The 2009 Annual Business and Professions Study

business ethics study

St James Ethics Centre
Beaton Consulting
Foreword

This report has been produced at a pivotal point in history. The global community is faced by a conjunction of challenges so grave as to justify being considered ‘crises’. The list includes some obvious issues – climate change caused by global warming, world-wide recession, a global food crisis affecting the most vulnerable. However, there is something less obvious that we should attend to - there is also a crisis of confidence; in our principal institutions, their legitimacy and their leadership. Until this deeper issue is acknowledged and addressed our latent capacity to resolve the more obvious issues will falter for want of conviction.

Barack Obama sought to identify one dimension of this deeper problem when, prior to his inauguration as President, he sought to indentify the principal factors that had brought the US economy to its knees. This crisis did not happen solely by some accident of history or normal turn of the business cycle, and we won’t get out of it by simply waiting for a better day to come, or relying on the worn-out dogmas of the past. We arrived at this point due to an era of profound irresponsibility that stretched from corporate boardrooms to the halls of power in Washington, DC. For years, too many Wall Street executives made imprudent and dangerous decisions, seeking profits with too little regard for risk, too little regulatory scrutiny, and too little accountability. Banks made loans without concern for whether borrowers could repay them, and some borrowers took advantage of cheap credit to take on debt they couldn’t afford. Politicians spent taxpayer money without wisdom or discipline, and too often focused on scoring political points instead of the problems they were sent here to solve. The result has been a devastating loss of trust and confidence in our economy, our financial markets, and our government.

President-elect Barack Obama – 8 January 2009

However, what might be the source of the ‘profound irresponsibility’ that Obama mentions? Some people have simply blamed human greed as the root cause. Yet human beings are just as likely to be generous as greedy. It all depends on the expectations we have of people and the quality of the leadership shown on a daily basis. There is nothing in human nature that naturally inclines us to be more vicious than virtuous. That is why Prime Minister, Kevin Rudd’s, reflections on the market make for such interesting reading. Yes, they are provocative – but properly so because they force us to revisit core assumptions that are otherwise taken for granted. I think that it is this practice of taking things (and especially people) for granted that is the deeper problem that we need to address. If we do not, then we will be unable to harness the goodwill needed to solve the more immediate problems we face.

It is against this background that I want to suggest that far too many organisations no longer really understand their wider purpose. This being so, their leaders have drifted into expediency (if not outright hypocrisy) when making decisions. One explanation for this is that our leaders have lost confidence in using the language of ethics. Rather than speak explicitly of core values and principles, they dress all their decisions in the clothes of ‘strategic alignment’ or ‘shareholder value’. Even NGOs struggle to say that some things are just wrong. Instead, they will commission a report from an economist to demonstrate that evil practices, such as child abuse, cost too much! Perhaps our leaders believe that no one cares about ethics. Perhaps they believe that we really are all nothing more than the mythical homo economicus – motivated solely by a narrow form of self-interest.

If this is what our leaders believe, then they are just plain wrong. As this report shows, people really do care about the ethics of their employers – and of the institutions within which they work. The figures included in this report speak for themselves.

It takes considerable moral courage to stand up and criticise hypocrisy or to walk away from a job (especially in today’s economic climate) – so the fact that we do not witness mass acts of ethical outrage should not be taken to indicate a lack of sincerity amongst those who have responded so strongly to the Beaton Study. I think that the size of the sample and the depth of conviction indicate that the reported attitudes are real. More to the point, the Study participants do not report some kind of abstract interest – the ethical issues they face are part of everyday life, the challenges real and immediate.

So, what might be some of the implications of the findings published in this report? The first is that organisations need to become far more serious about embedding and integrating ethics into the operating fabric of day-to-day decision-making. Performance in this area should be measured and reported. The second point is that we may be doing real damage to the integrity of an organisation by structuring remuneration on the assumption that people only work hard if bribed to do so. Finally, we might note that the energies of vast numbers of people might be harnessed to address pressing global issues of the kind noted above – but only if leaders speak and act clearly, thoughtfully and consistently with regard to the ethical dimension that informs our lives.

Dr Simon Longstaff
Executive Director, St James Ethics Centre
Background

About Beaton Consulting

Beaton Consulting is a management consulting firm helping professional service organisations succeed by providing insight, advice and guidance.

Each year Beaton Consulting conducts the Annual Business and Professions Study – a large scale research program with a number of outputs including providing strategic data for associations and professional service firms.

In order to give back to the professions and the broader business community, Beaton Consulting undertakes a pro bono element in the Study each year. The pro bono Study is undertaken because of its unique access to the opinions of a broad range of professionals and senior executives in the business community through the research program.

Over the past year St James Ethics Centre has collaborated with Beaton Consulting on this Study into business ethics, with a formal launch of the Study taking place in April 2009.

About St James Ethics Centre

St James Ethics Centre (the Centre) is a fully independent, not-for-profit organisation which provides a non-judgemental forum for the promotion and exploration of ethics.

The Centre’s mission is to encourage and assist individuals and organisations to include the ethical dimension in their daily lives, and thereby help to create a better world and its work is characterised by collaboration, inclusivity and creativity.

St James Ethics Centre has no political or religious affiliations and seeks to provide a secure space for individuals and organisations to explore ethical reflection and decision-making. It provides this space by way of its ethics services:

> Ethics Advocacy
> Ethics Consulting
> Ethics Counselling – Ethi-Call 1800 672 303
> Leadership Development
> Ethics Training

The Centre also undertakes a number of projects. These include:

> The National Responsible Business Practice Project – the HUB
> The Corporate Responsibility Index
> Intelligence Squared live debates series

St James Ethics Centre works with individuals, the business world, the professions, governments, community groups and many other diverse organisations. It is widely recognised as the leading organisation of its kind in Australia. Its reputation is also growing in the international arena.

St James Ethics Centre acknowledges the generosity of Beaton Consulting for the opportunity to engage in such a wide reaching national survey into ethics in the workplace and the findings will serve to inform and support the work of the Centre into the future.
Methodology

Research method:
> research was conducted during October and November 2008 via an email invitation, web-based survey. Respondents received an individually addressed email invitation containing a unique password hyperlink to the survey. This approach ensured:
  – respondents could complete only one survey
  – impostors were unable to access the survey
  – respondents could complete the survey in multiple sessions
> the survey used a number of techniques to ensure data integrity including:
  – instructions on how to complete each question
  – automatic response logic checking to ensure all questions were answered correctly.
> the survey was an optional extra at the end of the main study and 15,236 completed surveys were received, from a total of 30,000 respondents.

The objective of the research:
> to raise awareness of ethical issues in the workplace, in order to encourage organisations to move beyond mere compliance to fostering a truly ethical culture.

Sample source:
> people who hold membership to an Australian professional association or body, and/or who are clients of professional service firms.

