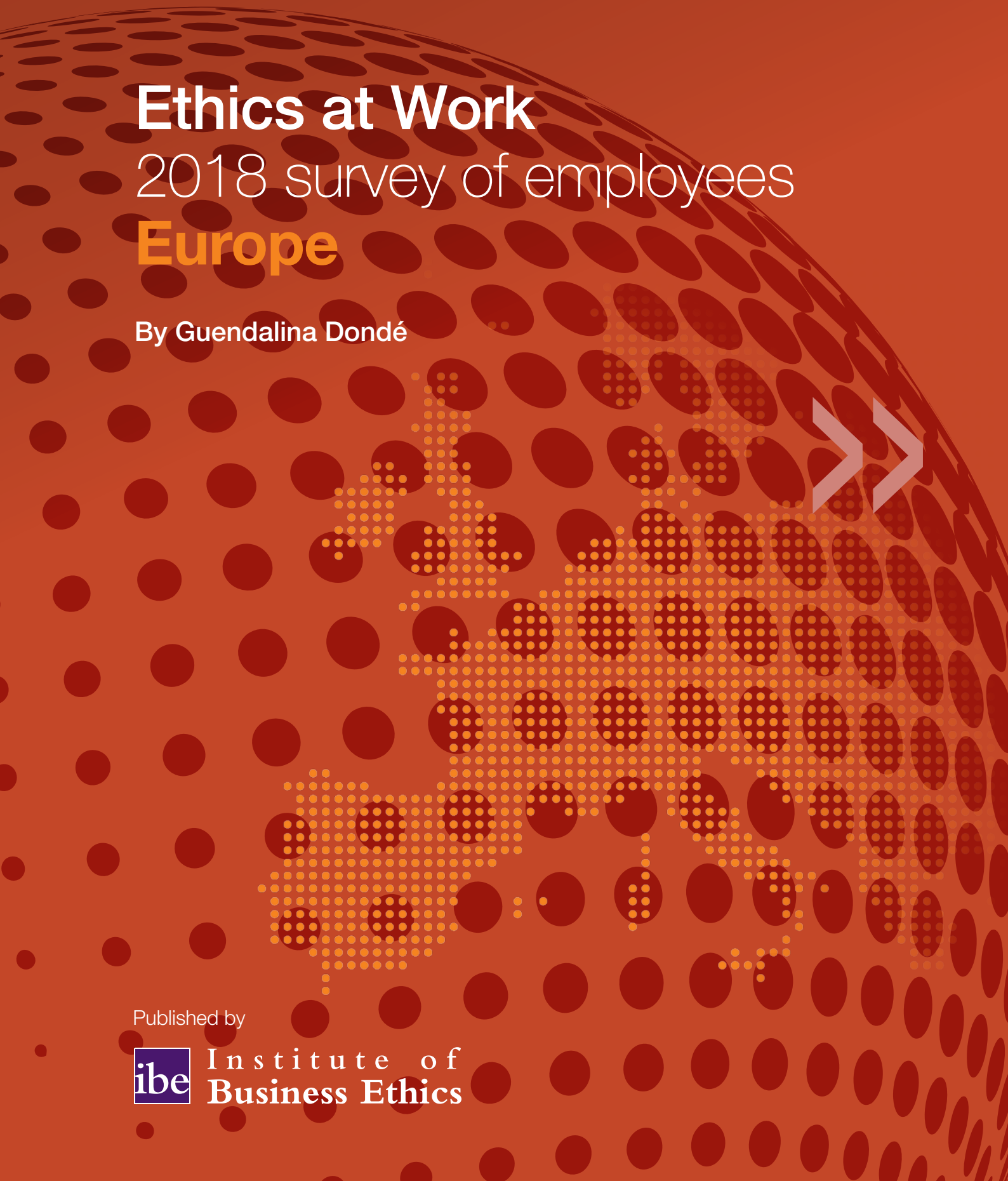
Survey ibe

Ethics at Work

2018 survey of employees

Europe

By Guendalina Dondé



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The Institute of Business Ethics, whose purpose is to promote high standards of business behaviour based on ethical values, is an important partner to any business wanting to preserve its long-term reputation by doing business in the right way.

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- Supporting the development of these policies through networking events, regular publications, research and benchmarking as well as training
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**“Doing business ethically ...
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Survey

Ethics at Work

2018 survey of employees

Europe

By Guendalina Dondé

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Guendalina Dondé is Senior Researcher at the Institute of Business Ethics. She writes and researches on a range of business ethics topics for the IBE. She is the author of the IBE *Corporate Ethics Policies and Programmes: 2016 UK and Continental Europe survey* and co-author of the 2017 IBE *Setting the Tone: a New Zealand perspective on ethical business leadership*; the 2017 TEI & IBE *Ethics and Compliance Handbook*; the 2016 IBE *Codes of Business Ethics: examples of good practice* and of the French and Italian editions of the 2015 IBE *Ethics at Work: 2015 survey of employees*. Before joining the IBE, she collaborated with the inter-university centre for business ethics and corporate social responsibility EconomEtica in developing the code of ethics for the Italian Association of Management Consultants and worked for CSR Europe, a European CSR Business Network based in Brussels. She holds a Master's degree in Business Ethics and CSR from the University of Trento in Italy.

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Gold Supporter

Silver Supporters

Bronze Supporter

National Partners

Many people and organisations have made this survey report possible. In addition to the financial support provided by the organisations listed above, I am grateful to ComRes for their help and support in producing the data for the report. I am also thankful for the input of all IBE staff, and especially Sophie Hooper Lea who edited the text and oversaw production. Thanks too to Neil Pafford who designed the publication.

IBE Foreword

This publication marks a milestone for IBE's triennial survey of the attitudes of employees to ethics in the workplace. The survey was first run just in Britain in 2005 and today it encompasses eight European countries, up from five in 2015. What also makes this time different is the involvement of our national partners, who have full access to the survey data so that it can be used by their student base to provide further insights.

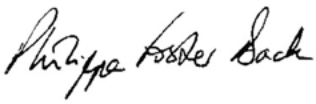
At the IBE, the results of these surveys are always keenly awaited. Set against the backdrop of the current business environment, it is interesting to see how trends have moved on in the last three years. This can be seen particularly in the country specific data, but the Key Findings on page seven and eight also lay out a series of correlations. This section identifies those who have been aware of misconduct; felt pressured or recognise their organisation's support of doing business ethically (through having the building blocks of an ethics programme) and shows their views of whether honesty is practised at work; whether they have felt able to speak up and so forth.

These correlations reflect the culture within an organisation, which has been recognised as an important factor in the health of an organisation, whether commercial, in the public or third sectors. Much public discourse in the UK is focused on culture as the corporate governance code is refreshed and a code introduced for large unlisted companies.

We are grateful to all those who have provided financial support for this survey, in particular our Gold Supporter Rolls-Royce. Also, I thank ComRes for undertaking the survey for us across these eight countries and a further four: Australia, New Zealand, Canada and Singapore. The results from these latter surveys will be published later in 2018.

Finally, I am very grateful to Guendalina Dondé, IBE's Senior Researcher, for her analysis and authorship, ably aided by Katja Somasundaram, Researcher.

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



Philippa Foster Back CBE
Director
Institute of Business Ethics

Statement from the Survey Gold Supporter

Rolls-Royce

At Rolls-Royce we are rightly proud of the extraordinary technology that we create, but we place equal importance on the way we behave, the way we do business and the way we pioneer the power that matters for our customers, shareholders and each other.

In this ever changing world, companies must be sustainable and resilient in order to be a success in the long term and at the heart of this must be the desire to do things the right way. To support our employees with this we have our *Code of Conduct: At our best* which sets out our values of Operate Safely, Trusted to Deliver Excellence, and Act with Integrity and our behaviours of collaboration, simplicity, boldness, and agility.

Our ethics are not just words on a page though. We support our people when they have to make a tough business choice which results in walking away from business which does not meet our standards of conduct. We also ensure that our reward and discipline mechanisms support our behaviours and we provide annual training to our employees on our *Code of Conduct* and how to speak up if they have a concern. In addition we measure the effectiveness of our programme through a variety of mechanisms, for example our annual Employee Opinion Survey, and external benchmarking. This is where the IBE *Ethics at Work* study supports us in understanding wider views and opinions from other companies so we can share these insights within our business to further improve our programme. Rolls-Royce is proud to sponsor this invaluable work.

Jo Morgan
Head of Ethics and Compliance, Rolls-Royce

Pioneering the power that matters.
Rolls-Royce pioneers cutting-edge technologies that deliver the cleanest, safest and most competitive solutions to meet our planet's vital power needs. It has customers in more than 150 countries, comprising of more than 400 airlines and leasing customers, 160 armed forces, 4,000 marine customers including 70 navies, and more than 5,000 power and nuclear customers.

Rolls-Royce employs almost 50,000 people in 50 countries. More than 16,500 of these are engineers. Collectively they strive to create a working environment where everyone is able to be at their best every day.

Key Findings

Eight European countries (France, Germany, Ireland, Italy, Portugal, Spain, Switzerland and the UK) were surveyed for the *Ethics at Work: 2018 survey of employees*.

The majority of employees say **their organisation acts with honesty**

78% of respondents think that honesty is practised always or frequently within their organisation. This percentage ranges from **69% in Germany** to **88% in Ireland**. After a dip in 2015, the perception of honesty is generally on the rise again.

Nearly one in three employees have been **aware of misconduct at work**

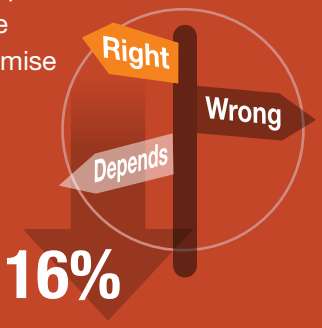
30% of employees have been aware of misconduct during the past year at work. People **treated inappropriately/ unethically (46%)** is the most frequent type of misconduct mentioned, followed by **misreporting hours worked (35%)** and **safety violations (30%)**.

Employees are **more likely to speak up** about misconduct

54% of employees who were aware of misconduct spoke up, which is an improvement on 2015. Employees in the **UK** are the most likely to have reported misconduct **(67%)** whilst respondents in **Portugal** are least likely to have done so **(49%)**.

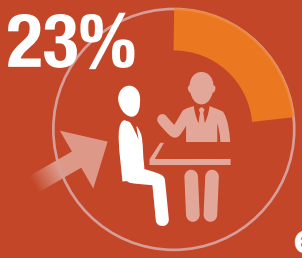
Pressure to compromise ethical standards has risen

16% of respondents in Europe say that they have felt some form of pressure to compromise their organisation's ethical standards. **Figures for pressure have risen in all of the countries** for which historical data is available.



Attitudes of managers to **petty fiddling** have become **more tolerant over time**

30% of managers think petty fiddling is inevitable in a modern organisation. **13% of managers even say it is acceptable to artificially increase profits** in the books as long as no money is stolen.



Less than a quarter of employees are **incentivised to behave ethically**

23% of respondents say their organisation provides incentives to encourage employees to live up to ethical standards. The **most common incentive** in all countries is **including ethics in annual appraisals or performance reviews**.

Why Supporting Ethics Matters

The *Ethics at Work: 2018 survey of employees* highlights the positive impact on employees of having a comprehensive ethics programme. The IBE has identified four key building blocks needed for a comprehensive ethics programme:

Having written standards of ethical business conduct

Providing a means of reporting misconduct confidentially

Offering advice or an information helpline about behaving ethically

Providing training on ethical conduct.

Organisations with an ethics programme **act more responsibly**

86% of employees in organisations with a comprehensive ethics programme say their organisation acts responsibly in all its business dealings, in comparison with **57%** in organisations without an ethics programme.

Employees in organisations with an ethics programme are **more likely to speak up about misconduct**

73% of employees in organisations with a comprehensive ethics programme who were aware of misconduct spoke up, as opposed to **42%** in organisations without an ethics programme.

Organisations with an ethics programme are **better at dealing with ethical issues raised by employees**

72% of employees in organisations with a comprehensive ethics programme who were aware of misconduct and spoke up are satisfied with the result of doing so, as opposed to **28%** in organisations without an ethics programme.

Line managers in organisations with an ethics programme **set a better example**

83% of employees in organisations with a comprehensive ethics programme say their line manager sets a good example of ethical behaviour, in comparison with **46%** in organisations without an ethics programme.

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? Have perceptions changed over time? What are the challenges for organisations and what should be the focus going forward?

The Institute of Business Ethics (IBE) has asked similar questions of the British workforce every three years since 2005. In 2012, we extended the survey to four additional major European markets: France, Germany, Italy and Spain. [1]

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 at the international level, we have expanded the number of countries included in the research to cover France, Germany, Ireland, Italy, Portugal, Spain, Switzerland and the UK within Europe, as well as Australia, Canada, Singapore and New Zealand.

The 2018 survey includes the same questions for comparison purposes, but we have changed our research methodology in the UK from face-to-face interviews to an online survey, to achieve further comparability across all countries surveyed, as illustrated in Appendix 1. This report presents results from the IBE's 2018 research into ethics at work in Europe. The survey results from Australia, Canada, Singapore and New Zealand will be published in separate reports.

All the survey reports will be available to download free of charge from the IBE website as they are published during 2018.

> *Context is crucial to understanding how these results are relevant to organisations*

Setting the scene

Context is crucial to understanding how these results are relevant to organisations. This survey took place in February 2018 against a backdrop of deep economic uncertainty and political turmoil. Speaking at a conference in 2017, the former Secretary-General of the United Nations (UN) Kofi Annan described the world as a *"messy place"*, where people's disaffection with their governments had influenced recent elections and could now lead to divisions in the UN. [2]

Over the past three years, since the last IBE survey was conducted in 2015, significant and largely unexpected events have produced the widespread feeling that the current political and economic situation is at a decisive moment in history. Divisive elections, an increasingly divided society and a growth of extremism in politics and society have fuelled uncertainty about the future. There is a fear that many will be excluded from the benefits of a fast-paced globalised and increasingly digitalised economy.

[1] The 2005, 2008 and 2012 *Employee Views of Ethics at Work: British survey* reports are each available, free to download, from the IBE website.

