



## Japan Foundation Seminar

# **Shining the Light on Corporate Behaviour: Codifying and Measuring Business Ethics**

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# Introduction

## • About the IBE

- established 1987 to encourage high standards of business behavior based on ethical values.

○ Advisory

○ Research

○ Publications

○ Training

○ Forums

○ Education

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# What is business ethics?

It is about behaviour when there is discretion.

**IBE definition is ...**

**...the application of ethical values  
to business behaviour.**



**Context:**

# **The public's view of Corporate Conduct**



**Some Sample  
Headlines:**

**Sony BMG admits to  
bribing radio stations to  
play its artists**

***Big business still  
dodging the tax  
issue***

***Indian call centre 'fraud' probe***

***Doctor accuses drugs giant of  
'unethical' secrecy***

**Rogue trader strikes USB**

**Profit and the price of life -  
Row over pushchair  
safety risks**

**US blueberry  
farms accused of  
using children as  
pickers**

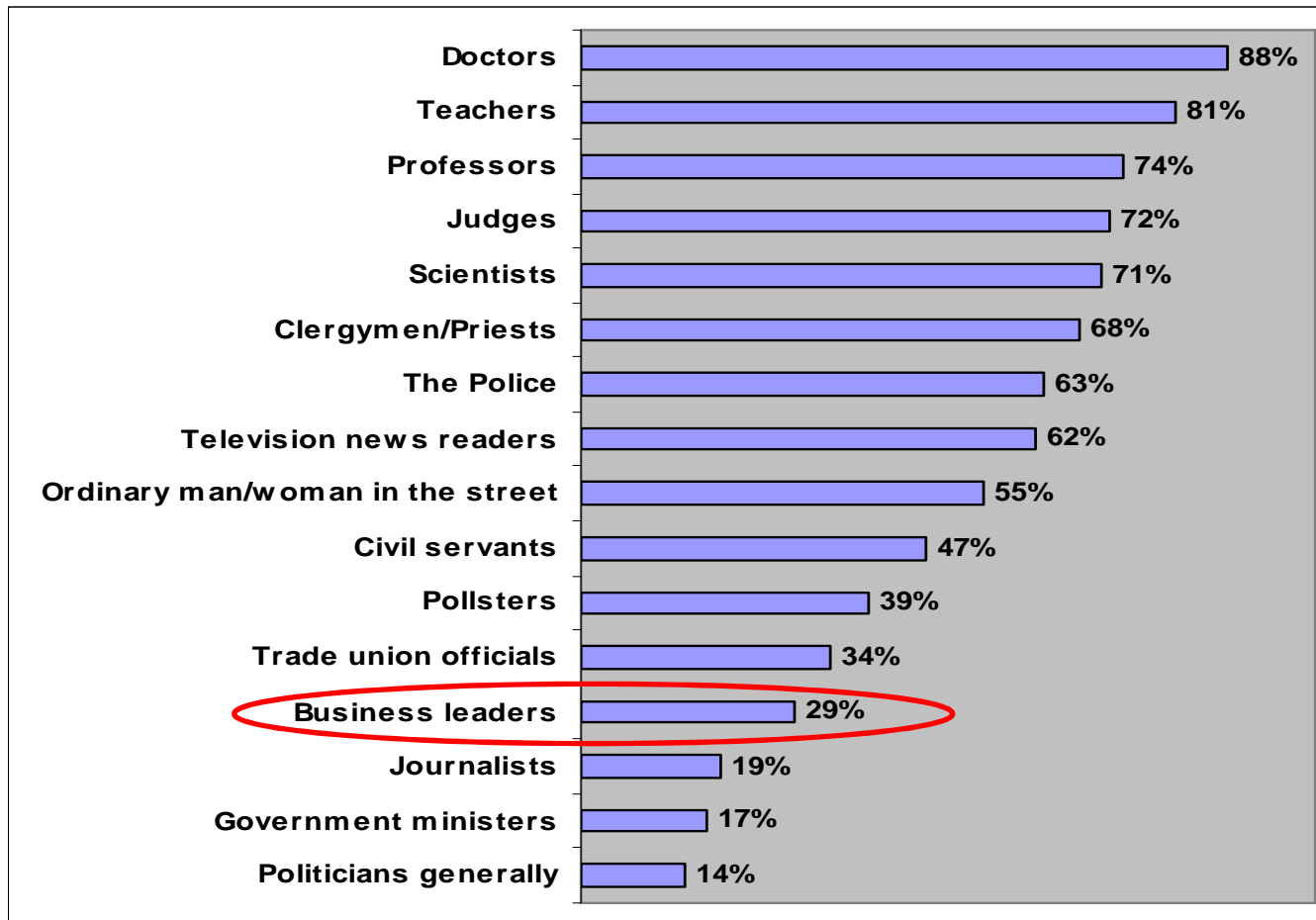
**Drug firm bosses face  
court over fraud claims**