Profile of respondents:
> professional and white collar workers representing virtually all levels of seniority in all professions and industries in Australia, including law, accounting, engineering, mining, finance and government.

Note on segments:
> it is worth noting that the respondents in this Study who say the main activity of their organisation is, for example, healthcare; construction, property and transport; agriculture, forestry and fishing; and utilities are most likely to be in business roles within the professions and industries due to the nature of the sample being primarily those with office jobs.
Executive summary

Ethics is sometimes considered to be a rarefied experience, confined to the realms of academe and philosophical thought. The findings of the 2009 Annual Business and Professions Study – Business Ethics Study put paid to this assumption and clearly demonstrate the opposite: ethical issues, attitudes, encounters and dilemmas make up part of the everyday working life of employees Australia wide, and significantly impact on both discretionary effort and retention rates of the employee. These central findings hold true across all demographic segments tested in the survey: organisations large and small, across professions and industries, geographic location, age groups and position within an organisation.

These findings present both businesses and other organisations and their industry and association bodies with some very real opportunities for further engagement with their employees and members. This engagement might include driving the uptake of discretionary effort to build thriving, adaptive and resilient Australian workplaces within an increasingly competitive and challenging global marketplace.

Attitude

An examination of attitudes towards the ethical obligations of organisations reveals a commonly held belief that these are both wide and deep, and range from treating employees well, to benefiting the community and being environmentally responsible. A convincing 89% of respondents believe that: 

**Acting with integrity towards those individuals the organisation serves (eg. clients, stakeholders)**

... is an ethical obligation for businesses and other organisations. Less than 1% of over 15,000 respondents believe that businesses have no ethical obligations and a mere forty respondents of the total sample see legal compliance as the only ethical obligation for businesses and other organisations.

Key themes to emerge include the fundamental importance of a principles-based approach including trust, integrity, respect, responsibility, consistency, values, human rights and the importance of a multi-stakeholder approach to responsible business practice beyond just the shareholder or owner – to include clients and other stakeholders, employees, the environment, the communities within which business operates and the global community.

The obligations of businesses and other organisations are no longer seen in isolation from the communities in which they operate, the employees they depend upon, the environment from which they draw their resources and the marketplace in which they participate.

Responsible, ethical business practice must be the response to the interconnectedness and interdependence of business within our world. With that recognition comes individual and collective responsibility. Both the global financial crisis and climate change clearly demonstrate this and demand that the true costs and obligations of business and organisational activity are accounted for – both financial and non-financial.

Organisational commitment

Overwhelmingly, individuals believe that organisations should make a formal commitment to their ethical obligations as results from the Study indicate:

**Organisations have an obligation to act ethically, even if it occasionally harms their profits**

... with only 3% of respondents disagreeing with this statement. Every organisation should make a formal commitment to acting ethically and be required to have a code of ethics, from which to develop responsible business.

Although there are other factors a lack of ethical behaviour has, in my opinion, made a large contribution to the current global economic crisis ... this applies at the top of large corporations, right through various levels of employees and even to consumers ... many people lack a moral compass and we are all now paying a price for an extended period of bad behaviour.

Respondent
practices which can be measured and reported against. However a slight drop in support of reporting ethical performance points to some reticence in the formalisation and reporting on ethical obligations.

Transparency, trust, confidence and comparability are emerging as key themes in the new economic and environmental climate, making paramount, methods of accountability across the full range of business operations and responsibilities. This augurs well for the development and formalisation of codes and reporting frameworks in responsible business practice.

**Personal commitment**

On an individual level, responses indicate the true extent of relevance and commitment to an ethical work-life. Firstly, productivity is likely to be at least partially contingent on how employees feel about the ethical performance of the organisation. In particular, discretionary effort is linked to ethical performance: with 80% agreeing with the statement:

> I am willing to put in extra effort if I know my organisation is run ethically

... and only 5% disagreeing.

Secondly, staff turnover is also likely to be linked with ethical performance, as most employees say they would change careers if they felt overly compromised by their profession (82%) or quit their job if they felt the organisation was acting in a way that contradicted their core principles (77%). Only 4% of respondents do not have a personal code of ethics to which they adhere and for which they would be willing to risk their job and only 7% would not change careers if ethically compromised.

There are strong messages here for employers, especially in an economic downturn where job insecurity may keep ethically compromised employees in the work place but is likely to lead to a decrease in morale, motivation and effort.

These findings serve to reinforce one of the central planks of the business case for responsible business practice or corporate social responsibility: employee satisfaction – leading to improved management performance, productivity and capacity to attract, retain and motivate talented staff; an increase in innovation and productivity; and reduced hiring and retention costs.

**Evaluation of the workplace**

In general respondents feel well-aligned with their organisation’s code of ethics, however it is felt by at least one in four of the respondents that their organisation could be doing more as regards the implementation of the code of ethics in their organisation and promoting ethical behaviour in the organisation. A similar number regularly experience people behaving unethically towards one another in their organisation and believe that their organisation’s employees would not adhere to the code of ethics if they thought that profits or funding would be harmed. Over half of the respondents said they had encountered an ethical issue at work in the last twelve months, indicating that ethical issues are very much a dimension of working life.

Taken together with earlier findings, this may mean that at least up to one in four employees are not putting in their best work. This level of discretionary effort is highly valued by employers in terms of motivation and productivity of staff and has long been recognised as providing a critical competitive advantage in the marketplace.

Additionally responses to these questions include significant uncertainty scores pointing to an identifiable gap between commitment and practice: 19% of individuals are unsure if their employer would place their organisation’s code of ethics over profits.

Overall there is positive news in terms of the larger proportion of employees who felt their work-life to be in alignment with their organisation’s code of ethics, and there is opportunity for further improvement. The development and implementation of codes of ethics, values statements and guiding principles for organisations needs organisation-wide engagement, integration and ownership, with direction from the top of the organisation.
Support

Only 17% of respondents who had encountered ethical issues in the last twelve months felt that they didn’t need advice in dealing with those issues. Given then the prevalence of ethical issues within workplaces and the importance placed by employees on their organisation’s commitment to its ethical obligations there is a very real opportunity here for business and other organisations to demonstrate this commitment by providing ethical services or access to ethical services, and reap the benefits of a more productive workforce.

There is a clear and endorsed role for associations and industry bodies in leading ethical behaviour, not only among members, but also in the wider professional community in which they operate. The Study identifies that the majority of individuals seek advice from colleagues or mentors within their organisations. Thus there is an opportunity here for associations to incorporate ethics into their mentoring programs, publications and training for their representatives as well as communicating this through their newsletters, website and networks.

Individual differences and trends across the professions and industries are evident in this Study. It will be important to address these and other demographic segments identified in the Study including size of organisation, age, location and position. Key issues are raised within the detailed findings of this report, with some commentary and suggestions to be found in the Conclusion.

