



Ethics at Work

2018 Survey of Employees

New Zealand

By Guendalina Dondé and Katja Somasundaram



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Chair in Ethical Leadership

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Ethics at Work: 2018 survey of employees – New Zealand

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Katja Somasundaram worked at the IBE as Research Assistant, where she provided support for the Research Hub by researching and writing on a number of business ethics topics. She worked for the IBE from 2017 to 2018. Katja holds a master's degree in Corruption and Governance from the University of Sussex.

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Gold Supporter	
	
Silver Supporters	
	L'ORÉAL  Morgan Stanley
Bronze Supporter	National Partner
	 Brian Picot Chair in Ethical Leadership

Many people and organisations have made this survey report possible. In addition to the financial support provided by the organisations listed above, we would like to thank the Brian Picot Chair in Ethical Leadership at Victoria University of Wellington, our National Partner for this survey report. We 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 IBE staff, and especially Sophie Hooper Lea who edited the text and oversaw production. Thanks also to Neil Pafford who designed the publication.

IBE Foreword

The IBE has been active in New Zealand for nine years, and last year published *Setting the Tone: a New Zealand perspective on ethical business leadership*. As the IBE has run an *Ethics at Work* survey in Europe every three years since 2005, it felt appropriate to run the survey in New Zealand too. This publication of *Ethics at Work: 2018 survey of employees – New Zealand* is the first report by the IBE that asks questions of the workforce to gauge employees' perception of ethics in the workplace.

Set against the backdrop of the current business environment, it is interesting to see how employees in New Zealand 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.

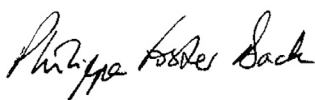
Culture is now widely recognised as an important factor in organisational health. This is highlighted in the Summary and Conclusion of the report, which looks at the importance of SME's having an effective ethics programme and organisations of every size providing ethics training for managers. Organisations in New Zealand need to pay attention to these two areas in particular.

We are grateful to all those who have provided financial support for this survey – who are listed on the Authors and Acknowledgements page – and, in particular, our Gold Supporter Rolls-Royce and our National Partner in New Zealand, the Brian Picot Chair in Ethical Leadership at Victoria University of Wellington. 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 Senior Researcher, for her analysis and authorship, ably aided by Katja Somasundaram, former Research Assistant.

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

For the first time, New Zealand is included in the IBE's *Ethics at Work* survey, and I am excited to be National Partner. With our academic work within the Brian Picot Chair in Ethical Leadership at Victoria University of Wellington, we aim to facilitate a transparent and ethically sound business sector in New Zealand. The facts and figures provided in this report give important insights into employees' attitudes to and views on workplace ethics. They are key to help mitigate the risks that can lead to organisational failures, to improve the practice of ethical leadership and to lead our organisations towards sustainable business outcomes.

Many of the survey findings are supportive of New Zealand's good ethical reputation. Our commitment to ethical values was evinced by the vast majority of 86% of the interviewees who responded that honesty is (always or frequently) practised in their organisation's daily operations.

The survey also highlights the mostly positive employee views towards the ethical behaviour of managers. Overall, line managers are perceived as setting a good example (69% agree) and supporting employees in following their organisation's ethical standards (65% agree). Nevertheless, more can be done to reinforce ethical behaviour and really make ethics part of the bottom line: only one in five respondents (21%) say their organisation provides incentives for ethical performance, such as taking ethical considerations into account in assessing bonus payments or salary increases. However, a fifth (22%) believe that their line manager rewards employees who get good results, even if they use practices that are ethically questionable.

In my inaugural lecture, I addressed strengths and weaknesses of ethical leadership in New Zealand. Although ethical leadership is widely recognised as a personal quality of our leaders and managers, active ethics management seems less developed as part of the ethical leadership strategy. This observation is reflected in the results of this report: only 29% of the New Zealand respondents say that their organisation has a comprehensive formal ethics programme, which includes: 1) a code of conduct; 2) ethics training; 3) a means of offering integrity advice and 4) a means of reporting misconduct confidentially, while 10% say that their organisation offers none of these building blocks.



*Many of the
survey findings are
supportive of New
Zealand's good
ethical reputation*



These instruments help managers to create a solid ethical culture, where people can feel safe, speak up against wrongdoings and perform at their best. It is worrying that a quarter of respondents have been aware of misconduct over the past year at work, and, of those, 46% signalled inappropriate treatment of people and 38% saw bullying and/or harassment in the workplace. Clarifying the organisation's ethical expectations, setting clear boundaries for behaviour and disciplining employees who violate the norms and rules are important tasks for management, especially in the light of these findings.

Making the organisational ethics code a truly living document by discussing relevant ethical dilemmas with employees is, in my experience, one of the most effective and rewarding ways for managers to explain ethical values and norms and enhance individual ethical decision-making. Working collectively on ethics in the workplace will create support for and stimulate shared ownership of our ethical reputation, and make it into our number one business asset worldwide.



Professor Dr Karin Lasthuizen
Brian Picot Chair in Ethical Leadership
Victoria University of Wellington

“

A solid ethical culture is where people can feel safe, speak up against wrongdoings and perform at their best

.....”

The Brian Picot Chair in Ethical Leadership at Victoria University of Wellington was established in 2016 to strengthen Victoria Business School's ability to train, research and support communities of interest to improve the practice of ethical leadership in business, government and civic society organisations throughout New Zealand. It is one of several research Chairs partnering with external stakeholders and illustrates Victoria Business School's commitment to being a global-civic university by addressing society's most important issues.

