadian organisations.

What do employees think about the ethical business practices of their employer? Are formal ethics programmes effective in embedding ethical values into organisational culture and influencing behaviour? What are the challenges for organisations and what should be the focus going forward?

This report presents the IBE and the Stewardship Institute survey findings, which give a snapshot of the business ethics landscape in Canada and include comparisons with Switzerland and the UK. The report focuses on three key themes. These relate to assessing the ethical culture of an organisation; identifying ethical risks and supporting ethics standards. Two specific issues that have a major impact on the culture of an organisation are also addressed: the ability of employees to voice their ethics-related concerns and the role of line managers in promoting ethics in the workplace.

Organisations can use the data provided to benchmark the views of their own employees with regard to levels of awareness of misconduct; willingness to raise concerns; perceptions of ethical culture and much more.