[2] New York Times (20 September 2017) *A warning for world leaders from Kofi Annan*

Current debate on sovereignty might reflect people's desire to take back control of their lives and a feeling that they are unrepresented by politicians and business leaders. Migration and immigration are one of the main sources of public concern. The economic impact of migration has been extensively studied, but public opinion is still often driven by ill-informed perceptions that stress the risks related to greater competition for jobs and public services, which would result in lower salaries and fewer benefits. [3]

New perspectives through developments in Artificial Intelligence (AI) and machine learning are raising further concerns about the future of the workplace. The rhetoric of a competition between humanity and machines has become commonplace. It suggests that humans are in a race against intelligent machines to save their jobs as AI develops and people are replaced by robots in an increasing number of roles. Furthermore, questions have been raised on the ethical implications that the use of AI can have on business and society. [4]

The sense of insecurity that these issues are producing has been intensified by the changing nature of employment – such as the agile workforce or gig economy. Data shows that the number of people working on a project or contract basis, or as a freelancer, is on the rise, particularly in some sectors. [5] Whilst this provides more flexible ways of working, it significantly affects job security; employment rights and benefits as well as inclusion in the workplace.

The background to ethics in the workplace

The uncertainty that characterises the current economic and political situation suggests that the balance of power is changing, producing turbulent and – particularly for some – difficult times.

Organisations that were once held accountable by the rule of law within their country of origin have now shifted in increasing measure onto the global stage, where they are much more difficult to control. The globalisation of economic systems has introduced new power dynamics: the internet, financial institutions and multinational corporations all operate above and beyond national borders. This global space is less regulated by the rule of law, and there is too often the impression that organisations may act free of constraint.

> *Businesses need trust in order to maintain their social licence to operate*

Undeniably, this might have some advantages for business. Being able to operate with fewer limitations can boost international trade, incentivise productivity and maximise profits. However, it generally doesn't take long before the knock-on effects coming from corruption, ethically questionable business practices and unfair competition take their toll on business success and sustainability. Furthermore, public perception that business is not being held accountable for its actions has a significant negative impact on how much people trust organisations to contribute to the development of society. [6] Businesses need trust in order to maintain their social licence to operate.

3 The Economist (29 September 2016) *Migration: needed but not wanted*

4 IBE (2018) *Business Ethics and Artificial Intelligence*

5 New Economics Foundation (9 December 2016) *Massive surge in gig economy*

6 Edelman (2018) *2018 Trust Barometer*

In this context, a key challenge that the international community faces is to develop governance systems that apply effectively to globalised markets. It is paramount that organisations of all sizes step up their commitment to be a positive driver of change, adopting governance frameworks that go beyond what is required by law. Supporting an ethical culture in the workplace is a necessary first step for organisations.

These survey findings identify what organisations are doing on the front line. As such, the results provide valuable insights and guidance on how to create and sustain a culture of integrity at work. Individual organisations can use the data provided to benchmark their culture and performance against all twelve countries surveyed as well as their respective national averages.

The survey

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

- To **develop** an understanding of employees' attitudes to and perceptions of ethics in the workplace in 2018
- To **identify** trends and developments through comparisons with data from the IBE's previous *Ethics at Work* surveys
- To **compare** how business ethics is viewed and understood by employees in different countries.

Data for this research was collected online by the research consultancy ComRes on behalf of the IBE in February 2018. The research methodology and respondent profiles are presented in Appendix 1. The interview questionnaire (see Appendix 2) consisted of 14 questions.

The European report

This report details survey findings from a nationally representative sample of 6,119 employees in Europe (754 in France, 762 in Germany, 784 in Ireland, 768 in Italy, 775 in Portugal, 756 in Spain, 756 in Switzerland and 764 in the UK) surveyed by ComRes on behalf of the IBE in February 2018.

It is structured in three 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 ethics 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.

Chapter 3 provides infographics for each of the European countries surveyed, highlighting specific characteristics, strengths and ethical risks.

Changes introduced in the research methodology for the UK (see Appendix 1) mean that data collected for previous *Ethics at Work* surveys is not directly comparable with 2018 UK findings. Instead, this report presents indicative trends which appear to be consistent.

Four different subgroups of the employee population were analysed to see if there were any differences in their experience of ethics in the workplace. These were:

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). [7]

In addition, the seniority of respondents was used to analyse how attitudes to ethics at work change between managers and non-managers, as illustrated in Chapter 2.

[7] See Appendix 1 for more detail.

Survey Themes

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

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

Theme 1: **Assessing the ethical culture** is essential to understanding the role that ethics plays in the organisation and how deeply the core values are rooted in the day-to-day decision-making process.

Theme 2: **Identifying ethical risks** is important in order to understand which issues should be the focus of an organisation's ethics programme, the aim of which is to ensure that employees do not feel pressured to compromise ethical standards.

Theme 3: **Supporting ethics standards** at work by providing the fundamental components of an effective ethics programme minimises ethical risks and shapes organisational culture around core ethical values.

Theme 1: Assessing the ethical culture

"I used to believe that culture was 'soft', and had little bearing on our bottom line. What I believe today is that our culture has everything to do with our bottom line, now and into the future," [8] wrote Vern Dosch, President and Chief Executive Officer (CEO) of the 50-year-old information technology (IT) company National Information Solutions Cooperative, based in the US.

Dosch is not the only one who has recognised the importance of a strong corporate culture for the long-term sustainability of an organisation. A poor or weak corporate culture has been a root cause of some of the major corporate scandals that have tarnished business reputation in recent years. These scandals provoked the media and the general public alike to call for organisations to put in place more robust procedures to assess and improve their corporate culture. [9] The internal investigation that Uber undertook to look into its corporate culture is one example of how the business community has begun to address this. [10]

> *A poor or weak corporate culture has been a root cause of some of the major corporate scandals that have tarnished business reputation in recent years*

[8] Vern Dosch (2015) *Wired Differently*

[9] The IBE monitors the media and provides business ethics news and stories via email and online at www.ibe.org.uk. Over the years, the IBE has highlighted many news stories that link corporate scandals to organisational culture.

[10] Financial Times (5 June 2017) *Uber hires Harvard Business School professor to overhaul culture*

There has been much debate on how organisations can understand what defines their culture, how to shape it and how to measure it. One way of doing this is to ask the employees themselves by including questions on ethics in employee surveys. [11]

The results presented below illustrate the views of employees in Europe on some of the indicators of a corporate culture.

Did you know?

Corporate culture

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

A healthy corporate culture is vital to protect and generate value for the organisation and it is therefore important to have a continuous focus on culture. Sir Winfried Bischoff, Chairman of the Financial Reporting Council (FRC), has identified three important issues for organisations to consider in taking action on culture: [12]

- **Connect purpose and strategy to culture**. Establishing an organisation's overall purpose and a strategy that reflects its desired culture is key in supporting values and encouraging the correct behaviours
- **Align values and incentives**. Financial and non-financial incentives should be appropriately balanced and linked to behavioural objectives
- **Assess and measure culture**. Organisations need to identify the indicators of culture that are most relevant to their business and analyse them in a meaningful way.

What is acceptable?

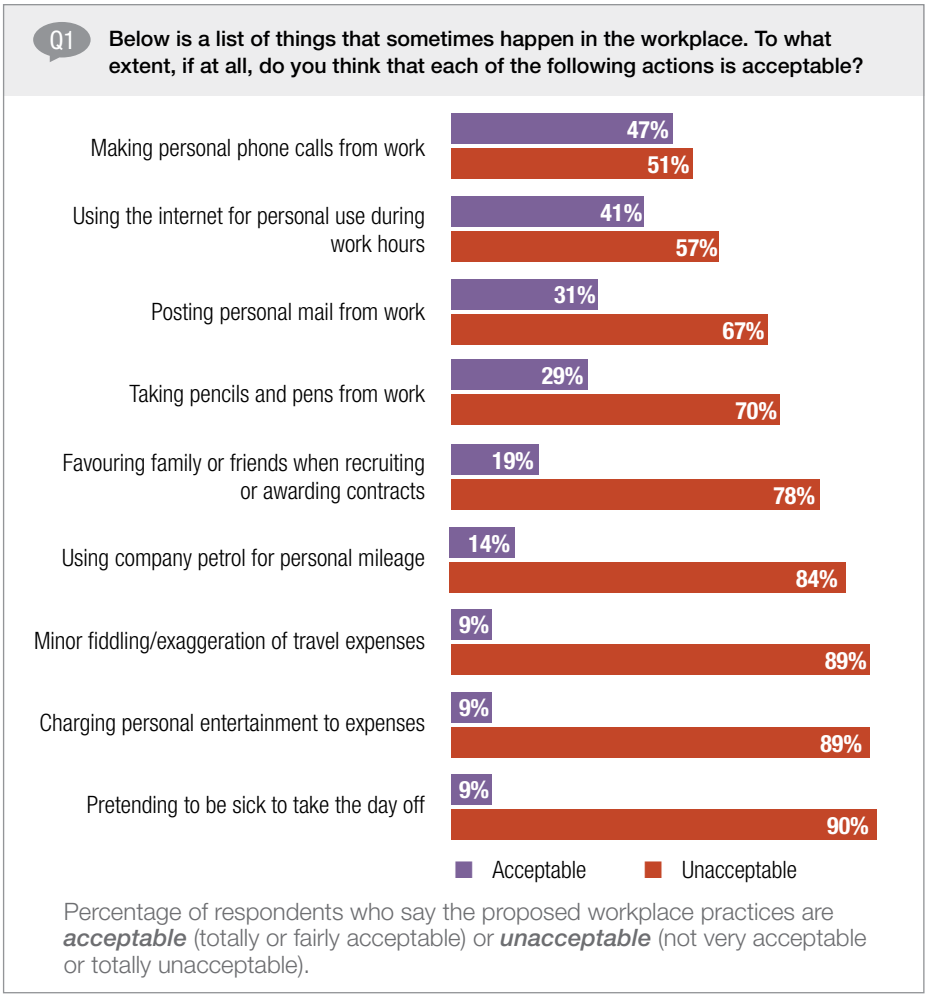
Are employees able to identify ethical issues relating to everyday choices that they might have to face in the workplace? To what extent do they apply ethical values to their decision-making?

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

[11] IBE (2018) *Culture Indicators: understanding corporate behaviour*

[12] FRC (2016) *Corporate Culture and the Role of Boards: report of observations*

Figure 1 Acceptability of common workplace practices



In line with 2015 results, Figure 1 shows that pretending to be sick to take a day off; minor fiddling/exaggeration of travel expenses and charging personal entertainment to expenses continue to be considered the most unacceptable practices.

At the other end of the spectrum, making personal phone calls from work and using the internet for personal use during working hours are considered acceptable practices by 47% and 41% of respondents respectively.

In particular, making personal phone calls from work is considered to be acceptable by more than half of respondents in a majority of the countries surveyed (namely France, Germany, Ireland, Switzerland and the UK).

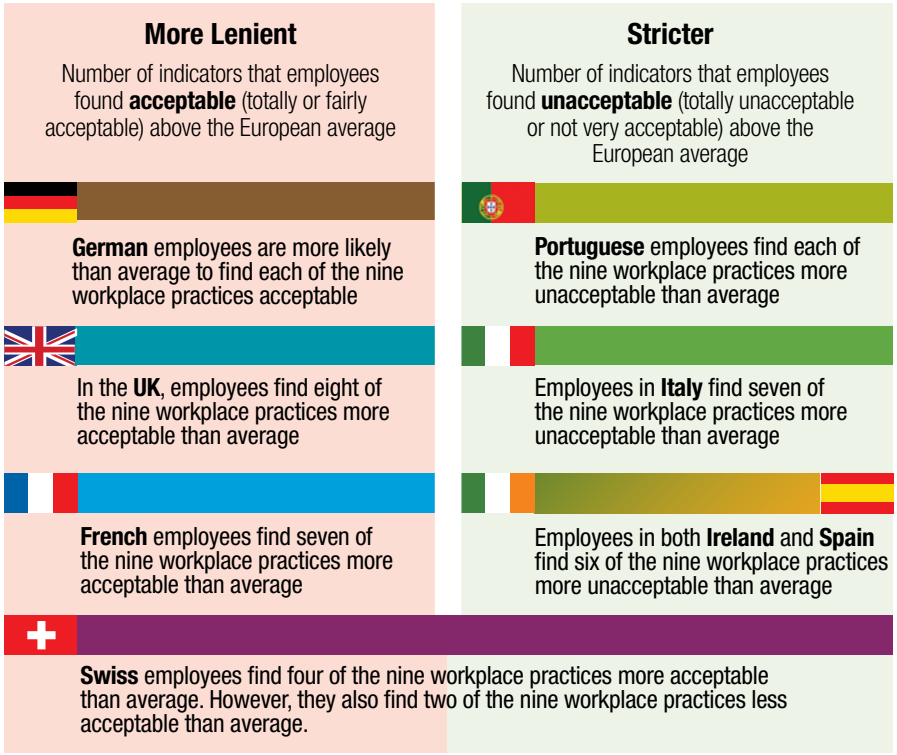
An issue where attitudes are noticeably different from country to country is related to favouring family or friends when recruiting or awarding contracts. Employees in Ireland and Portugal seem to be particularly strict with regard to this practice (only 8% and 9% respectively find it acceptable). Different views emerge from respondents in Germany and Switzerland, where 27% of employees say it is acceptable, as well as France, where 30% of employees say this.

Looking at the results by country, it is possible to identify differences in attitudes to ethics. Figure 2 highlights the European countries where employees tend to be, respectively, more lenient or stricter towards the above-mentioned practices.

> *Attitudes are noticeably different from country to country with regard to favouring family or friends when recruiting or awarding contracts*

Figure 2 Acceptability of common workplace practices by country compared to the European average

Countries where respondents found the proposed practices in Question 1 more acceptable or unacceptable than average.



Ethics in practice

What do organisations say in their current codes of ethics?

"Computer equipment, phones, email and internet access are provided for business purposes and monitored regularly to help BP defend against cyber-attacks and malicious activity. Limited personal use will usually be acceptable."

BP (as available in April 2018) *Our code: our responsibility*

"Tullow respects the privacy of employees in their personal affairs and activities. However, when personal, social, financial or political activities could influence, or appear to influence, the ability to make objective business decisions for Tullow, a conflict of interest can occur. There are many different ways in which a conflict of interest can arise and these include: […]

- *Conducting Tullow business with a family member or an organisation with which a family member is connected*
- *Supervising a family member or someone with whom you have a close personal relationship, where you are in a position to influence their recruitment, salary, performance rating, promotion or other terms of employment."*

Tullow Oil (2015) *Code of ethical conduct: the way we work*

Men consider six of the nine workplace practices more acceptable than **women**. There is no statistically significant difference for the remaining three: taking pens and pencils from work; favouring friends and family when recruiting or awarding contracts and pretending to be sick to take the day off.

Younger employees aged 18-34 are the most likely to find each of the practices mentioned above acceptable. **Older employees**, aged 55+, are the least likely to do so.

Employees in **large organisations** are more likely to regard making personal phone calls from work and using the internet for personal use during work hours as acceptable. Employees in **SMEs** are more likely to say that it is acceptable to charge personal entertainment to expenses; use company petrol for personal mileage and favour friends and family when awarding contracts.