For more information: www.victoria.ac.nz/ethical-leadership



Key Findings from New Zealand

Culture

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



Always/frequently	86%
Occasionally	10%
Rarely/never	2%
Don't know	2%

Speaking up

34% of employees in New Zealand 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 **35%**
2. I felt I might jeopardise my job **33%**
3. I felt I might alienate myself from my colleagues **27%**



Behaviour

26% of employees in New Zealand have been aware of misconduct during the past year at work. The most common types of misconduct they noticed are...



People treated inappropriately/unethically	46%
Bullying and harassment	38%
Safety violations	37%

10% of employees in New Zealand have felt pressured to compromise ethics. The main pressures they felt are...

1. Time pressure **39%**
2. We were under-resourced **36%**
3. I was following my boss's orders **29%**

Ethics programme

Fewer than half of respondents in New Zealand say that their organisation offers an advice or information helpline where they can get advice about behaving ethically at work.



My organisation...

- Has written standards of ethical business conduct that provide guidelines for my job **70%**
- Provides employees with a means of reporting misconduct confidentially **56%**
- Offers advice or an information helpline where I can get advice about behaving ethically at work **46%**
- Provides training on standards of ethical conduct **51%**

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 asked questions of the New Zealand 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 research. Data was collected online by the research consultancy ComRes on behalf of the IBE and the Brian Picot Chair in Ethical Leadership at Victoria University of Wellington, New Zealand in February 2018.

The full list of countries included in the survey is France, Germany, Ireland, Italy, Portugal, Spain, Switzerland and the UK within Europe, as well as Australia, Canada, Singapore and New Zealand.

Please see *Ethics at Work: 2018 survey of employees – Australia, New Zealand and United Kingdom* for further detail and background information as well as comparisons with the other countries surveyed. *Ethics at Work* reports for all of the countries surveyed will be available to download free of charge from the IBE website.¹

The aim of the IBE *Ethics at Work: 2018 survey of employees – New Zealand* was to develop an understanding of employees' attitudes to and perceptions of ethics in the workplace in 2018.

This report details survey findings from a nationally representative sample of 756 employees in New Zealand. 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 asked questions of the New Zealand workforce 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.



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 looks 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**
- Theme 2: **Identifying ethical risks**
- Theme 3: **Supporting ethics at work**

Theme 1: Assessing the ethical culture

The IBE's experience shows that assessing 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.

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

What is acceptable?

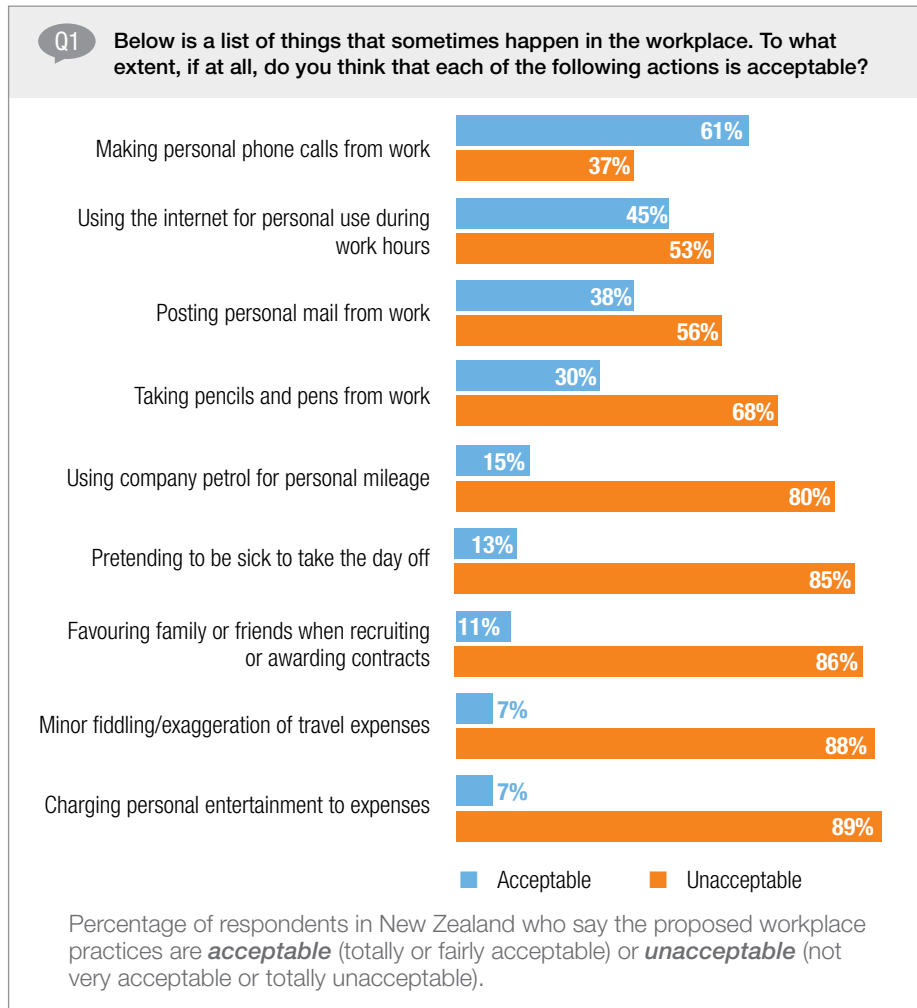
Are employees able to identify ethical issues relating to everyday choices that they might have to face in the workplace? To what extent do they apply ethical values to their decision-making?