**Ryanair 'bullies' staff who let  
flyers  
share bag limit:**



# UK Public Opinion

**“Do you generally trust the following to tell the truth?”**



Base: c.1,000-2,000 British Adults Aged 15+, most recent fieldwork 10-16 June 2011, base 1,026  
Source: Ipsos MORI/British Medical Association



# The Reaction of Companies

To develop within their  
organisations, a  
culture of **integrity**



# Values and Ethics

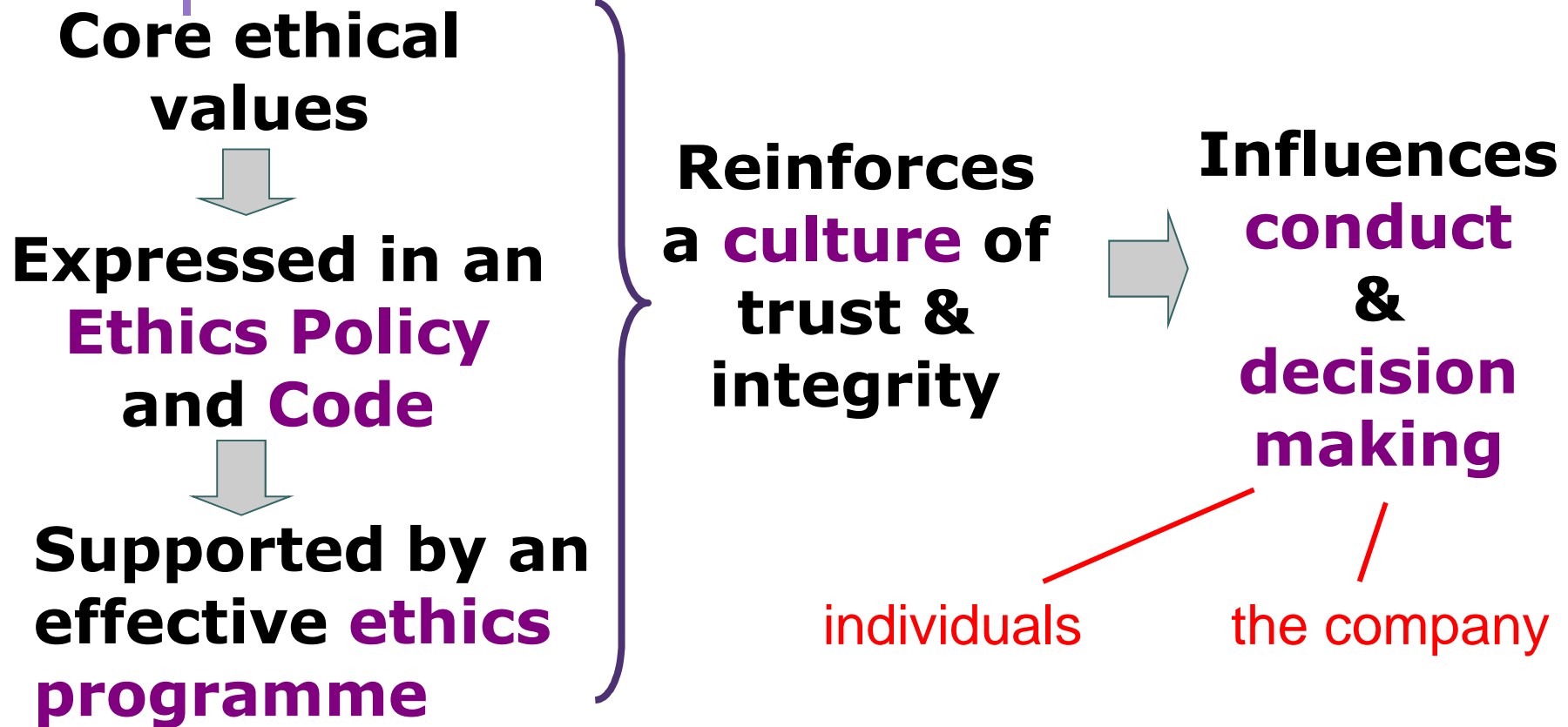
- All businesses operate on the basis of core values – implicit or explicit.
- These include *business values* and *ethical values*.