Trends over time

Where data is available (see Appendix 1), it is possible to track trends to determine how employees' attitudes have changed over time. Figure 3 illustrates changing attitudes towards a series of workplace issues that can potentially have particularly serious consequences.

Results show that, overall, employees in most of the countries surveyed seem to be becoming more lenient towards practices that involve charging personal entertainment to expenses and minor fiddling of travel expenses. Similar trends are noted towards the practice of favouring friends or family when recruiting or awarding contracts.

Figure 3 Acceptability of common workplace practices by country and over time

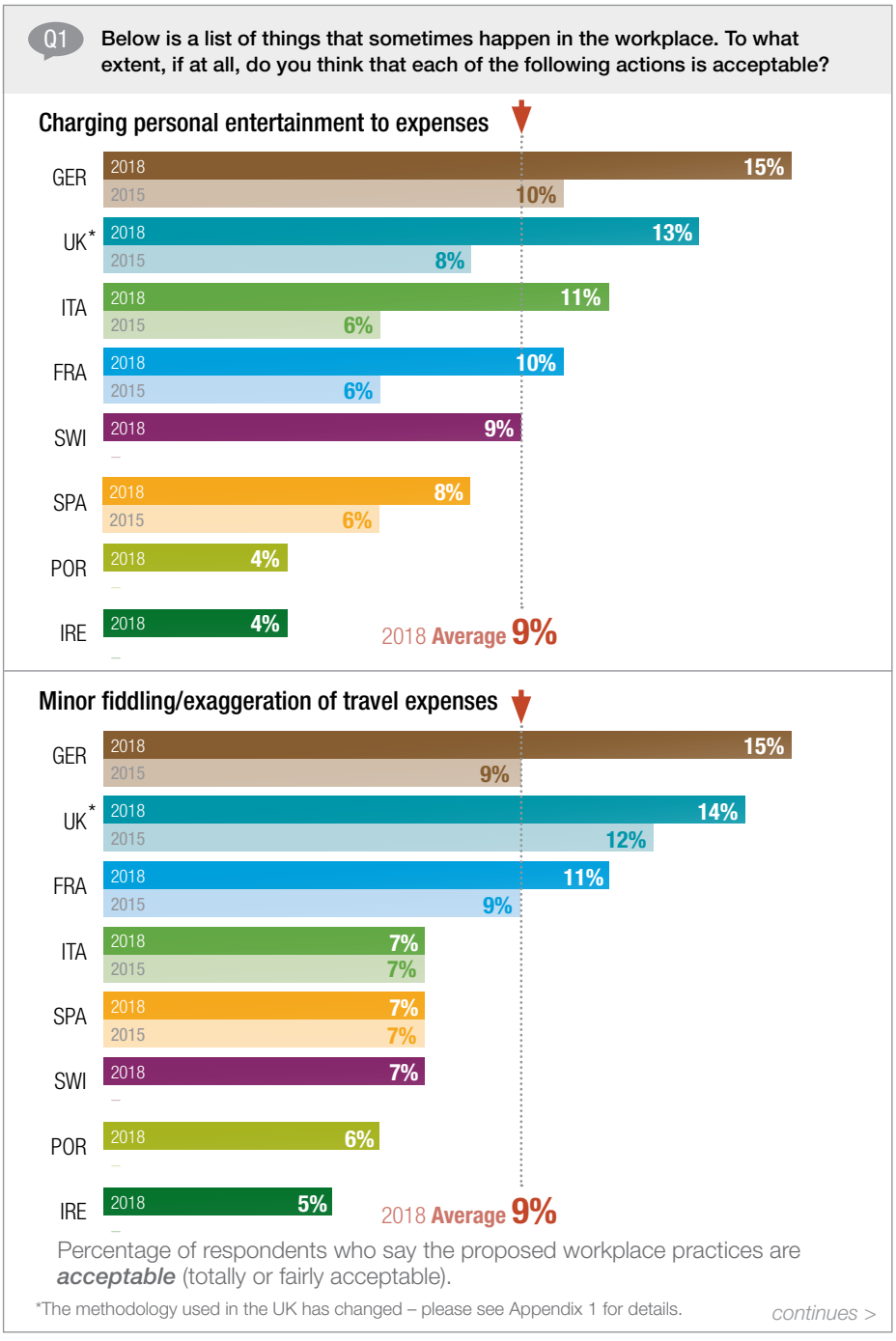


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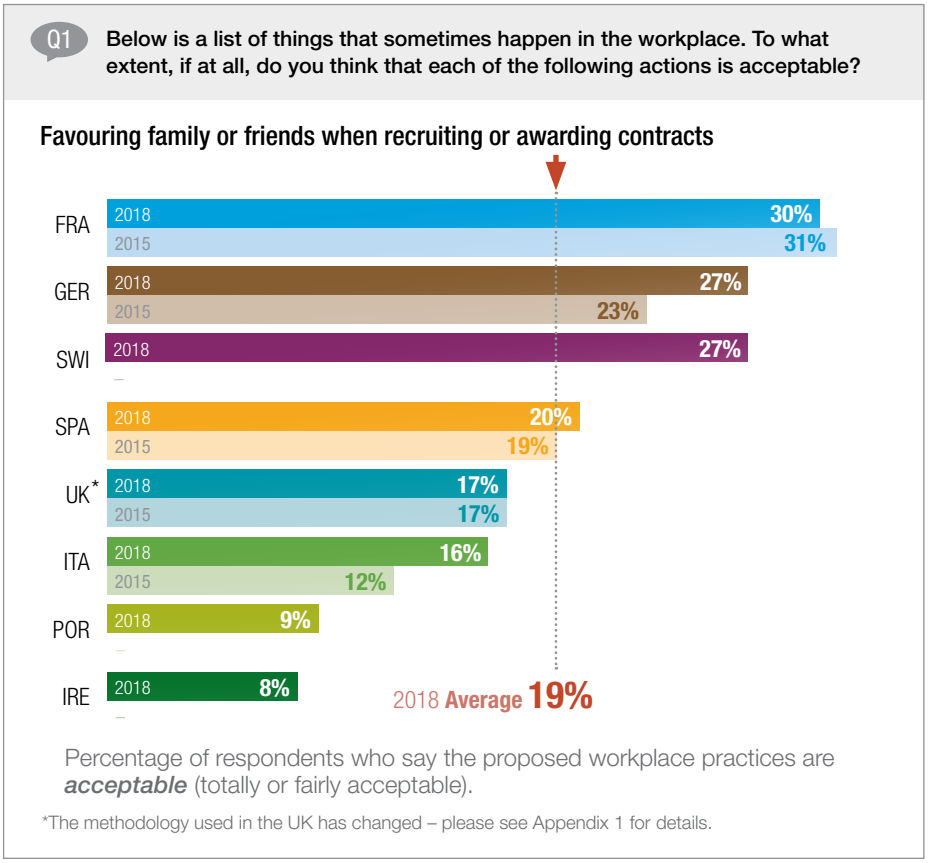
Figure 3 ***continued***



Is honesty applied in practice?

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

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

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

> *Being perceived as honest in all dealings is an essential part of creating a consistent bond of trust with the public, employees and other stakeholders*

Did you know?

Honesty

Honesty is one of the values of the French multinational consulting, technology services and digital transformation corporation Capgemini. The company website defines it as: *"Loyalty, integrity, uprightness, a complete refusal to use any underhanded method to help win business or gain any kind of advantage. Neither growth nor profit nor independence have any real worth unless they are won through complete honesty and probity. And everyone in the Group knows that any lack of openness and integrity in our business dealings will be penalised at once."* [13]

Figure 4 presents the percentages of employees by country who think honesty is practised always or frequently. Results show that, after a dip in 2015, the perception of honesty is generally on the rise again. Although, for most countries for which comparative data is available, it hasn't yet reached the levels of 2012. An exception to this is Spain, where the figures show a consistent upward trend since 2012.

Employees in Ireland, Portugal and the UK appear to have a particularly positive outlook on their organisations, with more than four in five respondents saying that honesty is practised at least frequently (see Figure 4). It is worth noting that employees in the UK appear to have a lenient approach to most of the workplace practices listed in Figure 1. This might highlight a potential inability amongst employees to see the ethical dimension of a decision they are making. Research shows that often unethical decisions are not deliberate acts by 'bad' people. Rather, they occur where a well-intentioned person has become 'ethically blind' as a result of any number of individual, organisational or societal pressures. Recognising different contributory influences and averting ethical blindness is crucial to preventing unethical behaviour. [14]

On the other hand, respondents in France and Germany are the least likely to trust their organisation to practise honesty; in those two countries employees seem also to take a more lenient approach towards the workplace practices detailed above. This type of situation might be the result of a morally disengaged workforce, where individuals are aware of the ethical aspects of a decision but actively choose to disengage and behave unethically. [15]

Both ethical blindness and moral disengagement will impair the effectiveness of an organisation's ethics programme and thus increase ethical risks.

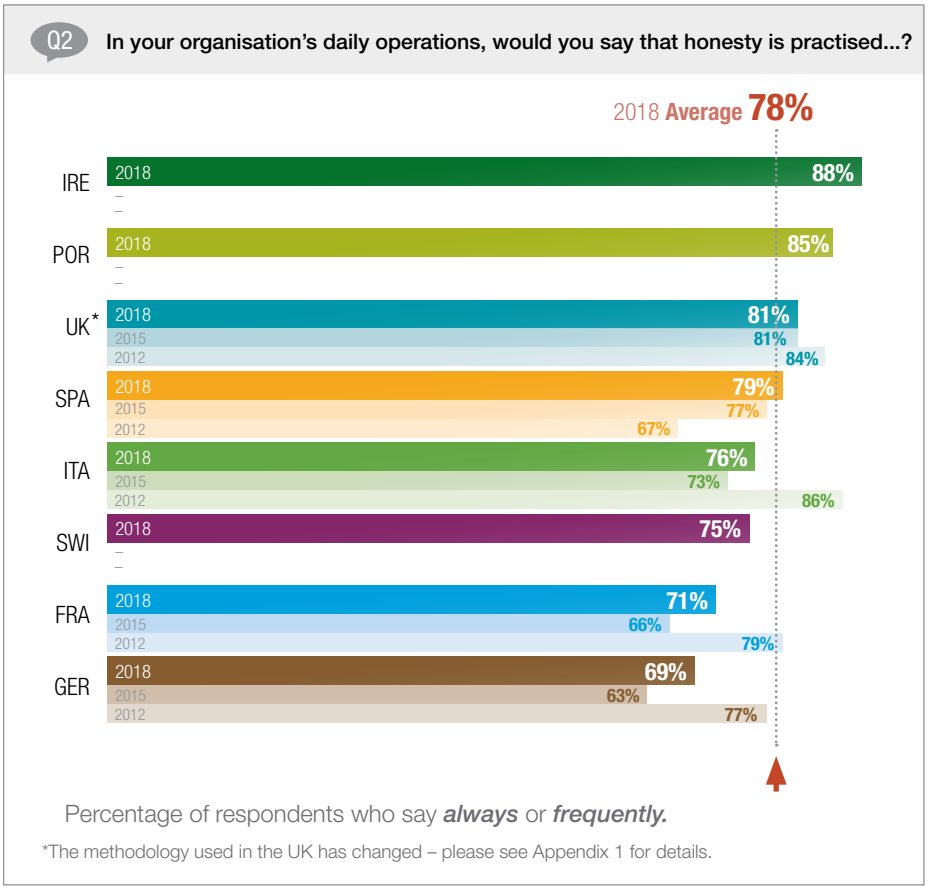
Ethical blindness and moral disengagement will impair the effectiveness of an organisation's ethics programme and thus increase ethical risks

[13] https://www.capgemini.com/company-profile-key-figures/values-ethics/

[14] See A. E. Tenbrunsel and D. M. Messick (*Social Justice Research*, Volume 17, 2004) *Ethical Fading: the role of self-deception in unethical behavior* and M. E. Drumwright and P. E. Murphy (*Journal of Advertising*, Volume 33, 2004) *How Advertising Practitioners View Ethics: moral muteness, moral myopia, and moral imagination*.

[15] Celia Moore (*Current Opinion in Psychology*, Volume 6, 2015) *Moral Disengagement*

Figure 4 Employee views of how frequently honesty is practised by country and over time



How are stakeholders treated?

Professor Edward Freeman, generally recognised as the father of the stakeholder approach to business ethics, defines stakeholders as *"any group or individual who can affect or is affected by the achievement of the organisation's objectives"*.[16] It follows that the way an organisation shapes and manages its relationships with key stakeholder groups is an important indicator of its corporate culture.

To understand employees' perceptions of this, 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.

Results show that employees in Switzerland are the most confident that their organisation acts responsibly in all its business dealings with stakeholders (80% of Swiss respondents agree); lives up to its stated policy of social responsibility (69% agree) and discusses issues of right and wrong at team meetings (58% agree). At the other end of the spectrum, employees in France seem to be less positive about the way their organisation engages with its stakeholders.

Older employees aged 55+ (82%) are more likely to say that honesty is practised always or frequently in their organisation than their younger colleagues aged 18-34 (75%) and mid-career employees aged 35-54 (79%).

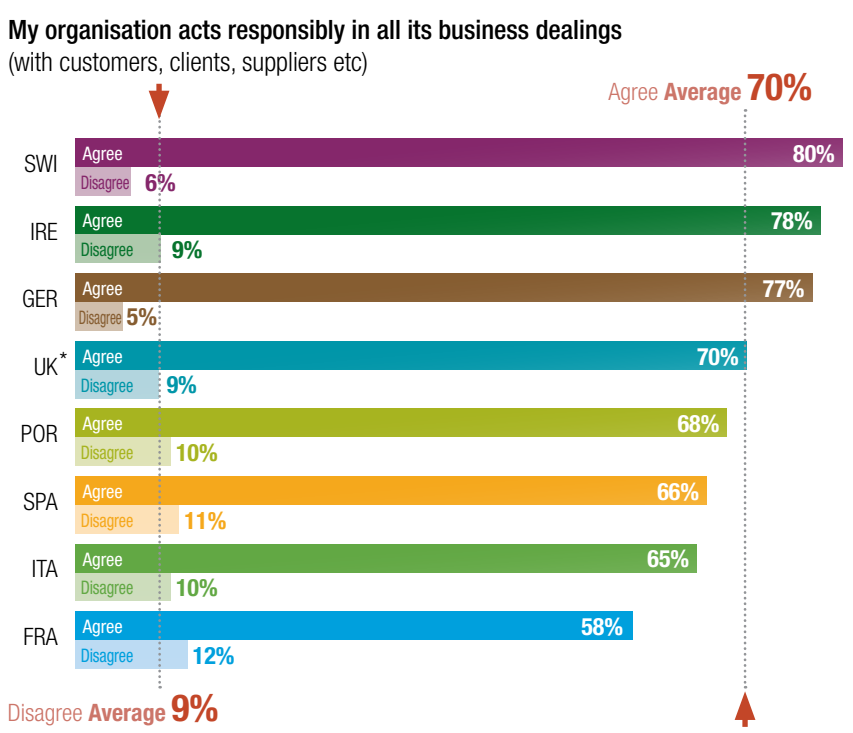
Employees in the **private sector** (80%) are more likely to say that honesty is practised always or frequently than their colleagues in the public/third sector (75%).