To answer these questions, respondents to this survey were presented with nine common work-related scenarios and were asked whether or not they considered them acceptable.

Figure 1 shows charging personal entertainment to expenses; minor fiddling with expenses and favouring family or friends when recruiting or awarding contracts are the least likely of the workplace practices tested to be considered acceptable by employees in New Zealand.

Although some of these issues may seem trivial, respondents' answers are important indicators of what kinds of behaviour are considered acceptable as well as where employees' ethical boundaries lie. Employees either ignoring or being unable to identify the ethical dimensions of a specific situation will increase the ethics risk for organisations.

Figure 1 Acceptability of common workplace practices



Is honesty applied in practice?

Another important issue to understand in order to assess the 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 behaviour 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. Figure 2 presents employees’ perception of how often honesty is practised in their organisation’s daily operations. Fewer than 1% of respondents in New Zealand say that honesty is never practised in their organisation.



Men are more likely than women to say that using company petrol for personal mileage is acceptable (20% vs 10%). Men also find charging personal entertainment to expenses more acceptable than women (10% vs 4%).

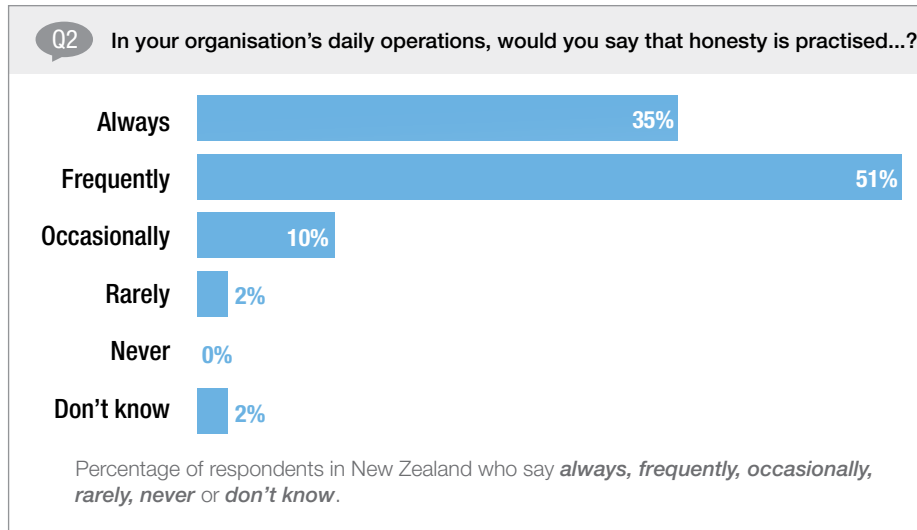


Younger employees aged 18-34 and **mid-career employees** aged 35-54 are more likely to find the workplace practices acceptable than older employees aged 55+. In particular, younger employees find pretending to be sick to take a day off (21%) more acceptable than mid-career employees (12%) and older employees (6%).



Employees in **SMEs** are more likely to say that it is acceptable to favour family or friends when recruiting or awarding contracts (14% compared to 6% in large organisations).

Figure 2 Employees' views of how frequently honesty is practised



“
 Fewer than 1% of respondents in New Zealand say that honesty is never practised in their organisation
 ”

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, as shown in Figure 3.

Figure 3 Perceptions of engagement with internal and external stakeholders



Theme 2: Identifying ethical risks

This survey focuses on two measures that indicate an increased risk of ethical lapses and unethical behaviour: employees' awareness of misconduct in the workplace and potential pressure on employees to compromise their organisation's ethical standards.

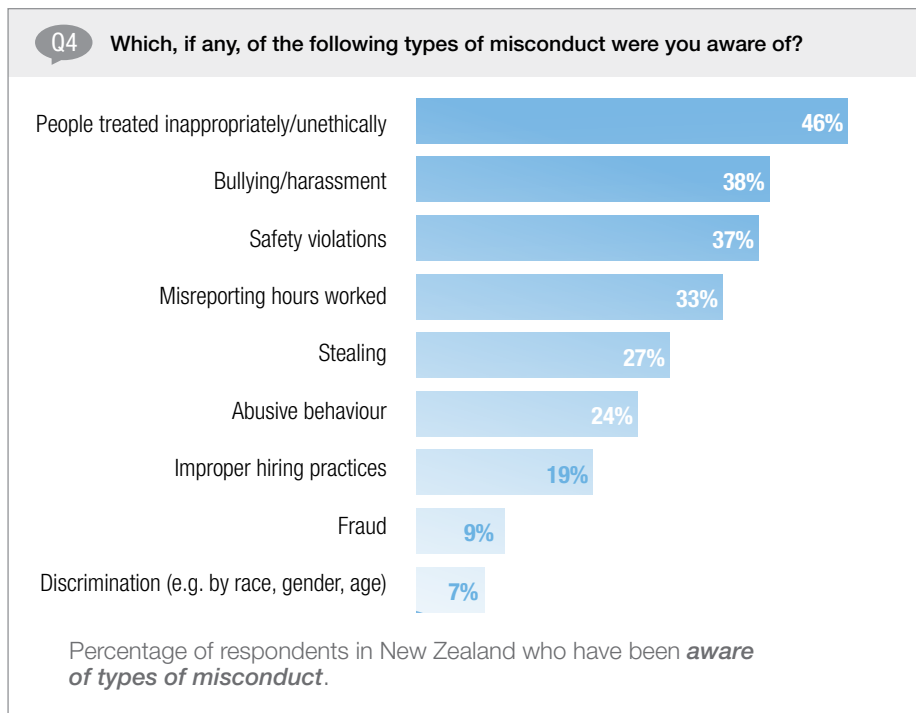
How common is unethical behaviour?