# Identifying company values



# How do companies implement ethics polices?





So, the primary aim of any ethics policy or programme is to:

*Embed the values of an organisation to produce a culture of **integrity** throughout it.*



**What are the integrity  
risks most likely to be  
encountered?**



# What do *companies* say they are most concerned about?

	2010	2007
<b>Bribery, corruption and facilitation payments</b>	83% (1)	79% (3)
<b>Discrimination, harassment or bullying</b>	83% (1)	75% (5)
<b>Speaking up/whistleblowing</b>	83% (1)	79% (3)
<b>Security of information</b>	78% (4)	72% (6)
<b>Environmental impact</b>	76% (5)	81% (1)
<b>Safety and security</b>	74% (6)	81% (1)
<b>Supply chain/sourcing</b>	72% (7)	70% (7)
<b>Managing conflicts of interest</b>	70% (8)	66% (8)

# What do the *general public* think needs addressing?

	2010	2007
Executive pay	35%	25%
Employees being able to speak out about company wrongdoing	24%	27%
Sweatshop labour	23%	27%
Environmental responsibility	23%	26%
Discrimination in treatment of people	20%	32%
Harassment and bullying in the workplace	19%	30%
Openness with information	17%	16%

It is worth noting that 'bribery and corruption' fell in importance with only **11%** of the public identifying it as an important issue compared to **19%** in 2007.

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2  
9  
%

Source: Ipsos-MORI poll for IBE



## Here are some of the more common risks that need to be addressed:

- Unethical or fraudulent behaviour
- Taking 'short cuts' in for instance, health and safety
- Not declaring a potential conflict of interest
- Paying bribes of any sort
- Accepting high value gifts and hospitality



# Raising concerns about ethical matters

- Towards an open culture
- Means of raising issues
- When to speak up
- Supporting those who raise issues



# Definitions

- **Whistleblowing** can have a negative connotation
- **Speak Up Procedures** These are means to prevent illegal, corrupt, dangerous or unethical practices in an organisation through the provision of mechanisms which allow staff (and others) to report malpractice to the organisation or a third party