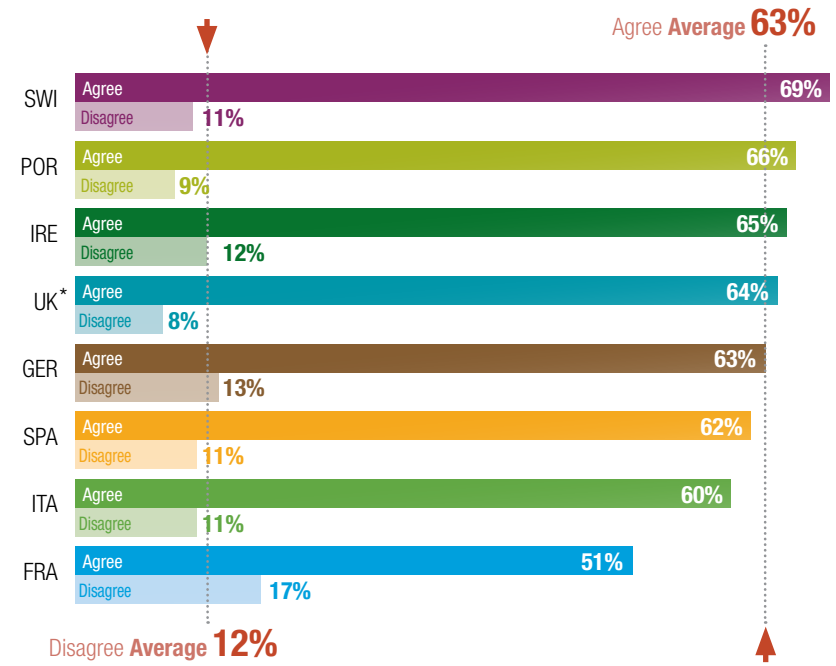
Employees in **SMEs** are more likely to say that honesty is practised at least frequently in their organisation (79% compared to 75% of those in large organisations).

[16] R. Edward Freeman (1984) *Strategic Management: a stakeholder approach*

Figure 5 Perceptions of engagement with internal and external stakeholders

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





Percentage of respondents who ***agree*** (strongly agree or tend to agree) or ***disagree*** (strongly disagree or tend to disagree).

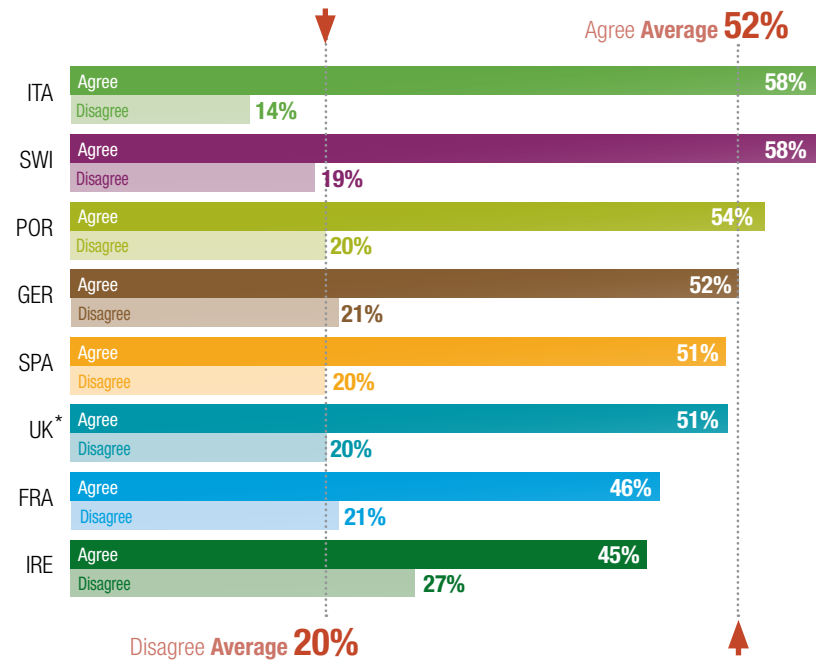
*The methodology used in the UK has changed – please see Appendix 1 for details.

continues >

Employees in Switzerland are the most confident that their organisation acts responsibly in all its business dealings with stakeholders

Figure 5 ***continued***

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



Percentage of respondents who ***agree*** (strongly agree or tend to agree) or ***disagree*** (strongly disagree or tend to disagree).

*The methodology used in the UK has changed – please see Appendix 1 for details.

Trends over time

Employee perception of stakeholder engagement over time follows a similar pattern to the results for how often honesty is practised within organisations. Employees' views on their organisation's engagement with stakeholders have improved again in 2018, after a dip in 2015. However, in some cases the current figures have not yet reached the positive levels registered in 2012. The UK represents a significant exception in this case, registering a negative trend for all three indicators of engagement with stakeholders. The change in methodology outlined in Appendix 1, however, might partially account for these results.

Younger employees aged 18-34 are more likely to say that issues of right and wrong are discussed in staff meetings compared to their mid-career colleagues aged 35-54 (54% compared to 50%).

Employees in the **private sector** are more likely to agree that their organisation acts responsibly in all its business dealings with stakeholders (72% compared to 67% in the public/third sector).

Respondents employed in **SMEs** are more likely to agree that their organisation acts responsibly in all its business dealings with stakeholders (72% compared to 67% of employees in large organisations).

Figure 6 Perceptions of engagement with internal and external stakeholders by country and over time

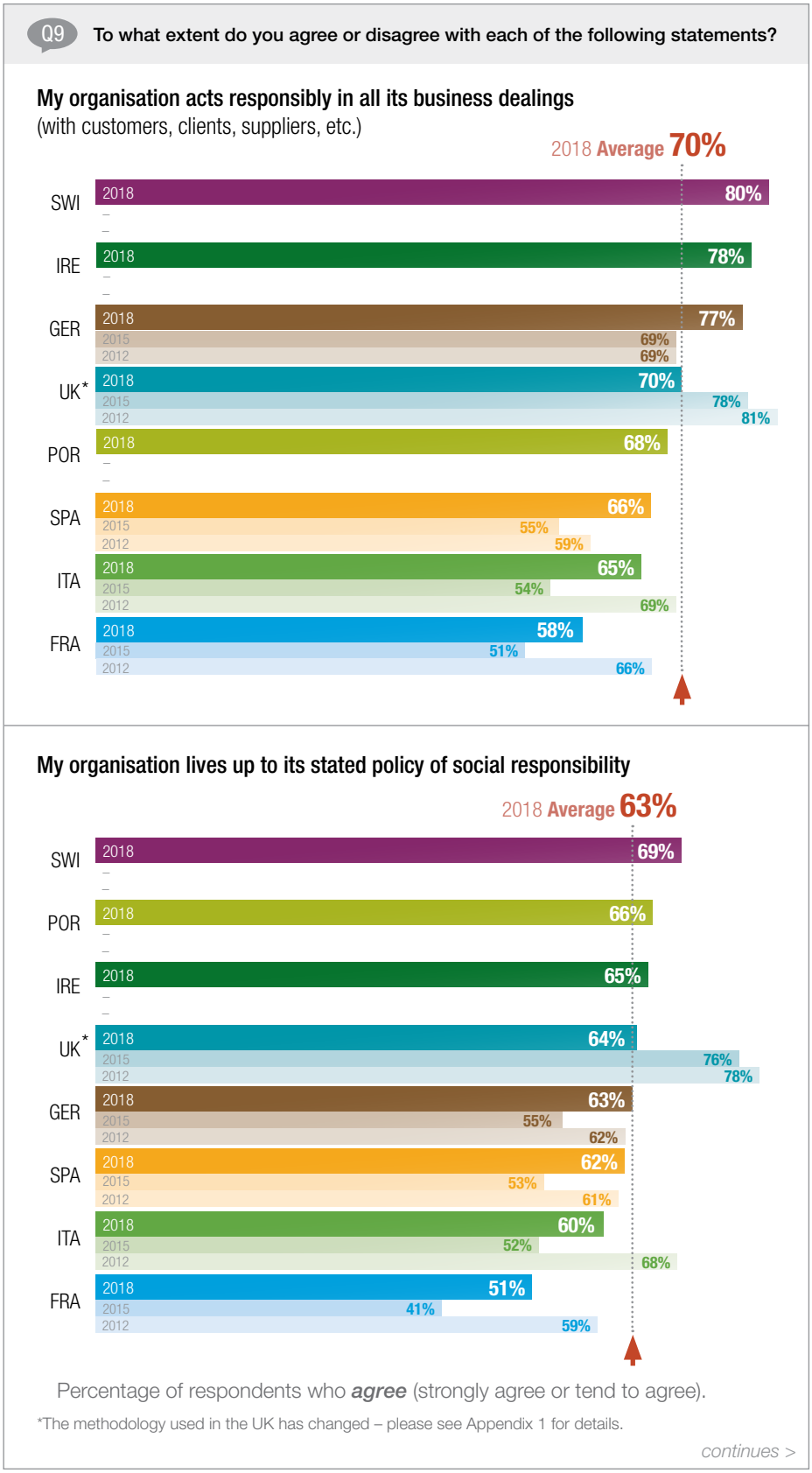


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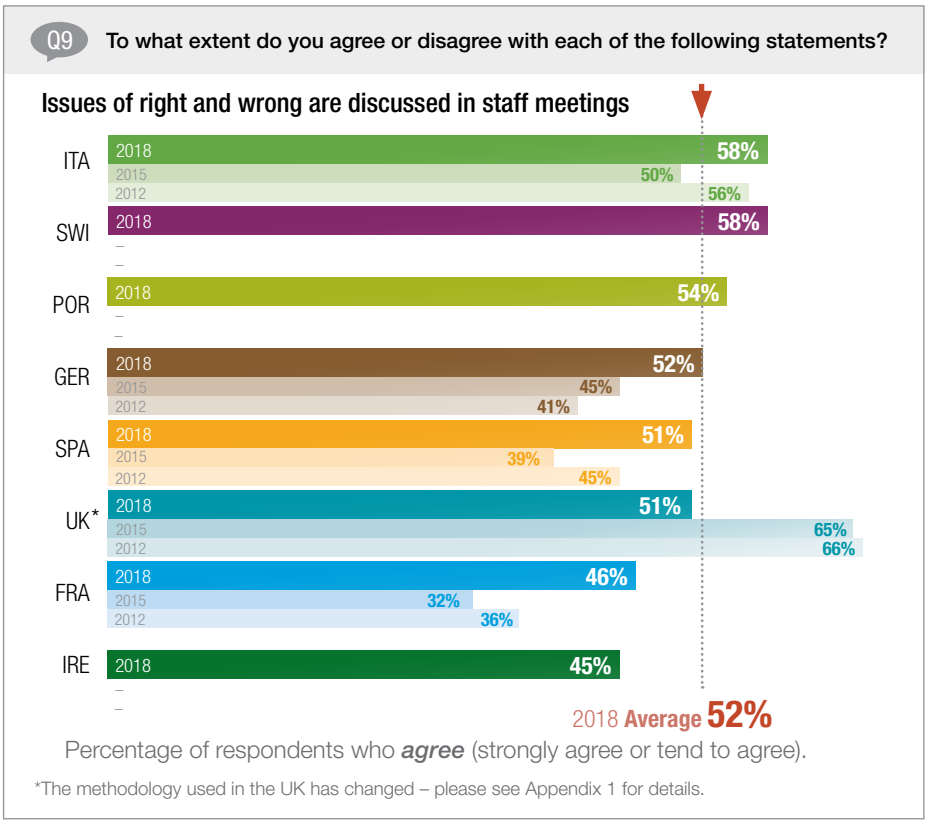
Figure 6 ***continued***



Theme 2: Identifying ethical risks

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

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

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

Did you know?

Ethical risk

The concept of ethical risk refers to the negative consequences of unexpected ethical lapses within an organisation. Leon van Vuuren, Executive Director of The Ethics Institute (TEI), South Africa and author of Ethics Risk Handbook, explains that *"ethics risk is a dimension of risk in the same way that legal, operational, IT, finance and HR risks are. As the non-management of ethics risks could give rise to as many, if not more, reputational and financial costs for an organisation as any other type of risk, it warrants equal attention. As such, ethics risk is a component of the broader organisational risk framework. The risk management processes of an organisation are also highly dependent on the ethical culture of the organisation to enable effective risk management."* [17]

[17] TEI (2016) *Ethics Risk Handbook*

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

How common is unethical behaviour?

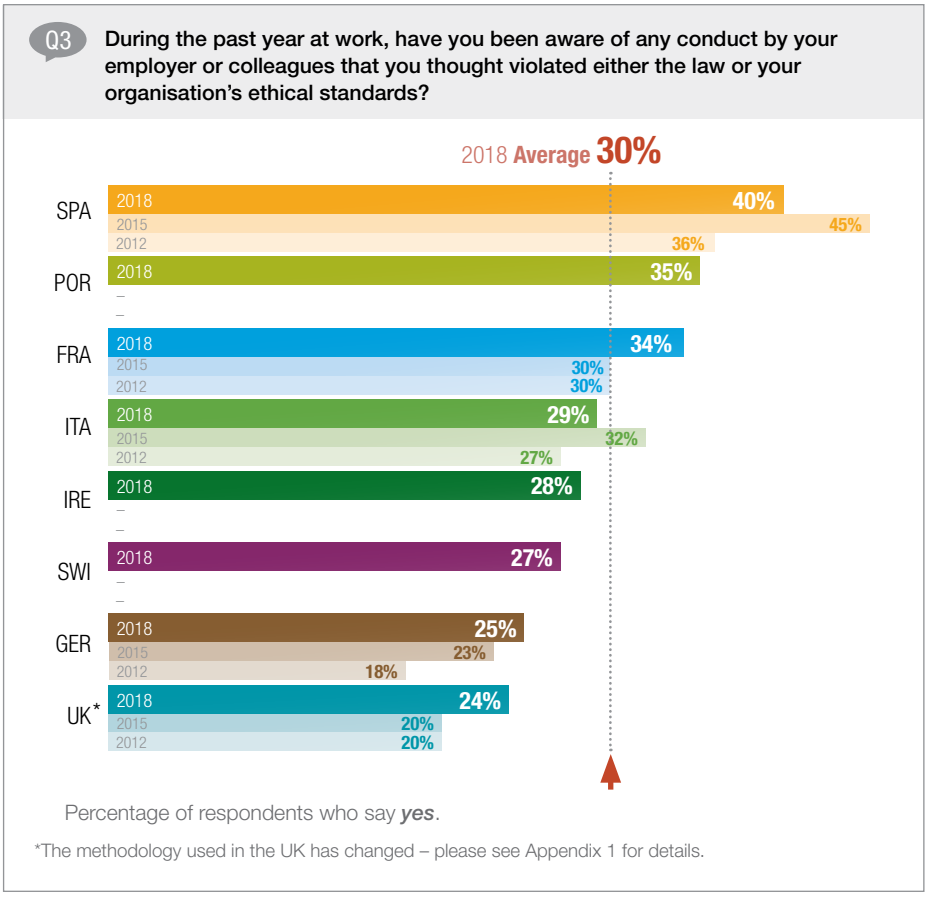
The effects of widespread misconduct on the workplace can be very serious. There is a direct negative impact that follows from the unethical act itself, affecting the people involved and, potentially, the performance of the organisation. However, there is also a second type of effect that shouldn't be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

30% of European employees have been aware of unethical behaviour at work

Respondents were asked to state whether, during the past year at work, they have been aware of any conduct by their employer or colleagues that violated either the law or their organisation's ethical standards. Figure 7 illustrates the results.