Respondents were asked to state whether, during the past year at work, they have been aware of any misconduct – i.e. any conduct by their employer or colleagues that they thought violated either the law or their organisation's ethical standards.

A quarter (26%) of employees in New Zealand say they have been aware of misconduct during the past year at work, while 62% say they have not been aware of misconduct.

Those respondents who have been aware of misconduct were then asked to specify the types of misconduct they had encountered, as illustrated in Figure 4. People treated inappropriately/unethically is the most frequent type of misconduct mentioned (46%), followed by bullying/harassment (38%) and safety violations (37%).

Figure 4 Types of misconduct of which employees were aware



26% of employees in New Zealand say they have been aware of misconduct during the past year at work



Women who have been aware of misconduct are more likely to be aware of bullying/harassment than men in a similar position (49% vs 28%).



Younger employees aged 18-34 who have been aware of misconduct are more likely to be aware of stealing (40%) than older employees aged 55+ (23%) and mid-career employees aged 35-54 (21%).



Employees in **large organisations** who have been aware of misconduct are more likely than those in SMEs to be aware of people treated inappropriately/unethically (60% vs 37%) and bullying/harassment (49% vs 31%).

Focus on...



Implications of being aware of misconduct

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

! A negative perception of how frequently honesty is practised at work. Only 19% of employees who have been aware of misconduct at work say that honesty is always practised in their organisation's daily operations, compared to 44% of employees who have not been aware of misconduct.

! A negative outlook on how the organisation engages with its stakeholders. 61% of respondents who have been aware of misconduct at work think that their organisation acts responsibly in all its business dealings (with customers, clients, suppliers, etc.), compared with 82% of those who have not been aware of misconduct. Similarly, those who have been aware of misconduct are less likely to agree that their organisation lives up to its stated policy of social responsibility (51% compared to 74% of employees who have not been aware of misconduct).

! Felt pressured to compromise ethics. A third of employees (31%) who have been aware of misconduct at work have felt pressured to compromise their current organisation's ethical standards, compared to just 2% of employees who have not been aware of misconduct.

! A negative perception about the ability of managers to promote ethics. 54% of employees who have been aware of misconduct at work think that their line manager supports them in following their organisation's standards of ethical behaviour, in comparison with 71% of those who have not been aware of misconduct. Employees who have been aware of ethical misconduct are also less likely to say that their line manager explains the importance of honesty and ethics in the work they do, (46% compared to 63% of employees who have not been aware of misconduct at work).

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10% of employees in New Zealand say they have felt some form of pressure to compromise their current organisation's standards of ethical behaviour

.....”

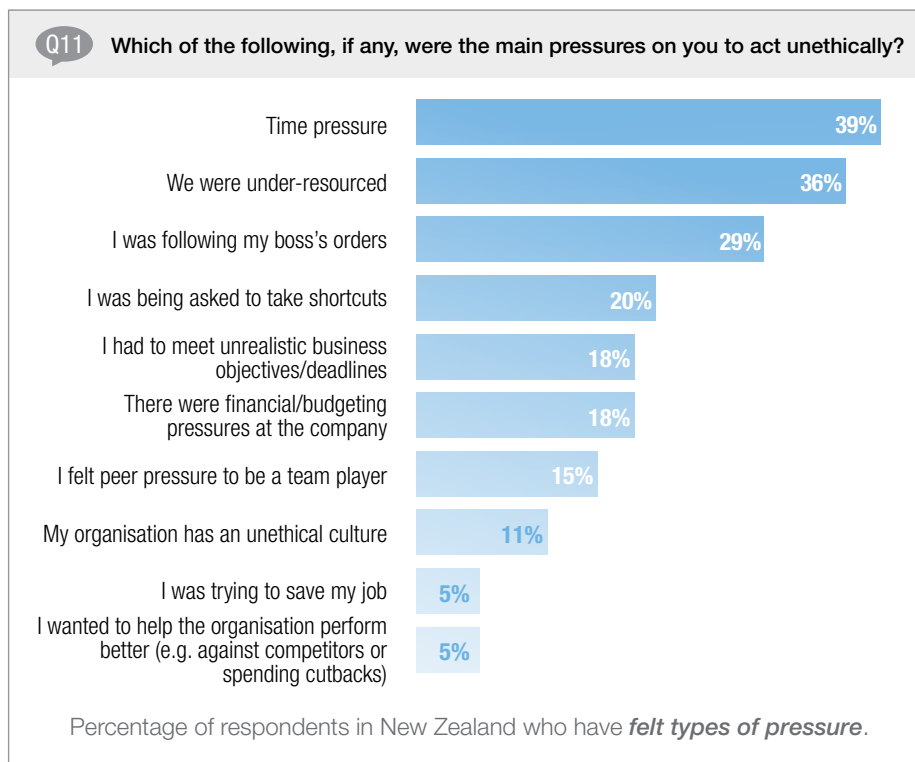
Are employees pressured to compromise ethics?