What are the implications of the Study for St James Ethics Centre’s work?

St James Ethics Centre recognises business’ lack of certainty on how to engage with the responsible business practice agenda and the ethical obligations therein. Funding has been provided by the Australian Federal Government, through Treasury, to expand responsible business practice. The Centre is currently working to pull together key initiatives – to build a trusted ‘HUB’ of international and local resources and a forum in which to engage with these issues. These include:

- the housing of a Focal Point and development of an Australian Network of signatories to the UN Global Compact (UNGC) – an initiative which provides a commitment to a universal set of principles from which to conduct responsible business practice and connect with a global community, supporting the Study’s findings on the importance of a principles-based and multi-stakeholder approach.

- the establishment of a Focal Point for the Global Reporting Initiative (GRI) – the international framework in sustainability reporting, which through a process of identifying and engaging with key stakeholders as well as assessing risks and opportunities across economic, environmental and social concerns can be publicly reported.

www.thehub.ethics.org.au

The combination of the two elements of the UNGC (providing the normative or principles-based foundation) and the GRI (the most widely endorsed sustainability reporting framework internationally) will provide both foundation and framework with which to assist all organisations. It is hoped that by housing these key global initiatives the Centre might work to make the way clear for businesses of all sizes and provide a national coordinated entry point for responsible business practices (the HUB).

In addition the Centre also houses the Corporate Responsibility Index (CR Index). Developed by Business in the Community (UK) the CR Index is a robust management tool that provides a comprehensive self-assessment to help companies communicate, track and benchmark corporate responsibility by integrating it within their business model.

To address the needs of smaller organisations or those new to the responsible business practice agenda the Centre is currently working with corporate responsibility leaders in Australia, drawing from lessons learnt in sustainable supply chain management in order to create nationally available generic resources to assist business of all sizes (from SMEs up). Resources are being developed to enable businesses to engage in, demonstrate, innovate and communicate responsible business practices. The resources will be used for leverage within the supply chain, or directly to customers and will be made available nationally for both suppliers and procurers from the HUB.

Given that the current Study indicated that only 41.5% of respondents saw the supply chain as carrying the same ethical obligations as other business activity it is hoped that this raises awareness of this crucial aspect of responsible business practice and that the resources developed will assist in driving the uptake of responsible
and sustainable supply chain management within organisations. The importance of supply chain issues has been of increasing concern more recently as unethical manufacturing and environmental practices by suppliers come under scrutiny and directly impact the reputational risk for the procuring organisations within supply chains.

Nothing demonstrates more effectively the interdependence and global interconnectivity of organisations than the supply chain – in particular the connection between corporations and SMEs. Whether upstream or down, risks and responsibilities within the supply chain are shared and so at a very practical level it is in the interests of supplier and procurer to work together to ensure sustainable enterprise through responsible business practice. These dynamics draw Australia closely together with its major trading partners such as China as much as to local grass roots SMEs in order to tackle these issues. There is an opportunity here for Australia to take the lead.

St James Ethics Centre also provides a range of services to assist individuals and organisations develop the ethical dimension within themselves and their workplaces:

> Ethics Advocacy: allows the Ethics Centre to encourage active discussion on the ethical dimension of life and how it relates to specific issues of immediate interest and concern.
> Ethics Consulting: assisting organisations determine the ‘gaps’ between their espoused and lived ethical commitments; review or develop their codes of ethics and conduct and we also facilitate discussion on ethical issues.
> Ethics Counselling: Ethi-Call – providing a space for reflection and the exploration of ethical dilemmas challenges and issues. The Ethi-Call Ethics Counselling service is free, confidential and as anonymous as the client wishes it to be.
> Ethics Training: core programs which can be customised to clients needs – Ethical Intelligence & Good Decision-Making and Business Ethics.
> Leadership Development: providing opportunities for those involved in leadership to develop practices for addressing the central question of ethics – “what ought one to do?” – in their decision-making processes.

The Centre acknowledges its longstanding partnership with the National Business Leaders Forum on Sustainable Development: Australia’s first and most innovative network of business leaders committed to accelerating sustainability.

Rosemary Sainty
Head, Responsible Business Practice, St James Ethics Centre

Detailed findings by section

1. What do you think ethical obligations for businesses and other organisations include?

The ethical obligations of organisations are wide-reaching, according to respondents, and range from treating employees well, to benefiting the community, and being environmentally responsible. A convincing 89% of respondents believe that:

Acting with integrity towards those individuals the organisation serves (eg. clients, stakeholders)

... is an ethical obligation for businesses and other organisations. Less than 1% of over 15,000 respondents believe that businesses have no ethical obligations.

The strength of this response rate underpins the entire findings of the Study. Over 80% of respondents selected the following as being part of the ethical obligations of businesses and other organisations:

> acting with integrity towards those individuals the organisation serves (eg. clients, stakeholders) (89%)
> treating employees well (88%)
> respecting fundamental human rights (84%)  
> being responsible environmentally (83%)

Conversely of the total sample of over 15,000 respondents only forty individuals selected legal compliance as the only ethical obligation for business and other organisations – representing a mere 0.32% of the 82.4% who selected legal compliance along with other factors.

Only two of the options presented are felt to be part of an organisation’s ethical obligations by fewer than 50% of respondents:

Choosing only to work with partners in the supply chain who have complementary values and principles (selected by 42%)  
and:

Making a profit for shareholders/owners (firms and corporations) (selected by 49%)

The strong messages to emerge include:

> the fundamental importance of a principles-based approach around trust, integrity, respect, responsibility, consistency, values, human rights; and
> the importance of a multi-stakeholder approach to responsible business practice beyond just the shareholder or owner (48.8%) – to include clients and other stakeholders (88.7%), employees (87.7%), the environment (83.1%), the communities within which business operates (75.4%), the global community (56.5%).

**What do people think business ethics is?**

Businesses, organisations and their obligations are no longer seen in isolation from the communities in which they operate, the employees they depend upon, the environment from which they draw their resources, the marketplace in which they participate.

Responsible, ethical business practice is the recognition of, and response to, the interconnectedness and interdependence of business within our world. With that recognition comes individual and collective responsibility. Both the global financial crisis and climate change are spectacular examples of interconnectivity/interdependence. The true costs and obligations of business are now being accounted for – both financial and non-financial.

This emphasis on principles and stakeholder responsibilities is in strong alignment with the key global sustainability and responsible business practice frameworks, such as the UN Global Compact – a commitment to a universal set of principles from which to conduct responsible business practice and connect with a global community. The Compact encompasses principles on four key areas of human rights, labour laws/workplace issues, anti-corruption/transparency and the environment. St James Ethics Centre houses the UN Global Compact Australian Focal Point and is currently establishing an Australian Network of signatories.