It emerges that, on average, one European employee in three (30%) have been aware of unethical behaviour at work. The data is of particular concern in Spain, where this figure is 40%, although this represents an improvement compared with the Spanish data in 2015 (45%).

Figure 7 Awareness of ethical violations by country and over time

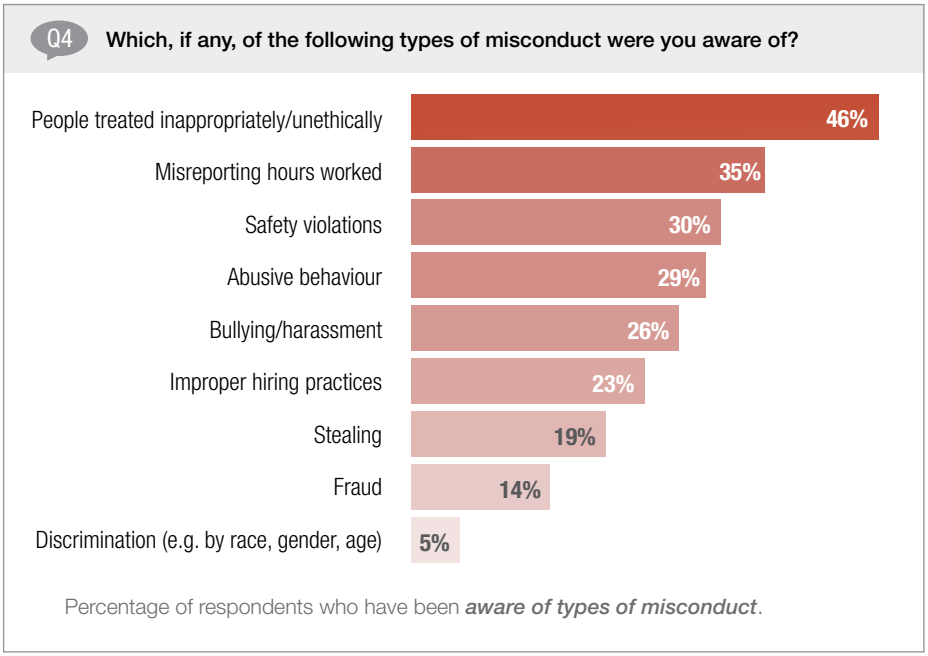


The UK continues to be the country where the percentage of employees who have been aware of misconduct in the workplace is lowest, despite an increase compared to 2015 and 2012.

A positive trend can be seen in Italy, with a decrease of three percentage points compared to 2012. France and Germany, on the other hand, appear to be on an upwards trend as the figure increased by four percentage points and two percentage points respectively compared to 2015.

Respondents who were aware of instances of misconduct were then asked to specify further details, as illustrated in Figure 8. People treated inappropriately/unethically is the most frequent type of misconduct mentioned, which is in line with 2015 data. This is followed by misreporting hours worked and safety violations.

Figure 8 Types of misconduct of which employees were aware



Focus on...

Implications of being aware of misconduct

This survey suggests that, across Europe, the awareness of forms of unethical conduct in the workplace is linked to:

More lenient attitudes to some workplace practices. Employees who have been aware of unethical conduct at work are more likely to say that a wider range of the ethically questionable workplace practices identified in Figure 1 are acceptable. For instance, 22% of those aware of misconduct say that favouring family or friends when recruiting or awarding contracts is acceptable, compared to 18% of respondents who were not aware of misconduct. Similarly, 12% of employees who were aware of misconduct say that charging personal entertainment to expenses is acceptable, compared to 8% of those who weren't aware of misconduct.

continues >

Women are more likely than men to have been aware of bullying and harassment (28% of women compared to 24% of men). **Men** are more likely than women to have been aware of safety violations (36% compared to 23% of women) and fraud (17% compared to 10% of women).

Younger and **mid-career** employees are more likely to have been aware of misconduct than their older colleagues: 35% of those aged 18-34 and 30% of those aged 35-54, compared to only 25% of the 55+ group.

Older employees aged 55+ (53%) are more likely to have been aware of people treated inappropriately/unfairly than their mid-career (45%) and younger (43%) colleagues, whilst **mid-career employees** aged 35-54 (32%) are more likely to have been aware of abusive behaviour than those aged 18-34 (26%).

Focus on... *continued*

More negative perceptions of how frequently honesty is practised at work. Two thirds (66%) of employees who have been aware of misconduct say that honesty is practised always or frequently at work, whilst this figure rises to 87% among those who were not aware of misconduct.

A more negative outlook on how the organisation engages with its stakeholders. Employees who have been aware of misconduct are significantly more likely to disagree with each of the statements on stakeholder engagement than those who were not aware of misconduct: for example, 31% say that issues of right and wrong are not discussed in team meetings (compared to 15% of those who were not aware).

More pressures to compromise ethics. One third (34%) of employees who have been aware of misconduct say that they have felt pressured to compromise their organisation's ethical standards, compared to 7% of those who were not aware of misconduct.

A more negative perception of the ability of managers to promote ethics. Employees who have been aware of misconduct are more likely to say that their line manager rewards employees who get good results, even if they use practices that are ethically questionable (31% compared to 26% of those who were not aware of misconduct). They are also more likely to disagree that their line manager explains the importance of honesty and ethics at work (30% compared to 13%); sets a good example of ethical business behaviour (28% compared to 7%) and is supportive of the employee in following the organisation's ethical standards (23% compared to 8%).

Are employees pressured to compromise ethics?

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

On average, 16% of respondents in Europe say that they have felt some form of pressure to compromise their organisation's ethical standards. The countries where these pressures are most severe are Portugal (22%) and France (20%), whilst it seems to be less problematic in Ireland (11%), Spain and the UK (both 12%).

Figure 9 illustrates the sources of employee pressure. Time pressure is by far the most common reason for employees to act unethically. It is followed by following my boss's orders, which highlights the important role of managers in promoting and supporting an ethical culture.

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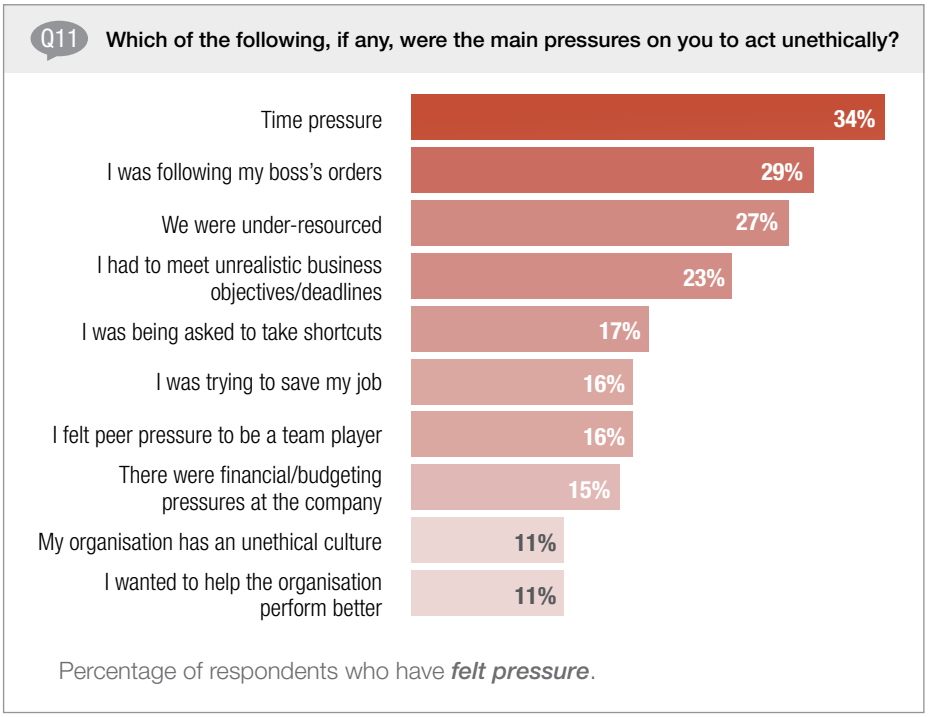
Employees in the **public/third sector** are more likely to have been aware of people treated inappropriately/ unethically (49% compared to 44% of those in the private sector) and misreporting hours worked (38% compared to 33% of those in the private sector), whilst employees in the **private sector** are more likely to be aware of safety violations (32% compared to 26% of those in the public/third sector).

Employees in **large organisations** (36%) are more likely to have been aware of misconduct than those working in SMEs (29%). People in **large organisations** are more likely to have been aware of people treated inappropriately/ unethically and bullying and harassment than those in SMEs (32% vs 21%).

It is worth noting that only a small proportion of employees opted for wanting to help the organisation perform better, illustrating that the majority of employees do not see cutting corners as a way of improving performance. Similarly, only a small percentage of respondents say their organisation has an unethical culture.

Figure 9 Types of pressure to compromise ethical standards



Trends over time

Results show that pressure to compromise ethical standards has risen in all of the countries for which historical data is available (+6 percentage points in France, +5pp in Germany, +2pp in Italy, +4pp in the UK) with the exception of Spain where the percentages remained unchanged.

Figure 10 highlights some trends in the sources of pressure felt by employees. They show that, overall, employees have felt more time pressure and were asked to take shortcuts more often than three years ago. Similarly, they are more likely to have felt pressure to compromise their organisation's ethical standards in order to be a team player or save their job.

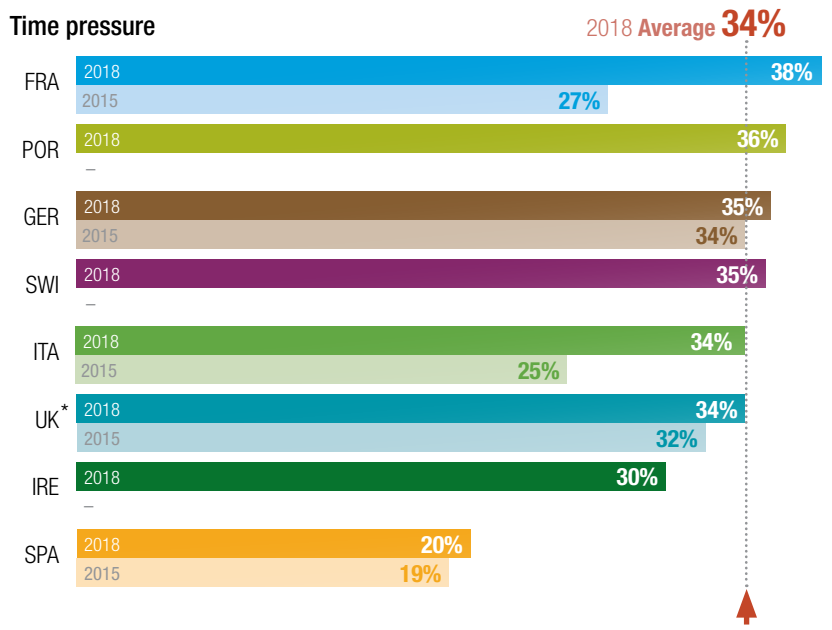
Younger employees aged 18-34 (20%) are more likely than their older colleagues aged 55+ (15%) and mid-career employees aged 35-54 (14%) to have felt pressured to compromise their ethical standards.

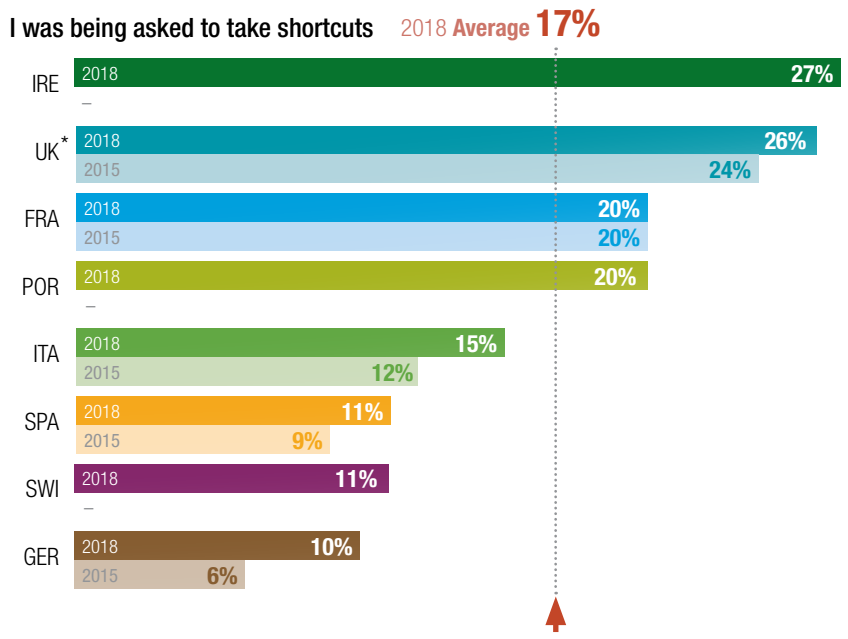
PUBLIC
PRIVATE

Employees in the **public/third sector** are more likely to have felt pressured to compromise their ethical standards (18% compared to 15% in the private sector).

Figure 10 **Sources of pressure to compromise ethical standards over time and by country**

Q11 Which of the following, if any, were the main pressures on you to act unethically?