In New Zealand, 10% of respondents say they have felt some form of pressure to compromise their current organisation's standards of ethical behaviour.

Figure 5 illustrates the sources of pressure experienced.

Employees in New Zealand are most likely to have felt pressured to compromise ethical standards because of time pressure (39%); being under-resourced (36%) and following a boss's orders (29%).

Figure 5 Types of pressure to compromise ethical standards



Focus on...

Implications of pressures to compromise ethical standards

This survey shows that employees in New Zealand 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 ethics are more likely to find certain questionable practices acceptable. For example, 21% of those who have felt pressured say that it is acceptable to favour family or friends when recruiting or awarding contracts and the same percentage, 21%, say it is acceptable to pretend to be sick to take a day off (compared to respectively 9% and 12% of employees who have not felt pressured).
- ! A negative perception of how frequently honesty is practised at work.** 21% of employees who have felt pressured to compromise ethics say that honesty is only practised occasionally (compared to 7% of employees who have not felt pressured).
- ! A negative outlook on how the organisation engages with its stakeholders.** Employees who have felt pressured to compromise ethics are less likely to think that their organisation lives up to its stated policy of social responsibility: less than half (47%) agree with this statement, compared to 70% of employees who have not felt pressured.

continues >

Focus on... *continued*



! Been aware of misconduct at work. 80% of employees who have felt pressured to compromise ethics have also been aware of instances of misconduct during the past year at work, compared to 20% who have not felt pressured.

! A negative perception of the ability of managers to promote ethics. Only 38% of employees who have felt pressured to compromise ethics say that their line manager explains the importance of ethics and honesty in the work they do, compared to 60% of employees who have not felt pressured. Similarly 47% of employees who have felt pressured think that their line manager sets a good example of ethical business.

Theme 3: Supporting ethics at work

The third theme covered in this chapter focuses on the tools that organisations put in place to promote and support ethics at work.

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).

In New Zealand, 29% of employees say that their organisation provides all four building blocks, while 10% say it offers none.

As Figure 6 illustrates, employees are most likely to be aware that their organisation has written standards of ethical business conduct (70%).

Fewer than half of respondents (46%) think that their organisation offers advice or an information helpline where employees can get advice about behaving ethically at work.



29% of employees in New Zealand say that their organisation provides all four building blocks of a formal ethics programme, while 10% say that it offers none



Figure 6 Employee awareness of the building blocks of a formal ethics programme



Employees in the **public/third sector** are more likely to be aware of each of the four building blocks than employees in the private sector. For instance, 80% of employees in the public/third sector say that their organisation has written standards of ethical business conduct, compared to 63% of employees in the private sector.



Employees in **large organisations** are more likely to be aware of each of the four building blocks than those in SMEs. For instance, 65% of employees in large organisations say that their organisation provides ethics training compared to 45% of those in SMEs.

Focus on...

The impact of providing formal support for ethics in the workplace

This survey shows that employees in New Zealand 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.** 91% of employees in organisations with a comprehensive ethics programme say that honesty is practised always or frequently in their organisation's daily operations, compared to 81% of employees in organisations with no ethics programme.
- A positive outlook on how the organisation engages with its stakeholders.** Respondents whose organisation provides a comprehensive ethics programme are more likely to have a positive outlook on how their organisation engages with stakeholders. For example, 87% say that their organisation acts responsibly in all its business dealings, compared to 58% of respondents who work for organisations with no ethics programme.
- Spoken up about misconduct.** Of those who have been aware of misconduct during the past year at work, employees in organisations with a comprehensive ethics programme are more likely to have spoken up about their concerns than those in organisations without an ethics programme (85% vs 70%).

continues >

Focus on... *continued*



🔍 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 organisations that provide a comprehensive ethics programme are more likely to agree with statements indicating that their manager promotes ethical behaviour at work. For example, 79% agree that their line manager explains the importance of honesty and ethics at work, in comparison with 19% of employees in organisations without an ethics programme.

Remarkably, 33% 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 13% of employees in organisations without an ethics programme. In other words, when decisions about rewards and recognition are involved, their line manager prioritises ‘what’ is achieved over ‘how’ it is done.

This is a potentially worrying sign of a gap between what managers say and do. However, the higher figure in organisations with an ethics programme might also indicate that employees are more aware of which workplace practices should be considered ethically questionable.

How do employers incentivise ethical behaviour?

Respondents were asked whether their organisation provides incentives to encourage employees to live up to its ethical standards. Fewer than a quarter of respondents in New Zealand (21%) say that their organisation provides these incentives, compared to 60% who say it does not.

Respondents who indicated that their organisation does offer incentives to encourage ethical behaviour were also asked for additional information regarding the types of incentive offered. Two fifths of employees whose organisation offers incentives (39%) say that ethics is part of their annual appraisal/review.

Other incentives that were tested are public commendation of ethical behaviour such as employee awards (33%); salary increases (28%) and taking ethical considerations into account in assessing bonus payments (21%).



Fewer than a quarter (21%) of respondents in New Zealand say that their organisation provides incentives to encourage employees to live up to its ethical standards



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 New Zealand who are aware of their organisation providing incentives are more likely to have:

✔ **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 the statements relating to stakeholder engagement than those without such incentives. For example, 76% say that issues of right and wrong are discussed in team meetings, compared to 47% of employees in organisations where incentives are not offered.