Interestingly only 41.5% of respondents saw the supply chain with the same ethical significance as other ethical obligations. The importance of supply chain issues has been of increasing concern more recently as unethical manufacturing and environmental practices by suppliers come under scrutiny and directly impact the reputational risk for the procuring organisations within the supply chains.

The Centre is currently working with corporate responsibility leaders in Australia, drawing from lessons learnt in sustainable supply chain management in order to create nationally available generic resources to assist
business of all sizes (from SMEs up) to engage in, demonstrate and communicate on responsible business practices in the supply chain.

The ten principles of the UN Global Compact

The Global Compact asks companies to embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labour standards, the environment, and anti-corruption:

**Human rights**

**Principle 1:** Businesses should support and respect the protection of internationally proclaimed human rights; and

**Principle 2:** make sure that they are not complicit in human rights abuses.

**Labour standards**

**Principle 3:** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

**Principle 4:** the elimination of all forms of forced and compulsory labour;

**Principle 5:** the effective abolition of child labour; and

**Principle 6:** the elimination of discrimination in respect of employment and occupation.

**Environment**

**Principle 7:** Businesses should support a precautionary approach to environmental challenges;

**Principle 8:** undertake initiatives to promote greater environmental responsibility; and

**Principle 9:** encourage the development and diffusion of environmentally friendly technologies.

**Anti-corruption**

**Principle 10:** Businesses should work against corruption in all its forms, including extortion and bribery.

Demographic information

**Organisation size**

Although all findings remain high across organisations of all sizes, individuals who work for large organisations are more likely to select more obligations from the given list than individuals who work for small organisations. The biggest differences between these two groups are around obligations to do with environmental and global community responsibility. The smallest differences are around treating employees well, and acting with integrity towards those the organisation serves. These are important findings for the SME project work underway at St James Ethics Centre and clearly demonstrate that workplace issues are a key concern for SMEs. Where an SME has less resources than a larger organisation to address more global issues, employee concerns will always be of direct relevance.

**Profession/industry**

There is also a distinct correlation between an individual’s profession or industry and how they feel about business ethics. Individuals in defence; social services and not-for-profits; mining and resources; management consulting; and architecture typically indicate that organisations have more ethical obligations. Mining and resources has the strongest result, led by much greater than average selection of obligations relating to the environment and community responsibility.

Individuals in accounting and related services; legal services; patent attorneys; wealth management; and hospitality, tourism, media and entertainment selected the fewest options, indicating they believe business has fewer ethical obligations than do others.
These results correlate with the environmental dimension of the question:

**being responsible environmentally**

... and the results across this dimension reflect those professions and industries more exposed to environmental risks, attributing higher levels of ethical obligation.

### Age

There is a very strong correlation between attitudes towards business ethics and age throughout the entire survey. Across the range of all ethical obligations presented, the probability of selecting more obligations increases significantly with age. The younger the respondents, the fewer ethical obligations they believe businesses have. As the age of the employees increases, so does the level of perceived ethical obligation. This is likely to be due to both developmental and experiential factors and is played out consistently in the following sections of the Study.

### Location

Individuals in NSW believe that organisations have fewer obligations than those in other states, based on the finding that they selected significantly fewer of the options presented. However, this finding is eclipsed by the marked decrease in options selected by those outside Australia and New Zealand (1,349 respondents), indicating that individuals in the business world outside Australia and New Zealand believe that business ethics
is far less constraining than their counterparts in Australia. This finding fits neatly with Australia’s reputation as a trusted hub for business with its principles-based regulatory and compliance systems and its ability to at least initially ride out the first impacts of the global financial crisis. Of the individuals living outside Australia and New Zealand only 35.3% nominate supply chains as an area of ethical obligation.

**Position**

Although across the workforce ethical obligations are important, in terms of position within an organisation board members believe business has the greatest ethical obligations, as indicated by the finding that they are significantly more likely than any other group to select a greater number of options. Given the importance of senior level buy in when implementing responsible business practice strategies, this bodes well for the future. The results point to the relevance of these issues across the organisation and support a favourable response to well-implemented and integrated responsible business practice strategies.

## What commitment should organisations make to acting ethically?

Overwhelmingly, individuals support a formal commitment to ethical obligations:

- **organisations have an obligation to act ethically, even if it occasionally harms their profits** (93% agree with this statement – 77% of respondents strongly agree – and only 3% disagree)

- **every organisation should make a formal commitment to acting ethically** (91% agree – 53% strongly agree – with again only 3% in disagreement)

- **all organisations should not only be required to have a code of ethics, but should have to measure and report on their performance in adhering to it** (74% agree – 53% strongly – and only 13% disagree with this statement with a further 13% unsure)

All responses clearly indicate very high ethical expectations of businesses and other organisations. Interestingly the slight drop in level of positive response on reporting ethical performance points to some reticence in the formalisation and reporting on ethical obligations.

Transparency, trust, confidence and comparability are emerging as key themes in the new economic and environmental climate, making methods of accountability across the full range of business operations and responsibilities paramount. This augurs well for the development and formalisation of codes and reporting frameworks in responsible business practice. Referring to the previous section, there is a strong principles-based and multi-stakeholder approach to ethical obligations for organisations evident in the overall Study.

Using funding provided by the Australian Federal Government, through Treasury, the Centre is currently working to pull together key initiatives – to build a trusted HUB of international and local resources. In addition to housing the principles-based UN Global Compact (UNGC) the Centre has also established a focal point for the Global Reporting Initiative (GRI). The GRI is the universally adopted international framework in sustainability reporting. Through a process of identifying and engaging with key stakeholders, and assessing risks and opportunities across economic, environmental and social concerns, organisations are provided with a method of management, measurement and reporting in the public domain.

Findings from the most recent KPMG International Survey on Corporate Responsibility Reporting (2008) reveal that globally, disclosure on corporate economic, environmental and social performance has become the norm among larger companies. The report reveals that:

> over 80% of Global Fortune 250 companies (G250) provide ‘sustainability’ or ‘corporate responsibility’ reports
> 70% of the reporting companies worldwide use the universally applicable reporting guidance from the Global Reporting Initiative
> the number of top Australian companies issuing a sustainability report has doubled to 68 out of 100 since the survey was last conducted in 2005.
When asked whether business is conducted more ethically in Australia now than five years ago the response was split – with 51% agreeing and 49% unsure or in disagreement (31% undecided). Looking at variance across profession/industry, individuals in insurance; manufacturing, wholesale and retail; and mining and resources are more likely to feel that business ethics has improved. It would be interesting to consider these responses against data on professions and industries that have been early adopters in sustainability reporting.

Individuals are slightly less certain when it comes to operating in a foreign country. 59% of respondents disagree (46% strongly) that it is acceptable for a business to follow the ethical code of that country, even if it contradicts the ethical code of the business, while 41% are either unsure (14%) or agree (16% strongly). This would indicate that for at least one in four of the respondents local standards are applied when overseas even when they are below those of the organisation the individual is representing. These findings serve to highlight the complexity of ‘cultural relativism’ when operating within a global economy.