Percentage of respondents who have ***felt pressure***.

*The methodology used in the UK has changed – please see Appendix 1 for details.

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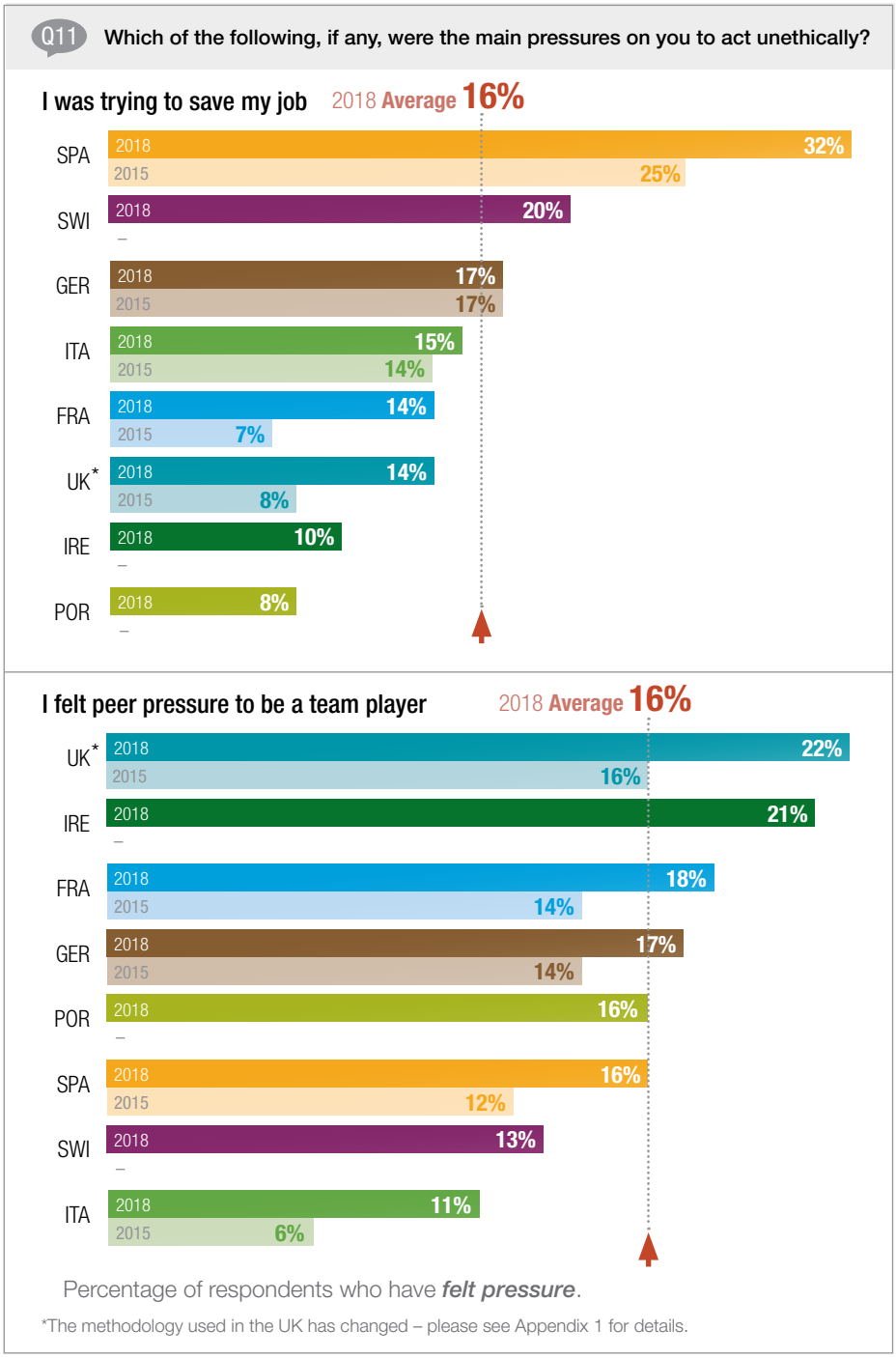
Overall, employees have felt more time pressure and were asked to take shortcuts more often than three years ago

Figure 10 ***continued***



Focus on...

Implications of pressures to compromise ethical standards

This survey suggests that, across Europe, the presence of pressure to compromise the organisation's ethical standards is linked to:

More lenient attitudes to some workplace practices. Employees who have felt pressured to compromise ethics are more likely to say that seven of the nine ethically questionable workplace practices identified

continues >

Focus on... *continued*

in Figure 1 are acceptable. For instance, 27% of employees who felt pressured to compromise ethics say that favouring friends and family when recruiting or awarding contracts is acceptable, compared to 18% of those who have not felt pressured. Similarly, 18% of those who felt pressured to compromise ethics say that charging personal entertainment to expenses is acceptable, compared to 7% of those who have not felt pressured.

More negative perceptions of how frequently honesty is practised at work. 69% of employees who have felt pressured to compromise ethics say that honesty is practised always or frequently at work, whilst this figure rises to 81% among those who have not felt those pressures.

A more negative outlook on how the organisation engages with its stakeholders. Employees who have felt pressured to compromise ethical standards are significantly more likely to disagree with each of the statements on stakeholder engagement than those who have not felt pressured: 27% say that issues of right and wrong are not discussed in team meetings (compared to 19% of those who have not felt pressured); 25% say that their organisation does not live up to its stated policy of social responsibility (compared with 8% of those who have not felt pressured) and 21% do not agree that their organisation acts responsibly in all its business dealings with stakeholders (compared to 6% of those who have not felt pressured).

Increased awareness of misconduct at work. 65% of employees who have felt pressured to compromise ethical standards also report that they were aware of instances of misconduct at work, whilst among those who have not felt pressured this figure decreases to 23%.

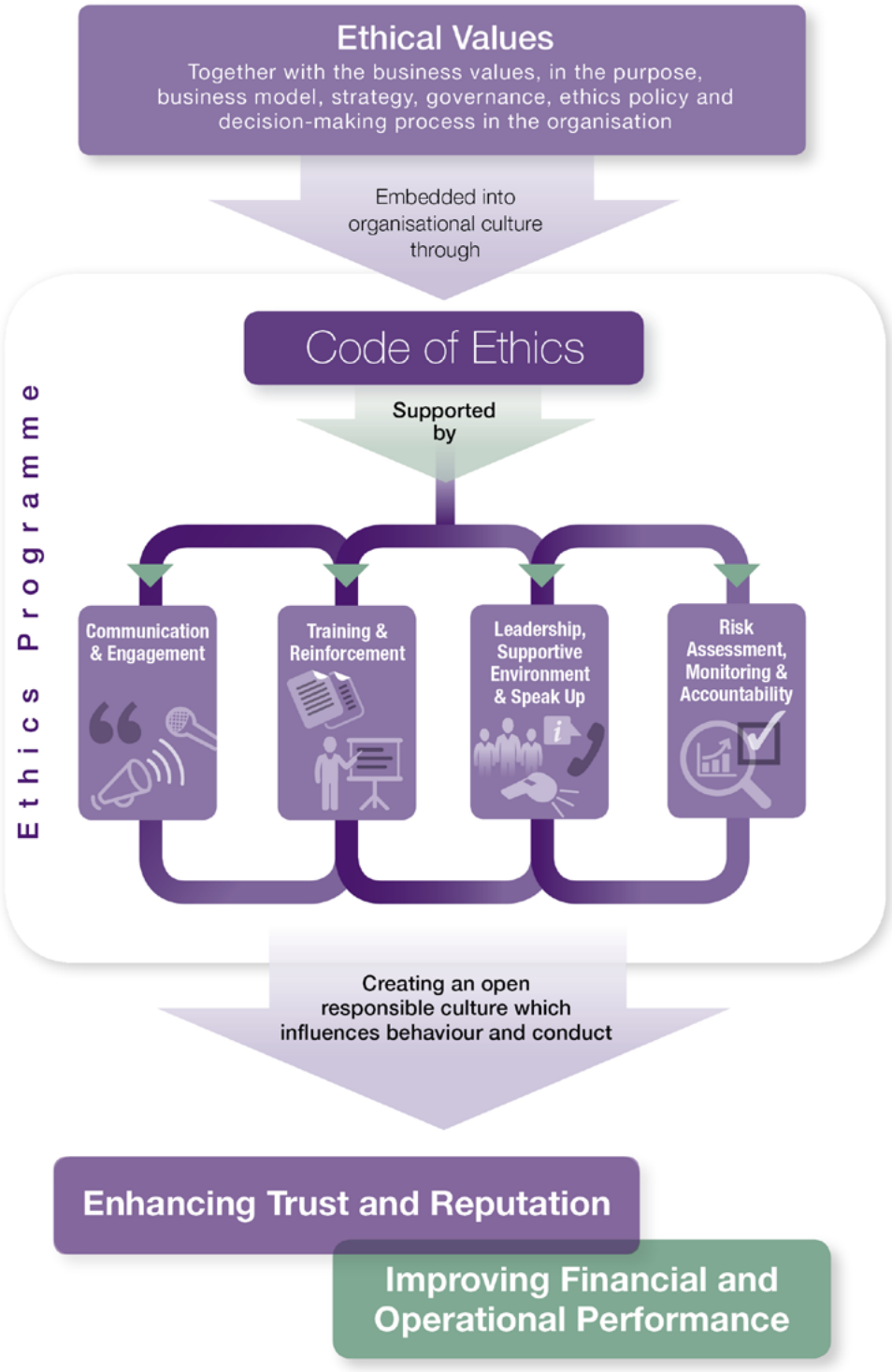
A more negative perception of the ability of managers to promote ethics. 38% of employees who have felt pressured to compromise their ethical standards agree that their line manager rewards employees who get good results, even if they are achieved through ethically questionable practices, compared to 26% of those who have not felt these pressures. They are also more likely to disagree that their line manager explains the importance of honesty and ethics at work (31% compared to 16%); sets a good example of ethics (29% compared to 10%) and supports employees in following the organisation's ethical standards (26% compared to 10%).

Theme 3: Supporting ethics at work

The third theme covered in this chapter focuses on the tools that organisations can put in place to promote and support ethics at work. The IBE describes the process of building an ethical culture in business as a journey that starts with an organisation's ethical values (see Figure 11). Values can be seen as the compass that guides behaviour. They are usually expressed through a code of ethics (or similar document) that provides guidance to employees on how the core values of the business are applied in practice. If values are the compass, a code is the map that guides employees in their daily decision-making.

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

Figure 11 The IBE Business Ethics Framework



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).

21% of respondents say that their organisation offers none of the building blocks of an ethics programme while 19% say their organisation offers all of them

On average, 21% of respondents say that their organisation offers none of the building blocks of an ethics programme listed above, whilst 19% say their organisation offers all of them.

Results show that the majority of employees know that their organisation has written guidance on ethics. However, the other indicators of an effective ethics programme seem to be lagging behind. More than half of respondents in Europe are not aware that their organisation offers training on standards of ethical conduct or advice or an information helpline on ethics (see Figure 12).

Figure 12 Employee awareness of the building blocks of a formal ethics programme

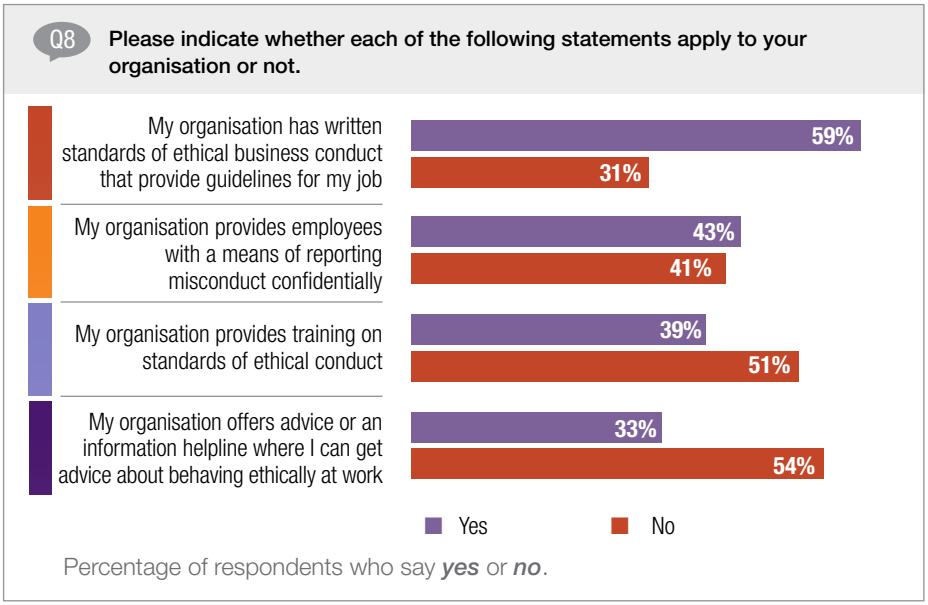
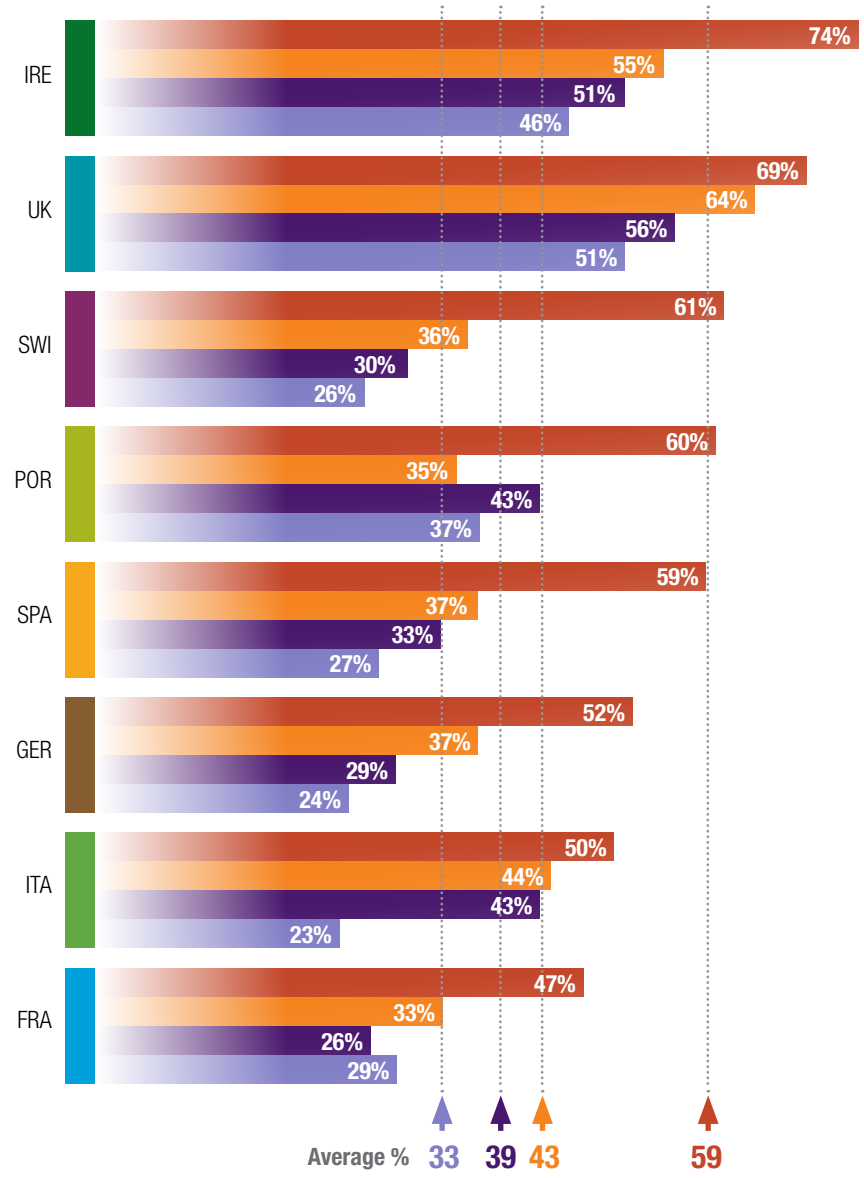


Figure 13 illustrates employees' awareness of the elements of an ethics programme, by country. The UK is the only country among those analysed where more than half of respondents report that their organisation offers each of the four elements. Respondents in Ireland are also more aware than average of each of the four elements. Conversely, respondents in Germany and France report less awareness than average of each of them.