✔ **Spoken up about misconduct at work.** Employees in organisations that provide incentives to encourage ethical behaviour are more likely to speak up about misconduct. 88% of those who have been aware of misconduct during the past year at work and whose organisation provides incentives say that they raised their concerns, while only 59% of respondents in a similar position in organisations without incentives say they spoke up.

Of those who have been aware of misconduct and reported their concerns, 74% of employees in organisations with incentives to encourage ethical behaviour say they are satisfied with the outcome of speaking up. Only 51% are satisfied in organisations that do not provide ethical incentives.

❓ **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 in organisations that provide incentives to act ethically are more likely than those in organisations without incentives to agree that their line manager sets a good example of ethical business behaviour (86% vs 64%); explains the importance of honesty and ethics at work (78% vs 48%) and supports them in following their organisation's ethical standards (81% vs 62%).

However, they are also more likely to say that their line manager rewards employees who get good results, even if they use practices that are ethically questionable (39% vs 19%). As previously stated, this is a potentially worrying sign of a gap between what managers say and do.

“
Employees in organisations that provide incentives to encourage ethical behaviour are more likely to speak up about misconduct
.....

Spotlight Issues

Issue 1: Speaking up

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

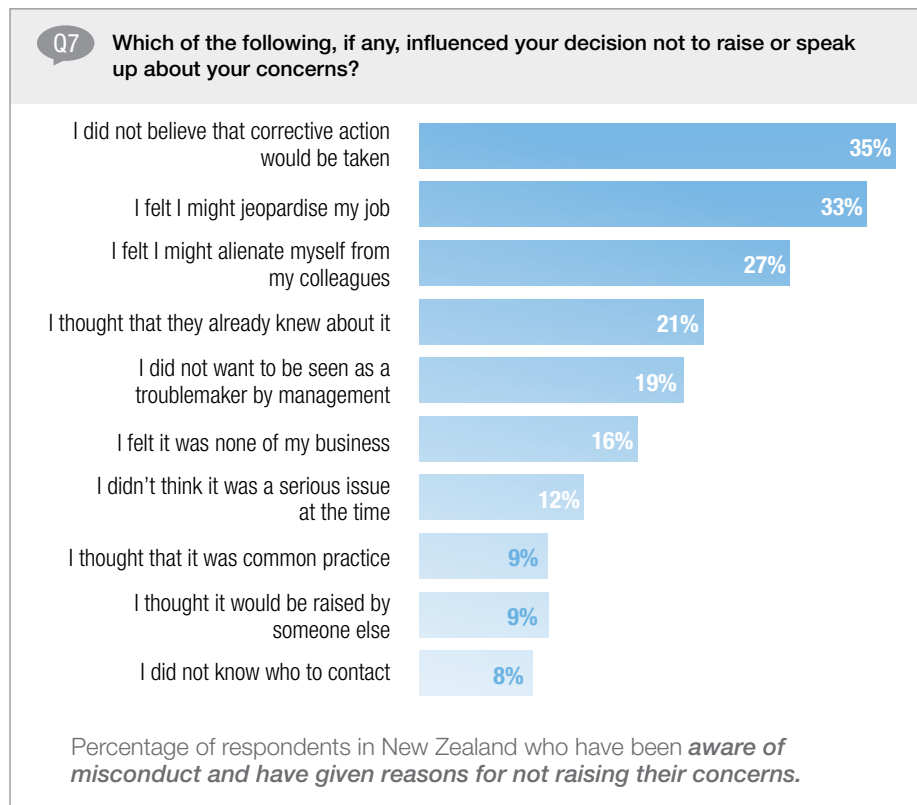
The 26% of respondents in New Zealand who have been aware of misconduct during the past year at work were asked whether they raised – or decided to speak up about – any of their concerns internally, directly to management or using any of the mechanisms available in their organisation. Two thirds (65%) of employees in New Zealand who have been aware of misconduct did so.

The 34% of respondents who have been aware of legal or ethical misconduct in the last year 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 7). It is worth noting that 8% of employees who have been aware of misconduct did not raise their concerns because they did not know who to contact. Organisations can resolve this by introducing appropriate internal communication campaigns that focus on the Speak Up mechanisms available to employees.



The freedom to raise concerns is a core component of a supportive ethical business culture

Figure 7 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 are justified, respondents who have been aware of misconduct and raised their concerns were asked whether they were satisfied with the outcome of doing so. Over half (55%) of these respondents are satisfied with their organisation's response to them speaking up.

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 reported that no material breaches of the code of conduct were reported during the previous year, which might raise questions on the ability of the organisation to recognise breaches and act on them.

Only 53% of respondents in New Zealand believe that their organisation disciplines employees who violate their organisation's ethical standards.

Issue 2: Ethical management

This survey 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.

The survey uses four indicators to gauge employee perception of their managers' attitudes towards ethics, as shown in Figure 8.