Demographic information

Organisation size
In general, individuals from larger organisations are more likely to agree that organisations should make a formal commitment to acting ethically, especially in terms of reporting against a code of ethics. They are also more likely to believe that organisations should not contradict their own code of ethics when operating in foreign countries. However differences are not strong and demonstrate that levels of commitment to act ethically remain consistent across organisations of different sizes.

Age
Again, there are significant correlations between age and beliefs about how committed to acting ethically organisations should be. Younger people are less likely to agree that organisations should make a formal commitment to acting ethically and should adhere to their code of ethics even though their profits might be at risk. They are also more likely to agree that:

When operating in a foreign country, it is acceptable for businesses to follow the ethical code of that country, even when it contradicts the ethical code of the business?

However, it is the youngest (under 24) and the oldest (over 55) respondents who are most likely to insist that businesses should have to measure and report on their performance in adhering to their code of ethics.

Profession/industry
Although level of commitment to act ethically is uniformly high across profession/industry, the individuals who are least likely to say that organisations should adhere to their code of ethics even though profits might be harmed work in wealth management; and corporate finance and other financial services. Also reluctant to harm profits at the expense of ethics are those in agriculture, forestry and fishing; hospitality, tourism, media and
entertainment; legal services; accounting and related services; and technology and communications. Those most inclined to say that ethics should be adhered to even if profits or funding are harmed belong to social services and not-for-profits; and education.

In terms of reporting on performance in adhering to their code of ethics, individuals who are most likely to agree that it should be a requirement come from government; healthcare; and social services and not-for-profit organisations. Individuals in architecture and legal services are much less likely than those in other professions and industries to agree that reporting should be a requirement, followed by management consulting; other business advisory services; corporate finance and other financial services; accounting and related services; and wealth management.

Position

While individuals in more senior positions are slightly more likely to say that they believe organisations have a responsibility to act ethically even if profits are occasionally harmed, this finding is reversed when it comes to making a formal commitment to acting ethically, or reporting on performance in adherence to an ethical code in particular for board member or chairman and heads of organisations. This could explain the difficulties encountered in driving the uptake of reporting where those with overall governance of an organisation see ethical obligations as important but reporting on them less so. Current executive salary issues around transparency and accountability may form part of this picture, where stakeholder pressure on board members for transparency is growing.

What level of personal commitment do individuals have towards acting ethically?

Further strong responses demonstrating the relevance and commitment to an ethical work-life are found in response to this question:

- I have a personal code of ethics to which I adhere in my working life, even if it would mean risking my job (86% agree – 67% strongly – with only 4% disagreeing)
- If I felt my principles were being compromised by the type of work I do, I would definitely change careers (82% agree – 65% strongly – with only 7% disagreeing)
- I am willing to put in extra effort at work if I know that my organisation is run ethically (80% agree – 60% strongly – with only 5% disagreeing)
- If my employer acted in a way that contradicted my core principles, I would definitely leave the organisation (77% agree – 58% strongly – and 9% disagreeing)

There are strong messages for employers. Firstly, productivity is likely to be at least partially contingent on how employees feel about the ethical performance of the organisation. In particular, discretionary effort is linked to ethical performance: with 80% agreeing with the statement ‘I am willing to put in extra effort if I know my organisation is run ethically’ and only 5% disagreeing.

Secondly, staff turnover is also likely to be linked with ethical performance, as most employees say they would either change careers (82%) or quit their job (77%) if they felt the organisation was acting in a way that contradicted their core principles.

Put another way, only 4% of people don’t have a personal code of ethics to which they adhere and would risk their job over, and only 7% would not change careers if ethically compromised.

These findings serve to reinforce one of the central planks of the business case for responsible business practice: employee satisfaction – leading to improved management performance, productivity and capacity to attract, retain and motivate talented staff; increased learning, innovation and productivity; reduced hiring and retention costs.
Though the current economic climate may impact on a decision to leave an organisation where there has been an ethical compromise, there is still a more than likely outcome of reduced productivity should the employee remain.

**Demographic information**

**Organisation size**
In general, individuals in larger organisations have a slightly lower personal commitment towards acting ethically. This is in contrast to the finding that they believe organisations have greater ethical obligations and are more likely to believe they should be required to adhere to them. Individuals in the smaller organisations (annual revenue of less than $10 million) consistently score higher in the area of personal commitment to ethics than do those in larger organisations, in particular adhering to a personal code of ethics even if it meant risking their jobs.

**Age**
Echoing earlier results in terms of age, across each question older people tend to have a higher personal commitment to acting ethically than do their younger counterparts.

**Profession/industry**
Individuals with the highest personal commitment to acting ethically are from social services and not-for-profits; education; healthcare; management consulting; and other business advisory services. Those with the lowest are from accounting and related services; legal services; hospitality, tourism, media and entertainment; and utilities.

**Position**
In general, individuals in more senior positions have a greater level of personal commitment to acting ethically. However there are few differences between position types on discretionary effort.

**4 How do individuals evaluate the performance of their own organisations with respect to ethics?**

In general respondents feel well-aligned with their organisation’s code of ethics:

- I feel that my personal code of ethics for my working life is very well-aligned with my organisation’s code of ethics (82% agree – 61% strongly)

  My employer has a comprehensive and visible code of ethics (71% agree – 51% strongly)

However it is felt by at least one in four of the respondents that their organisation could be doing more. Approximately one quarter of individuals believe there is a problem with the implementation of the code of ethics in their organisation as indicated below:

- > 27% believe their employer is not doing enough to promote ethical behaviour in the organisation;
- > 25% regularly experience people behaving unethically towards one another in their organisation; and
- > 22% believe that their organisation’s employees would not adhere to the code of ethics if they thought that profits or funding would be harmed.

Excellent to hear about ethics again. It seems to have gone off the radar a little. Like all unseen factors that refer to the manner in which humans behave we need reminding, through the use of scenarios and the like, of the problems that will occur if ethics are ignored. A real effort needs to be made to bring the potential problems to reality through meaningful examples relating to the individual’s specific area of work. What does it look like if you ignore essential ethical behaviour? And what does it look like if you practice workplace ethics? And how do I apply workplace ethics?

Respondent
Taken together with earlier findings, this may mean that at least up to one in four employees are not putting in their best work, ie. 80% of respondents (60% strongly) are willing to put in extra effort at work if they know that their organisation is run ethically. This level of discretionary effort should be highly valued by employers. Motivation and productivity of staff has long been recognised as providing a critical competitive advantage in the marketplace.

There is positive news in terms of the large proportion of employees feeling in alignment with their organisation but there is much room for improvement. The development and implementation of codes of ethics, values statements and guiding principles for organisations needs organisation-wide engagement, integration and ownership from the top down.