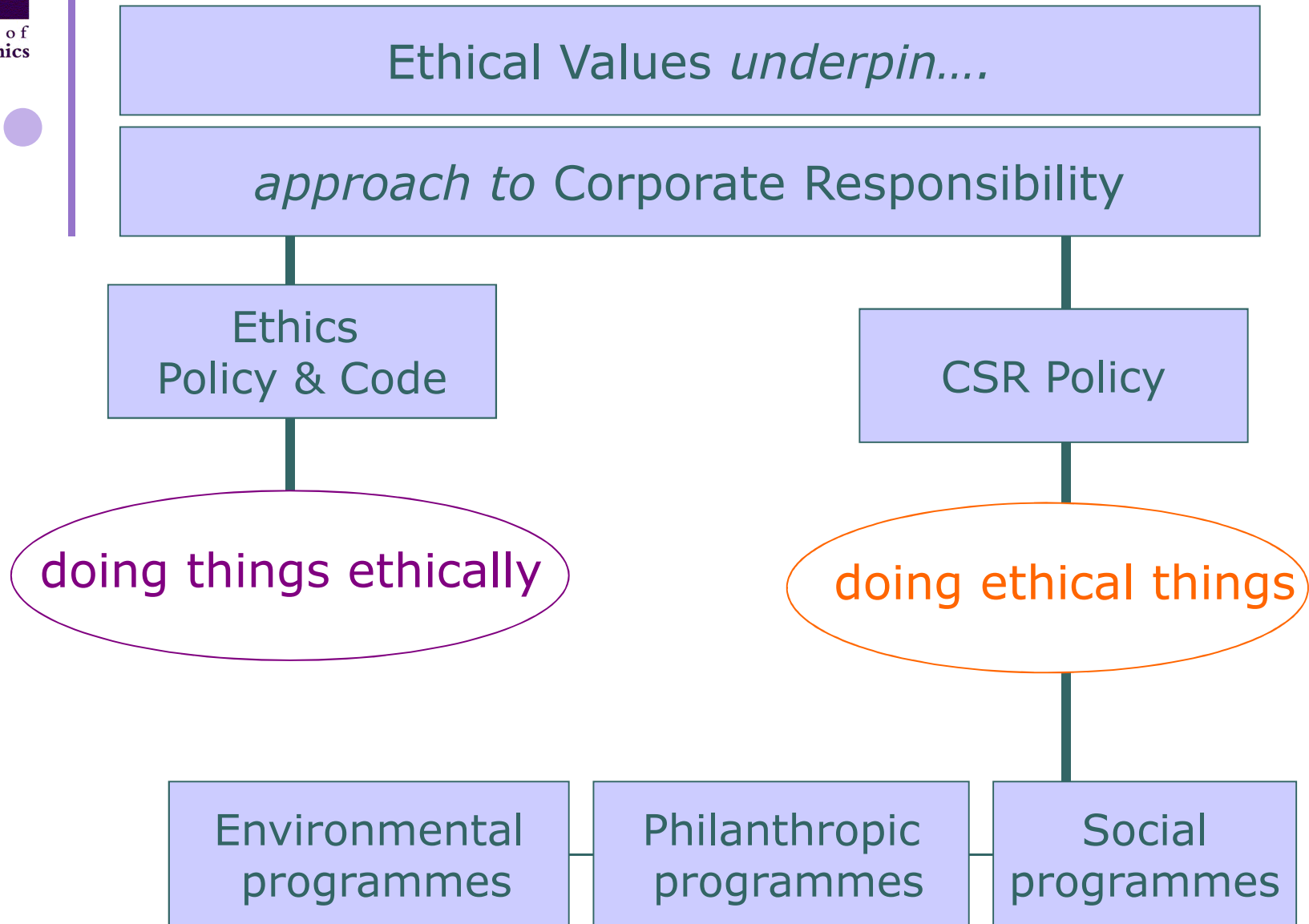


# Supporting employees who “speak up”

- IBE research has found that **one in four** employees are aware of misconduct in their organisation, but only about **half** of those report it
- You want them to report a concern before blowing the whistle (outside)



# What about cSr?





# Some key points

- Behaving ethically makes **business sense**
- Having a ethics policy is an indication of good **corporate governance**
- **Board support** and involvement are crucial
- There is **no one policy** or code that suits all organisations
- Having a code is **necessary but not sufficient** for ethics to be taken seriously



## Some key points (cont.)

- Training should be continuous
- Advice should be available
- Help lines are useful
- Gimmicks have their place
- Sticks and carrots help

**EVERYONE IS RESPONSIBLE**



**Thank you**

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