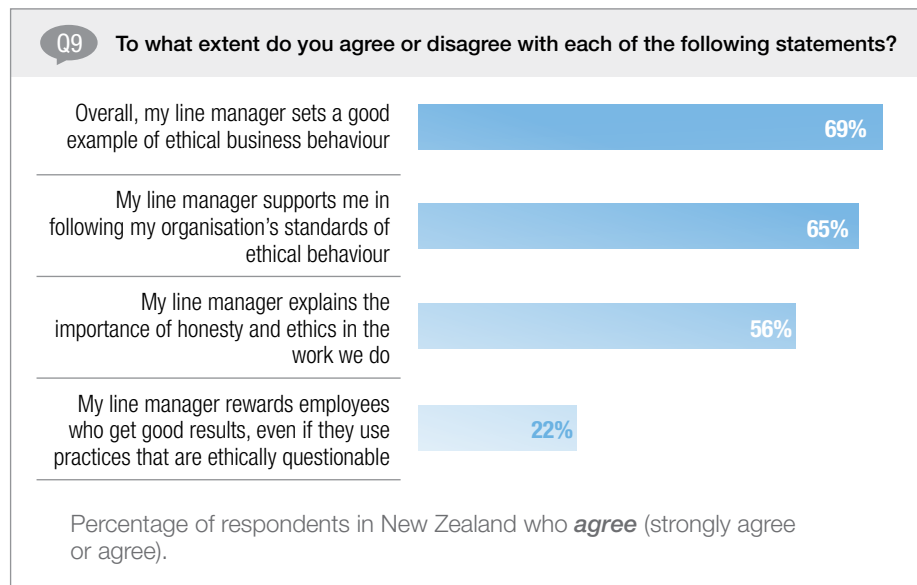
A majority of respondents in New Zealand are positive about the behaviour of their line manager. This is particularly the case with regard to their manager's ability to set a good example of ethical behaviour. However, a fifth (22%) of respondents believe that their line manager rewards employees who get good results, even if they use practices that are ethically questionable. In other words, when decisions about rewards and recognition are involved, their line manager prioritises 'what' is achieved over 'how' it is done.

“

Only 53% of employees in New Zealand believe that their organisation disciplines employees who violate their organisation's ethical standards

.....”

Figure 8 Perception of management behaviour



Women are more likely than men to say that their line manager explains the importance of honesty and ethics in the work they do (60% vs 53%).



Employees in **public/third sector** are more likely than employees in the private sector to say that their line manager sets a good example of ethical business behaviour (73% vs 66%).



Employees in **large organisations** are more likely than those in SMEs to say that their line manager supports them in following their organisation's standards of ethical behaviour (72% vs 65%).

Focus on...

The impact of providing a work environment that is regarded as supportive to ethics ²

This survey shows that employees in New Zealand 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 (95%) than those in unsupportive organisations (61%).
- ✓ **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 organisations' ethical standards (7% compared to 31% of employees in unsupportive organisations).
- ✓ **Spoken up about misconduct at work.** Employees in the most supportive organisations who have been aware of misconduct during the past year at work are more likely to have spoken up about their concerns (80%) than those in a similar position in unsupportive organisations (54%).

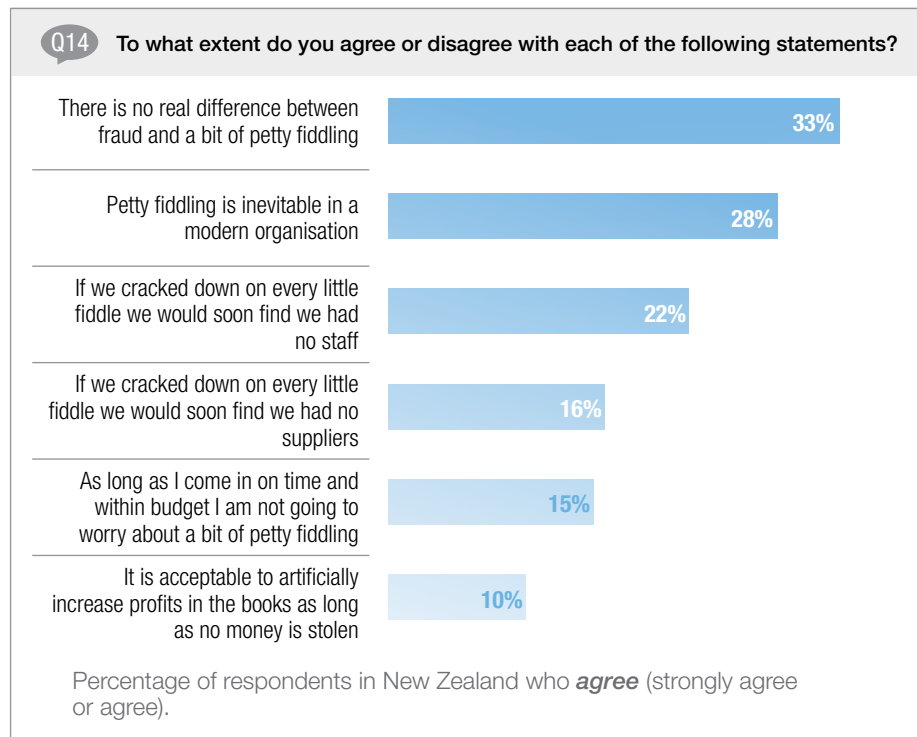
What are managers' views of ethics at work?

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.

² 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.

To understand this, the 34% of respondents in New Zealand 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 9 illustrates the findings. 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.

Figure 9 Attitudes to petty fiddling



Younger managers

aged 18-34 are more likely to agree with most of the statements on petty fiddling than mid-career managers aged 34-54 and older employees aged 55+. For example, 30% of younger managers say that, as long as they come in on time and within budget, they are not going to worry about a bit of petty fiddling, compared to 9% of mid-career managers and 5% of older managers. 23% of younger managers also think that it is acceptable to artificially increase the profits in the books as long as no money is stolen, compared to 6% of older managers and 2% of mid-career managers.