**Demographic information**

**Organisation size**

While individuals from large organisations are most likely to say that their organisation has a comprehensive and visible code of ethics, they are less likely to feel that their own personal code of ethics is in alignment or that implementation of the code is successful (in terms of behaviours of individuals within the organisation and whether the employer is doing enough to promote ethics). This highlights the challenges faced by large organisation seeking to implement and integrate corporate responsibility strategies throughout the organisation and has important implications for the ‘value proposition’ of these.

Smaller organisations on the other hand have a very strong sense of alignment with their organisation but are significantly less likely to have a visible code of ethics.

In reality, organisations need both documented commitment to their principles, and the systems and processes in place to ensure implementation. The risk for large organisations is they may be seen to pay only lip service to the code of ethics, whereas for small organisations, relying on certain individuals to uphold the principles of the organisation is risky should those individuals leave, and take the culture with them.

**Age**

The younger respondents are, the more likely they are to evaluate their organisation poorly in terms of ethics. Again, this is a very strong and consistent result. They are also less likely to say that their employer has a comprehensive and visible code of ethics, which indicates an imbalance of knowledge/imperfect transfer of information to younger staff members.

**Location**

Individuals outside Australia and New Zealand are much more likely to evaluate their organisation poorly in terms of implementation of ethical behaviour, consistent with earlier findings regarding operating in a foreign country (Question 2).

**Profession/industry**

Professions and industries whose respondents score highly in terms of personal alignment include social services and not-for-profits; management consulting; healthcare; and other business advisory services whereas high scores on comprehensive visible codes of ethics can be attributed to respondents from defence; banking and credit; government; and mining and resources. It does not follow that alignment correlates with visible codes of ethics when considered by profession/industry. These inconsistent results again point to the need for organisation-wide engagement and buy-in to be effectively implemented.

The professions and industries where individuals believe more strongly that their employer is not doing enough to promote ethical behaviour in the organisation, regularly experience people behaving unethically towards one another. They believe that their organisation’s employees would not adhere to the code of ethics if they thought that profits or funding would be harmed. These professions and industries include education; hospitality, tourism, media and entertainment; technology and communications; and government.

**Position**

Individuals in more senior roles are more likely to evaluate positively their organisation in terms of ethics.
How do individuals evaluate their professions or industries with respect to ethics?

Overall, one in five individuals feel they are in some way ethically compromised by the nature of their profession, as indicated by the finding that 20% of respondents agree or strongly agree with the statement:

I feel I am often ethically compromised by the nature of my profession

Demographic information

Profession/industry

The professions and industries in which the greater number of people feel ethically compromised include; accounting and related services; hospitality, tourism, media and entertainment; construction, property and transport; and education. Those professions and industries where people felt least ethically compromised include social services and not-for-profits; defence; utilities and healthcare.

Age

Interestingly, and in complement to the previous findings (Question 4) where younger people are more likely to evaluate their organisation poorly in terms of ethics, younger individuals are also much more likely to feel ethically compromised by their profession.

Location

Similarly consistent with previous findings (Question 4), individuals outside Australia and New Zealand are also much more likely to feel ethically compromised by their profession.

Position

Again consistent with previous findings (Question 4), individuals in more senior roles are less likely to feel compromised by their profession, with board members scoring extremely low and students rating significantly higher than the mean.
How often do individuals encounter ethical issues at work, and what, if any, are the issues encountered?

Overall, just over half of respondents said they had encountered an ethical issue at work in the last twelve months, indicating that ethical issues are very much a dimension of working life. Just under a fifth of respondents encountered an ethical issue once or twice within a year and the remaining 30% encountered ethical issues more frequently than this.

By far the most common ethical issue overall, selected by almost a third of those who said they had encountered ethical issues, was an ethical concern about the actions of a colleague or boss. Over 500 people (which corresponds to 7% of those who had encountered ethical issues) said that they had considered ‘blowing the whistle’ on the actions their organisation was taking.

Demographic information

Organisation size

Individuals in large organisations were even more likely than the average to say that they had an ethical concern about the actions of a colleague or boss, whereas they were less likely to select:

- I wanted to respect the beliefs and culture of another, but to do so felt a violation of my core principles

Small organisations (annual revenue of less than $1million) on the other hand were less likely to have ethical concerns across most issues presented, especially ethical concerns over an action of a colleague or boss, or matters of confidentiality versus transparency.

Age

Individuals between the ages of 30 and 55 years were those most likely to have encountered ethical issues. The youngest age group (under 24) and the oldest age group (over 55) had the lowest overall incidences of ethical issues over the last twelve months. Young people under the age of 24 drew the strongest response for:

- I wanted to respect the beliefs and culture of another, but to do so felt a violation of my core principles

Location

Other than concerns over actions of a boss or colleague, individuals outside Australia and New Zealand encountered all other ethical issues at significantly higher levels than within Australia, including:
I knew the advice I was providing was not 100% necessary, but would lead to benefits for the organisation or myself/my team, such as more work or more funding
and
I wanted to respect the beliefs and culture of another but to do so felt a violation of my core principles

This follows a trend throughout the survey indicating individuals outside Australia and New Zealand experience greater ethical challenges than those within Australia.

Profession/industry
Individuals who were most likely to have encountered ethical issues work in education (66%); social services and not-for-profits (64%); and healthcare (61%). Issues around confidentiality are more common in these professions and they also have a higher than average number of people saying they thought about ‘blowing the whistle’ on their organisation’s actions. Individuals who were least likely to have encountered ethical issues work in architecture (41%); consulting engineering (41%); wealth management (44%); and insurance (46%).

Where do people turn for advice about ethics?
Only 17% of respondents who had encountered ethical issues in the last twelve months felt that they didn’t need advice in dealing with those issues. Taken together with the finding that over half of the respondents said they had encountered an ethical issue at work in the last twelve months, approximately 40% of all respondents need ethical advice in relation to their working life in any given year.

Given the prevalence of ethical issues within workplaces and the importance placed by employees on an organisation’s commitment to its ethical obligations, there is a very real opportunity for organisations to demonstrate their commitment by providing ethical services or access to ethical services, and reap the benefits of a more productive workforce.
The study indicates that the most common place chosen by individuals to obtain advice when dealing with ethical issues is a colleague or mentor within their organisation (45%). Family members are the next most common place to turn (37%), followed by written information (36%), then a colleague or mentor outside their organisation (32%). Only 7% sought advice from someone with ethics training.

While St James Ethics Centre provides a national, confidential telephone-based ethics counselling service, support within the individual’s organisation is crucial to the ongoing development of an ethical culture.

**Demographic information**

**Organisation size**

Individuals in large organisations rely much more on written information and a colleague or mentor within their organisation, while those in smaller organisations are more likely to turn to a colleague or mentor outside their organisation. Access to individuals with ethics training seems to be more common in larger organisations (annual revenue of $1 billion or more), with 8% of respondents saying they sought advice from them, while only 6% of respondents did from organisations with revenues of less than $50 million.