Figure 13 Employee awareness of the building blocks of a formal ethics programme by country

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



Percentage of respondents who say ***yes***.

- My organisation has written standards of ethical business conduct that provide guidelines for my job
- My organisation provides employees with a means of reporting misconduct confidentially
- My organisation provides training on standards of ethical conduct
- My organisation offers advice or an information helpline where I can get advice about behaving ethically at work

Men are more aware than women of each of the four building blocks of an ethics programme. For instance, 46% are aware that their organisation provides employees with a means of reporting misconduct confidentially compared to 39% of women.

Younger employees aged 18-34 are more aware of each of the four building blocks of an ethics programme than older (aged 55+) and mid-career (aged 35-54) employees. For instance, 48% of younger employees are aware that their organisation provides employees with a means of reporting misconduct confidentially, compared to 42% of mid-career and 36% of older employees.

Trends over time

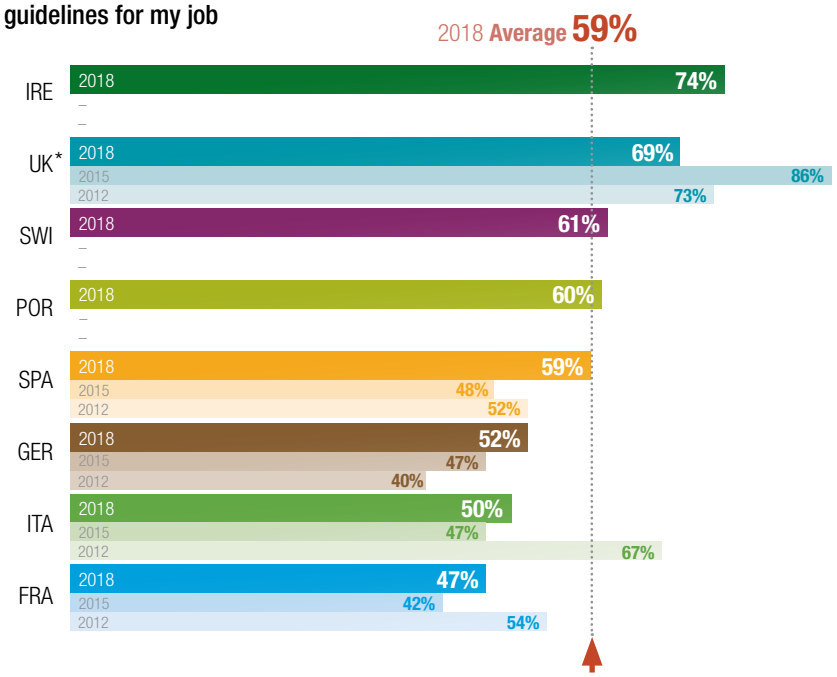
Comparison with previous *Ethics at Work* surveys shows mixed results. On average, the proportion of employees who are aware of their organisations providing each of the four elements of an ethics programme has not decreased. With the important exception of the UK, employees in each of the other countries surveyed seem to be more aware of each of the elements compared to 2015. However, the change in UK methodology might partially account for this result.

It is worth noting that employees' awareness of their organisation providing employees with a means of reporting misconduct confidentially in France, Germany and Italy seems to be on an upward trend. In particular, employees in Germany have reported an increasingly high awareness of each of the four building blocks of an ethics programme since 2012, when they were asked this question for the first time.

Figure 14 Employee awareness of the building blocks of a formal ethics programme by country and over time

Q8 **Please indicate whether each of the following statements apply to your organisation or not.**

My organisation has written standards of ethical business conduct that provide guidelines for my job



Percentage of respondents who say ***yes***.

*The methodology used in the UK has changed – please see Appendix 1 for details.

continues >

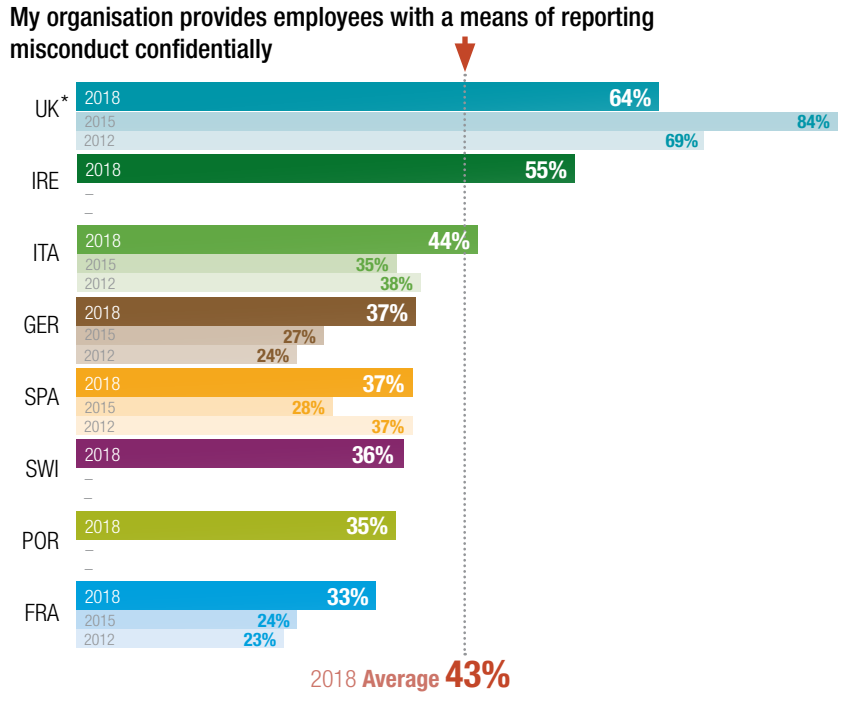
PUBLIC PRIVATE

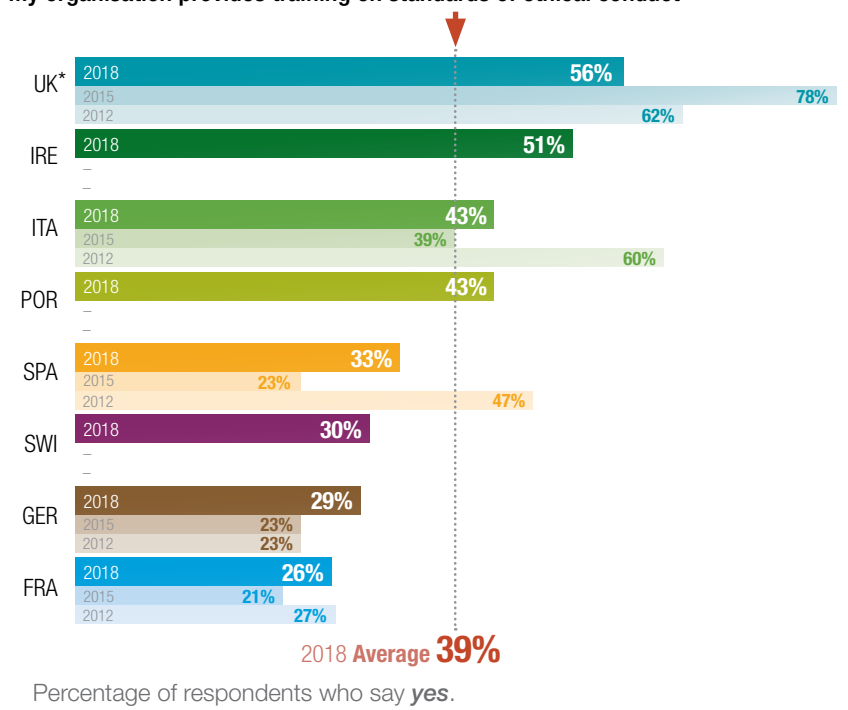
Employees in the **public/third sector** are more aware of each of the four building blocks of an ethics programme than employees in the private sector. For instance, 66% of employees in the public/third sector are aware of written standards of ethical business conduct that provide guidelines for their job compared to 56% in the private sector.

Employees in **large organisations** tend to be more aware of each of the four building blocks of an ethics programme than those in SMEs. For instance, 52% of employees in large organisations are aware that their organisation provides employees with a means of reporting misconduct confidentially compared to 39% in SMEs.

Figure 14 ***continued***

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





Percentage of respondents who say *yes*.

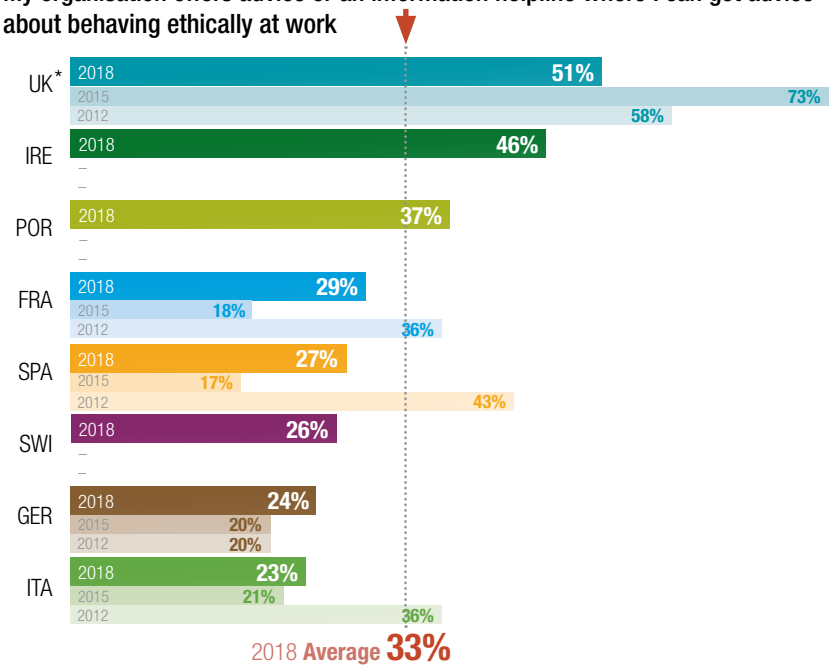
*The methodology used in the UK has changed – please see Appendix 1 for details.

continues >

Figure 14 ***continued***

Q8 **Please indicate whether each of the following statements apply to your organisation or not.**

My organisation offers advice or an information helpline where I can get advice about behaving ethically at work



Percentage of respondents who say ***yes***.

*The methodology used in the UK has changed – please see Appendix 1 for details.

Focus on...

The impact of providing formal support for ethics in the workplace

This survey shows that employers with a comprehensive ethics programme (all four building blocks) are more likely to see:

✓ **More positive perceptions of how frequently honesty is practised at work.** 86% of employees with an ethics programme say that honesty is practised always or frequently at work, whilst only 74% of employees in organisations without an ethics programme say the same.

✓ **A more positive outlook on how the organisation engages with its stakeholders.** Employees in organisations with an ethics programme are significantly more likely to agree with each of the statements on stakeholder engagement than those whose organisation does not have an ethics programme: 75% say that issues of right and wrong are discussed in team meetings (compared to 32% of those whose organisation does not have an ethics programme); 85% say that their organisation lives up to its stated policy of social responsibility (compared with 44% of those in organisations without an ethics programme) and 86% agree that their organisation acts responsibly in all its business dealings with stakeholders (compared to 57% of those who do not have an ethics programme provided).

continues >

Focus on... *continued*

Decreased awareness of misconduct at work. On average, 27% of employees in organisations with an ethics programme have been aware of instances of misconduct at work. This figure rises to 31% of employees in organisations that do not have an ethics programme.

Increased willingness to speak up about misconduct. Employees in organisations with an ethics programme are more likely to report misconduct: 73% of respondents in this group said they did so, compared to 42% of employees in organisations that do not provide an ethics programme.

72% of those who reported misconduct in organisations with an ethics programme are satisfied with the outcome, whilst this figure decreases to 28% of those who do not have an ethics programme provided.

A more positive perception of the ability of managers to promote ethics, but also increased concerns that results are rewarded without considering how they have been achieved. Employees in organisations with an ethics programme are more likely than those in organisations without to agree that their line manager explains the importance of honesty and ethics at work (79% compared to 32%); sets a good example of ethical business behaviour (83% compared to 46%) and supports employees in following the organisation's standards of ethical behaviour (84% compared to 34%). However, 45% of employees in organisations with an ethics programme agree that their line manager rewards employees who get good results, even if they are achieved through ethically questionable practices, compared to only 19% of those in organisations that do not have an ethics programme.

72% of those who reported misconduct in organisations with an ethics programme are satisfied with the outcome as opposed to 28% in organisations without an ethics programme

How do employers incentivise ethical behaviour?