Focus on...

Attitudes of managers towards ethics at work

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

✓ Spoken up about misconduct at work. Managers who have been aware of misconduct during the past year at work are more likely to have spoken up about their concerns (82%), compared to non-managers (54%).

! Lenient attitudes to some questionable workplace practices. Managers are more likely than non-managers to say that the following practice is acceptable: minor fiddling of expenses (11% compared to 5%).

! Felt pressured to compromise ethics. Managers are more likely to say that they have felt pressured to compromise their current organisation’s ethical standards than non-managers (13% of managers compared to 8% of 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.

Giving employees the confidence to ask questions, get support and speak up about misconduct without fear of retaliation is crucial to promoting ethics at work. If these elements are missing, employees may feel pressured to compromise ethics. The survey findings are clear: employees in New Zealand who have felt pressured to compromise their organisation's ethical standards are also more likely to find ethically questionable workplace practices acceptable. They are more likely to have been aware of misconduct (80% compared to 20% who have not felt pressured) and less likely to say that honesty is always practised (23% compared to 38% of employees who have not felt pressured). In addition, it is worrying that almost one in 10 employees in New Zealand who have been aware of misconduct did not raise their concerns because they did not know who to contact within their organisation.

With this in mind, the survey sheds light on several challenges that organisations might want to consider going forward.

Are SMEs taking ethics seriously enough and are they adequately prepared for the ethical challenges they may face?

The findings suggest that SMEs are lagging behind large organisations when it comes to promoting ethical behaviour in the workplace. For example, employees in large organisations are more likely to say that their line manager supports them in following their organisation's standards of ethical behaviour (72%, compared to 65% of employees in SMEs) and that honesty is always practised in their organisation (58% compared to 50% in SMEs). It is also worrying that 14% of employees in SMEs say that it is acceptable to favour family or friends when hiring or awarding contracts, compared to only 6% of employees in large organisations.

These findings may partly be explained by the fact that SMEs have fewer resources to invest in ethics programmes. However, this does not justify an unethical culture and it is crucial that SMEs make ethics a top priority. In the long term, the cost of preventing an ethical lapse is likely to be much less than that of dealing with the negative consequences that follow from ethical misconduct. As well as economic consequences, ethical misconduct can also lead to reputational damage. A good reputation can be essential for SMEs and, once lost, is very difficult to restore.



Giving employees the confidence to ask questions, get support and speak up about misconduct without fear of retaliation is crucial to promoting ethics at work



**Do organisations provide sufficient ethics training for managers?
Are managers leading by example when it comes to ethics? Are young
managers sufficiently equipped to set a good example of ethical
behaviour?**

Managers have a responsibility to lead by example, especially on ethics. While employees in New Zealand generally have a positive view of their manager's approach to ethics, it is worrying that there seems to be a difference in viewpoint among different age groups of managers.

Younger managers aged 18-34 tend to have a more lenient attitude to some questionable workplace practices than mid-career managers aged 35-54 and older managers aged 55+. For example, 23% of younger managers find it acceptable to artificially increase the profits in the books as long as no money is stolen compared to just 6% of older managers aged 55+ and 2% of mid-career managers.

Going forward, organisations should consider providing specific training programmes for newly appointed managers in order to support them in promoting ethics at work.



*Managers have a
responsibility to
lead by example,
especially on ethics*



Appendix 1

Methodology and Respondent Profile

This report presents the findings of public research undertaken by ComRes on behalf of the IBE and the Brian Picot Chair in Ethical Leadership at Victoria University of Wellington, New Zealand. ComRes is a member of the British Polling Council and abides by its rules.

The 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 findings from New Zealand.

The survey was completed by a total of 752 working adults in New Zealand aged 18+. The survey was undertaken between 5th and 25th February 2018.

COUNTRY	Total number of respondents	GENDER			AGE				SECTOR		MANAGERS		SIZE ³	
		Male	Female	Prefer not to say	18-34	35-54	55+	Prefer not to say	Public/Third	Private	Manager	Non-manager	SME	Large
New Zealand	752	395	355	2	264	307	179	2	323	429	255	497	432	268

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 (e.g. don't know or other).

³ 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 = 753 employees in New Zealand.

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 = 753 employees in New Zealand.

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 = 753 employees in New Zealand.

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 = 198 employees in New Zealand who were aware of illegal or unethical 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 = 198 employees in New Zealand who were aware of illegal or unethical violations 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 = 128 employees in New Zealand 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 = 68 employees in New Zealand 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 = 753 employees in New Zealand.

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 = 753 employees in New Zealand.

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 = 753 employees in New Zealand.

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 = 76 employees in New Zealand 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 = 753 employees in New Zealand.

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 = 156 employees in New Zealand 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 = 255 managers in New Zealand.

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.



Setting the Tone: a New Zealand perspective

By Jane Arnott and Guendalina Dondé

Why is it important to set the right tone from the top? What leadership traits promote trust? And how can these qualities be applied to business and effectively engage stakeholders?

This report explores the importance of ethical leadership in setting the tone of a business from a New Zealand perspective. It provides an overview of thought leadership and highlights some of its practical applications in New Zealand by drawing on a series of interviews with prominent business leaders.



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.

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

New Zealand

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

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 survey report presents the IBE survey findings, which give a snapshot of the business ethics landscape in New Zealand. 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.