**Age**

Younger people are more likely to turn to a family member for advice in dealing with ethical issues and much less likely to consult either within their organisation or written information. This response adds to the picture of young people being less connected to the potential ethical supports within an organisation and a potential sense of disenfranchisement. The 40-50 age group was the most likely to consult a colleague or mentor outside their organisation. One fifth of respondents aged over 55 felt that they didn’t need advice in dealing with ethical issues.

[Bar chart showing where people turn for advice about ethics]

**Profession/industry**

There are numerous differences in individual responses across professions and industries. Defence and legal services demonstrate strong scores in utilising ethics counselling services possibly due to promotion, access and availability. There is significant variability across professions and industries on where an individual will turn to seek advice on ethical issues – to a colleague or mentor within or outside of their organisation.

**What is the role for associations?**

There is also a clear role for associations within professions and industries in leading and enforcing ethical behaviour, not only among members, but also in the wider professional community in which they operate. Respondents with membership to an association:

> strongly agree that their association should be responsible for leading ethical behaviour amongst members and should also provide practical support to members who are put in jeopardy as a result of acting ethically
> strongly agree that their association should be responsible for enforcing ethical behaviour amongst members and should also lead ethical behaviour in the wider professional community
> in general also agree that their association should be responsible for enforcing ethical behaviour, not just among members, but in the wider professional community, with over 40% strongly agreeing with this statement and only 9% disagreeing.

Many associations within professions and industries actively develop and promote their own resources including ethics guidelines and assistance with professional codes of ethics – a traditional offering of associations to their members. St James Ethics Centre has also been and continues to be active in assisting many associations to this end.

Further opportunities for associations within professions and industries exist in raising awareness amongst younger members of the workforce, and also students, in order to address the consistent findings across this Study of disenfranchisement and lack of engagement particularly in relation to ethics in the workplace.

Where individuals turn to others for advice about ethical issues it is crucial for associations to be engaged with this challenge. The Study identifies that the majority of individuals seek advice from colleagues or mentors inside or outside their organisation. This highlights a significant opportunity for associations within professions and industries to incorporate ethics into their mentoring programs, publications and training for their representatives and to communicate this through their newsletters and websites.

**Conclusion**

In addition to the strength of the overall findings, there are a number of interesting trends embedded within the demographic segments of the Study.

**Organisational size**

As a general trend the ethical concerns of smaller businesses and organisations indicate fewer resources available to dedicate towards a formal ethical commitment or code. Those ethical obligations most frequently nominated by individuals from smaller organisations relate to core business activity and include acting with integrity towards stakeholders and treating employees well, with less of a focus on environmental responsibility or the global community. Conversely individuals who work for large organisations tend to have broader expectations of their employer yet do not tend to feel as aligned to their organisation’s codes of ethics.

Respondents from larger organisations:

> select more ethical obligations for businesses
> are more likely to agree that their organisations should make a formal commitment to acting ethically
> are most likely to say that their organisation has a comprehensive and visible code of ethics but are less likely to feel aligned to it as individuals
> are more likely to say that they have had an ethical concern about the actions of a colleague or boss
> rely much more on written information and a colleague or mentor within their organisation for ethical advice when facing an ethical issue.

This highlights the opportunities and risks faced by large corporations seeking to and being seen to implement and integrate corporate responsibility strategies throughout the organisation.

Interestingly, smaller organisations (annual revenue of less than $1million) are more likely to:
> indicate a higher personal commitment to ethics than those in larger organisations, in particular adhering to a personal code of ethics even if it meant risking their job
> have a very strong sense of alignment with their organisation but are significantly less likely to have a visible code of ethics within the organisation
> are less likely to have encountered ethical issues in the last twelve months at work, especially in relation to an action of a colleague or boss
> are more likely to turn to a colleague or mentor outside their organisation for support when facing an ethical issue.

Again there are both risks (lack of additional resources to formally commit) and opportunities (smaller, more personally aligned workplaces) for smaller businesses.

**Profession/industry**

The patterning of responses across professions and industries is complex. Further analysis of the data could address the perceived gap between an organisation’s formal commitment and actual practices in relation to its ethical profile, across the professions and industries.

Mining and resources demonstrates the strongest response of all professions and industries to the ethical obligations of business, led by a much greater than average selection of obligations relating to environmental and community responsibilities. This sector represents the early adopters of the corporate responsibility agenda, due to high risks in both social and environmental impacts of core business operations, and also responds strongly to the existence of comprehensive visible codes of ethics.

It is possible to cluster some of the professions in terms of general outcomes for example education; social services and not-for-profits; and healthcare. Individuals’ responses indicate that they:

- are most inclined to say that ethics should be adhered to even if profits or funding are harmed
- are most likely to agree that reporting on ethics performance should be a requirement (also includes government)
- have the highest personal commitment to acting ethically (also includes management consulting and other business advisory services)
- felt least ethically compromised (also includes defence and utilities)

and interestingly:

- are most likely to have encountered ethical issues at work.

Despite a strong response supporting an organisation’s obligation to act ethically, lower responses in support of measuring and reporting on ethical performance exist across a range of professional services including architecture; legal services; management consulting; other business advisory services; corporate finance and other financial services; accounting and related services; and wealth management. The push for greater transparency and accountability arising from the economic downturn signals this as an important area for all businesses and other organisations to address.

Individuals in wealth management (primarily those involved in the investment industry) report above the mean on:

making a profit for shareholders (clients)/owners (those they serve)

... as an ethical obligation for businesses and organisations, whilst simultaneously having the lowest response rate on:

organisations have an obligation to act ethically, even if it occasionally harms their profits
Clearly a conflict of interest exists between obligations and commitment to ethical action for this group. Wealth management is an industry that is coming under greater scrutiny as a result of the global financial crisis.

**Age**

There is a very strong association between attitudes towards business ethics and age throughout the entire survey. The younger the respondent, the fewer ethical obligations they believe businesses have. As an employee's age increases, so does the level of perceived ethical obligation. This is likely to be due both to developmental and experiential factors and is played out consistently in the following sections of the Study.

Younger people (under 30):

- are less likely to agree that organisations should make a formal commitment to acting ethically, are more likely to agree that it is acceptable for businesses to bypass their own ethical code when operating overseas and are least likely to experience incidences of ethical issues over the last twelve months (together with the oldest age group (over 55)).

Simultaneously young people:

- are most likely to insist that businesses should report their performance in adhering to their code of ethics (along with the oldest (over 55))
- are less likely to say that their employer has a comprehensive and visible code of ethics and to evaluate their organisation poorly in terms of implementation of the ethical code
- are more likely to feel ethically compromised by their profession (especially those under 24) and
- are much more likely to turn to a family member for advice in dealing with ethical issues.

It should be noted that students make up more than half of the respondents under 24 years of age (as student members of the profession/industry bodies surveyed).

The combined results point to a lack of connection for younger respondents. There is an imbalance of knowledge and imperfect transfer of information as well as a strong likelihood that they are less connected to the ethical supports and systems within an organisation, leading to a potential sense of disenfranchisement. There are opportunities here for the employer, the educational institutions they attend prior to commencement of employment and the professional bodies of which they are members, to address this generational gap.

**Location**

Those people working outside Australia and New Zealand return consistently lower expectations around ethical obligations of business and simultaneously experience greater ethical challenges than those within Australia and they:

- are much more likely to evaluate their organisation poorly in terms of implementation of ethical behaviour
- are much more likely to feel ethically compromised by their profession
- encounter ethical issues at significantly higher levels than within Australia (other than concerns over actions of a colleague or boss).

Conversely, given the significantly higher personal and organisational commitment and alignment to ethics of individuals within Australia, there is an important opportunity for Australia to emerge as a trusted hub for business activity in these uncertain times.

**Position**

Strong support of ethical obligations across organisational position points to a favourable response to well-implemented and integrated ‘responsible business practice’ strategies. Board members believe business has the greatest number of ethical obligations and, given the significance of senior level buy-in when implementing responsible business practice strategies, this bodes well for the future. However, while individuals in more senior positions are more likely to say that they believe organisations have a responsibility to act ethically, this finding is reversed when it comes to making a formal commitment to acting ethically, or reporting on performance in adherence to an ethical code. If those with overall governance of an organisation see ethical
obligations as important but reporting on them less so, those attempting to drive the uptake of reporting will encounter significant difficulties. With issues such as levels of executive pay attracting negative attention, stakeholder pressure on board members for transparency and accountability is growing.

Individuals at the organisation’s senior management levels (below CEO/managing partner), eg. department heads and group leaders are most likely to say they encountered ethical issues in the last twelve months. They score significantly higher than other positions on:

I had an ethical concern about the actions of a colleague or boss

I had a conflict between confidentiality and transparency

Those in middle-management positions are likely to experience pressures from both the more senior levels of an organisation and the concerns from the more general employee level.

**Action points**

The overarching theme to emerge from this Study as indicated by the respondents, is that the ethical obligations of businesses and other organisations are supported throughout workplaces in Australia. Businesses and other organisations are no longer seen in isolation from the communities in which they operate, the employees they depend upon, the environment from which they draw their resources and the marketplace in which they participate.

The global financial crisis and impacts of climate change demand that the true costs and obligations of business and organisational activity must be accounted for – both financial and non-financial. Not so much a failure of the markets as a failure of ethics and responsible business practices, the economic downturn provides organisations across all professions and industries with an opportunity to re-evaluate and transition to a more long-term sustainable position through:

- developing a code of ethics and formalising a commitment to acting ethically
- developing responsible business practices derived from the code of ethics which can be managed, monitored, measured and reported against
- ensuring the visibility, transparency and accountability of these formal efforts
- working towards engagement, buy-in and ownership, from senior levels of governance to younger employees

thus identifying and closing the gap between personal ethics and performance as well as organisational ethics and performance, to drive motivation and productivity.

In addition, it will be important to work with professional associations and industry bodies to develop resources and ready access to ethical services through mentoring programs, publications and networks.

**Rosemary Sainty**

*Head, Responsible Business Practice, St James Ethics Centre*
Reflection: respondents’ comments

And finally, if you have any comments on ethics in the workplace or business community that you would like to share, please use the space provided to do so?

On ethics

- Transparency is the key to business and individuals behaving ethically.

- Trust is the critical ingredient - without trust inside and outside the organisation, business is not sustainable. Every effort, formally and informally, must be made to engender trust through ethical behaviour and a known code of ethics that can inform any discussion.

- Business ethics is better understood today. Guidelines are more potent than rules. Rules tend to be restrictive and unmanageable in many instances. Rules also create a prison, work needs to be fun. Work ethic and going the extra mile without thought of compensation comes with freedom. Guidelines support this notion.

- The firm I work for puts an extremely high value on ethics and this translates to the project work and the workplace environment. I believe this approach is recognised and valued by many of our clients. Workplace ethics need to be consistent with personal ethics.

- Being ethical always seems so prudish. Need to find a way to sex it up a bit!

- Bad ethics is like cancer, it has to be contained and treated.

- Acting ethically can be very costly. In my doing so I have lost employment and income.

- Acting ethically both in business and privately is important in achieving a fulfilling life.

On sustainability

- Business as usual is no longer an option – this approach of putting shareholders’ interests ahead of people and the planet is untenable, and must be urgently reversed, as must the insane belief that infinite growth is possible. Business’ behaviour must change if we are to have anything like a desirable future.

On the global financial crisis

- The global financial crisis that we are experiencing is a critical demonstration of the importance of ethics (or the impact of their absence) in business. A seemingly ‘soft’ or peripheral issue can thus be shown to be absolutely crucial to global social, economic and political stability.

- Being selfish has become a strong requirement to survive in the business environment. The results from such behaviour can be seen in the current financial crisis. It is highly desirable to implement a worldwide code of ethics not only in the global business environment, but also in individual and personal decisions.
The current global financial crisis is as much about ethics as about financial decisions. As long as businesses are out to make higher and higher profits for owners and shareholders and individuals are remunerated accordingly, greed will always come before ethics. Sanctions and naming and shaming unethical operators need to be stronger and more humiliating. Global societies must stand up and be counted on ethical issues and governments must lead the way – there is too much apathy in our society as a whole to force changes and yet as a result we collectively suffer the consequences. Perhaps it’s time to really push the adage that money isn’t everything and that ethics and principles should be held in higher esteem than someone’s bank account ...

The current situation sums up the community’s opinion of ethics in big business and the finance industry. The failure of the finance industry to base its actions on any ethical foundation is exceeded in gravity only by the obscenity of the salaries paid to executives who committed this crime against society, and the weakness of politicians who were complicit in it, by acceding to requests for reduced scrutiny.

On training

As HR & L&D team leader I have supported having ethics as part of our basic competencies for all employees and advocate strongly to employees that this is a competency that will assist them regardless of the job role or profession they follow. Some ethics training should be targeted at a particular organisation but the rest should be generic. Further leaders need to walk the talk and build complying with ethical guidelines into performance management processes.

On workload pressures

A common cause of compromising ethics in consulting work is that created by work pressure, eg. work overload which creates corner-cutting and pushing things through without proper consideration.

The ethics (or lack of) of imposing excessive working hours on employees is the biggest blot on professional services’ ethical landscape in Australia (eg. in law firms, accounting firms and banking). In imposing unreasonable working hours, the heart of our community is being ripped out – and workers are limited from making a contribution to ethical enterprises and activities in their community and in wider society.