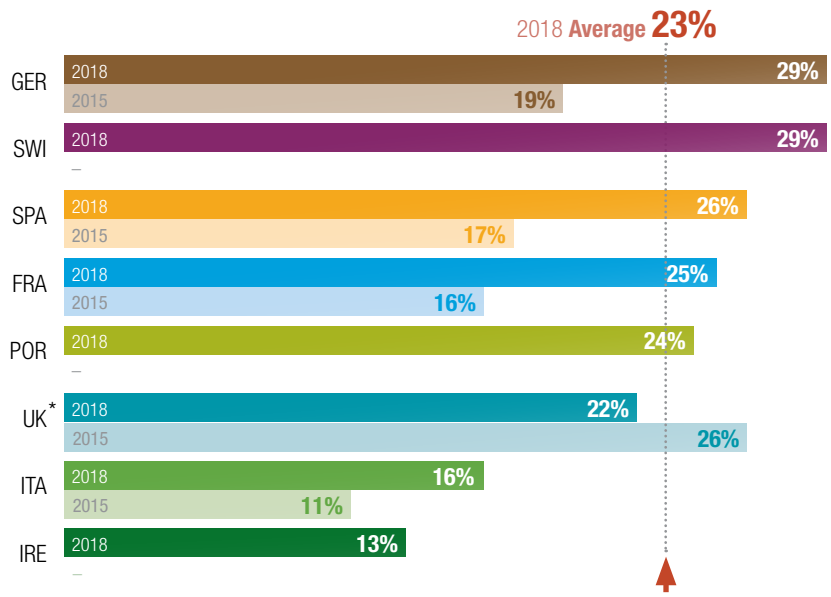
In order to enhance the effectiveness of an ethics programme, it is important that organisations support the building blocks presented in the section above with other types of incentive aimed at ensuring that ethics is embedded in every aspect of an employee's daily work. Respondents in Europe were asked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

Less than a quarter (23%) of employees in Europe say that their organisation provides this type of incentives. This is considerably lower in Ireland (13%) and Italy (16%), whilst it rises to 29% in Switzerland and Germany (see Figure 15). However, it is worth noting that employees seem to be, on average, more aware of these types of incentives across Europe since 2015. The UK represents the exception, but the change of methodology might partially account for the result.

23% of respondents say their organisation provides incentives to encourage employees to live up to ethical standards

Figure 15 Employee awareness of incentives to live up to ethical standards by country

Q12 Does your organisation provide incentives to employees to encourage them to live up to the organisation's ethical standards?



Percentage of respondents who say ***yes***.

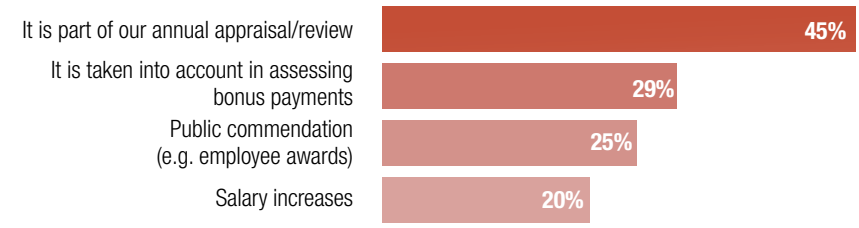
*The methodology used in the UK has changed – please see Appendix 1 for details.

Respondents who indicated that their organisation does offer incentives to encourage ethical behaviour were also asked for additional information regarding the type of incentives offered (see Figure 16). In line with 2015 results, the most common incentive is including ethics in annual appraisals or performance reviews. This is the case in all countries surveyed.

The most common incentive is including ethics in annual appraisals or performance reviews

Figure 16 Prominence of types of incentives

Q13 Which of the following incentives, if any, does your organisation provide to encourage employees to live up to its ethical standards?



Percentage of respondents who say ***yes***.

Men (25%) are more aware of incentives than women (21%).

Younger employees aged 18-34 (31%) are more aware of incentives than older colleagues aged 55+ (20%) and mid-career employees aged 35-54 (20%).

Those in the **private sector** (64%) are more likely to say that their organisation does not provide incentives than those in the public/third sector (61%).

Focus on...

The impact of providing incentives to encourage ethical behaviour

This survey shows that in some instances there might 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. Providing incentives is linked to:

✓ **More positive perceptions of how frequently honesty is practised at work.** Employees in organisations that provide incentives are more likely to say that honesty is practised always or frequently (84%) than those in organisations that do not provide such incentives (76%).

✓ **A more positive outlook on how the organisation engages with its stakeholders.** Employees in organisations with incentives are significantly more likely to agree with each of the statements on stakeholder engagement than those without such incentives. For example, 83% say that their organisation lives up to its stated policy of social responsibility, compared with 56% of those in organisations that do not provide incentives.

✓ **Increased willingness to speak up about misconduct.** Employees in organisations with incentives are more likely to have spoken up about their concerns (75%) than those in organisations without incentives (48%).

79% of those who reported misconduct in organisations with incentives are satisfied with the outcome, whilst this figure decreases to 36% amongst those in organisations without incentives.

? **A more positive perception of the ability of managers to promote ethics but also increased concerns that results are rewarded without considering how they have been achieved.** Employees in organisations with incentives were more likely than those in organisations without incentives to have a positive view of their line manager's approach to ethics. For example, 78% agree that their line manager explains the importance of honesty and ethics in the work they do, compared to 46% of respondents in organisations without incentives. However, 49% of employees in organisations with incentives agreed that their line manager rewards employees who get good results, even if they are achieved through ethically questionable practices, compared to only 21% of those in organisations that do not provide incentives.

! **More lenient attitudes to some practices in the workplace.** Employees in organisations with incentives are more likely to think that seven of the nine ethically questionable workplace practices identified in Figure 1 are acceptable. For example, 28% of employees in organisations with incentives find favouring family and friends when recruiting or awarding contracts acceptable, compared to 17% of employees in organisations without incentives.

! **More pressure to compromise ethics.** Employees in organisations that provide incentives are more likely than those in organisations that do not provide incentives to have felt pressured to compromise their ethical standards (22% vs 15%).

Spotlight Issues

Issue 1: Speaking up

The freedom to raise concerns is a core component of an open and supportive ethical business culture, where employees are confident that they will be supported to do the right thing. IBE research shows that most global organisations provide mechanisms to support those who wish to speak up, raise concerns or ask questions when unsure about what course of action to take. [18] Speak Up arrangements are an element of good governance and can act as an early warning system for potential risks.

Did you know?

Speaking Up or Whistleblowing?

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

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

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

The IBE prefers the term Speak Up as it has more positive and constructive connotations for organisations wishing to encourage employees to raise concerns. [19]

> *43% of respondents who have been aware of misconduct in the workplace did not speak up or raise their concerns*

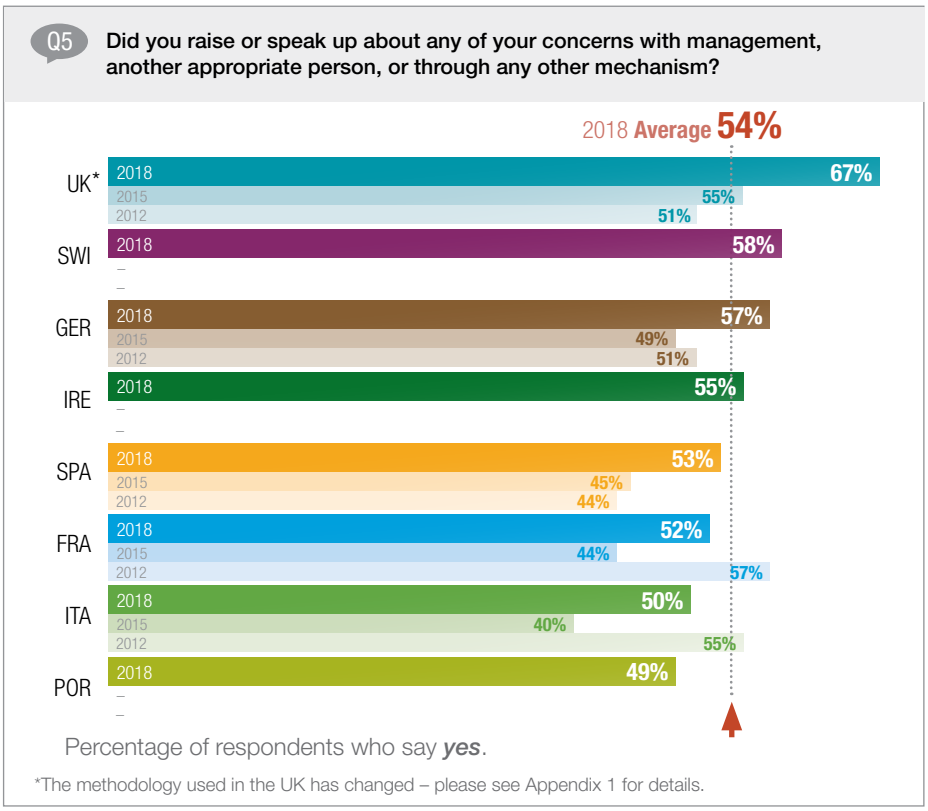
The 30% of respondents in Europe who have been aware of misconduct in the workplace were asked whether they raised – or decided to speak up about – any of their concerns directly to management, to another appropriate person or through any other mechanism. On average, only 54% did so, while 43% did not.

Results show that in each country surveyed just under half or more of those who have been aware of misconduct decided to report their concerns, which represents an improvement compared to 2015. Employees in the UK are more likely to have reported misconduct than those in any other country (67%) whilst respondents in Portugal are least likely to have done so (49%).

Those respondents who said they had not raised their concerns about misconduct were asked an additional question to assess what they considered to be the barriers to speaking up.

[18] IBE (2017) *Corporate Ethics Policies and Programmes: 2016 UK and Continental Europe survey*
[19] IBE (2017) *Encouraging a Speak Up Culture*

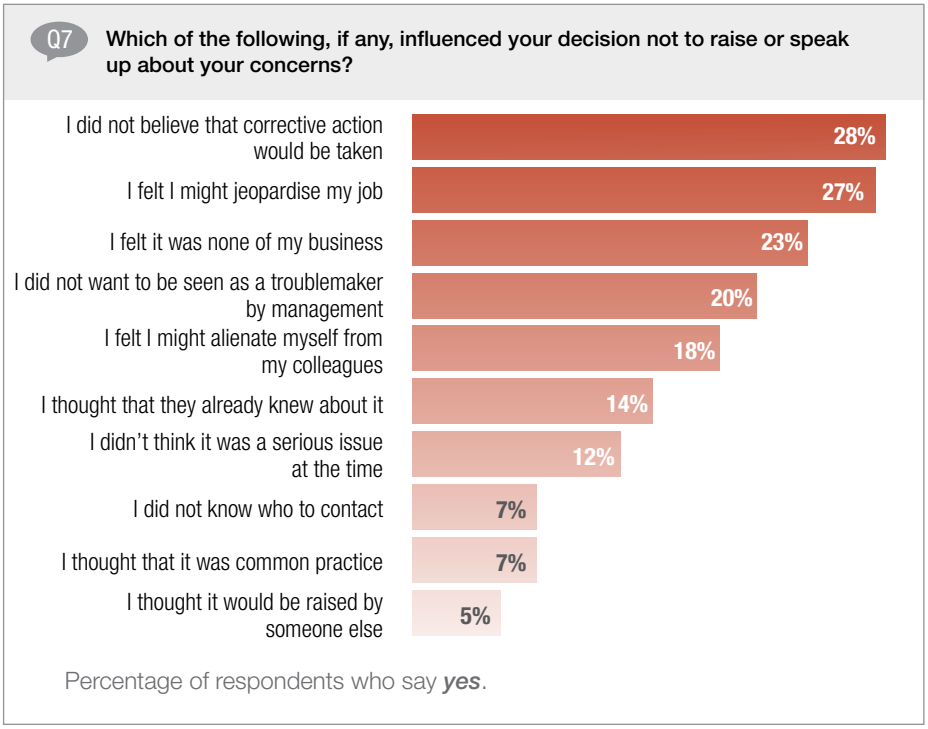
Figure 17 Employees raising concerns about misconduct by country and over time



The most common reasons that respondents did not raise concerns about misconduct were because they did not believe corrective action would be taken or that they felt it might jeopardise their job

The most prominent reasons given by employees in Europe for not raising their concerns were that they did not believe that corrective action would be taken (28%), closely followed by they felt they might jeopardise their job (27%).

Figure 18 Reasons why employees did not raise concerns about misconduct

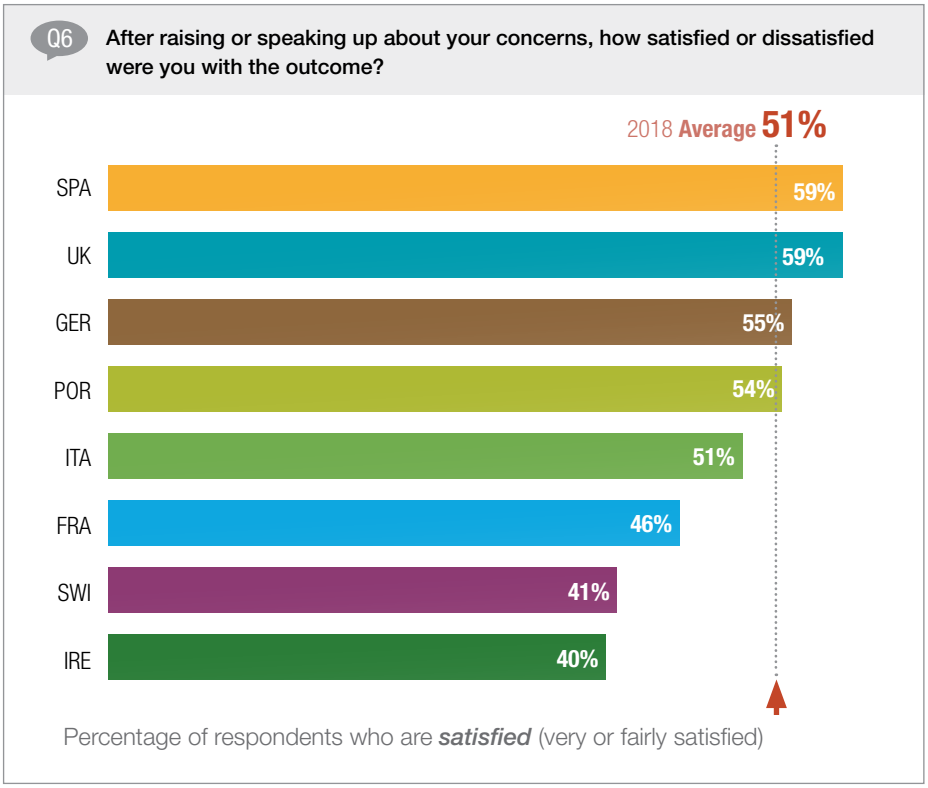


It is clear that employees are concerned about the impact of speaking up and, in particular, whether their situation would improve as a result of doing so. Reporting concerns can require courage, particularly in an unsupportive environment. Employees won't take the risk if they believe that nothing will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

To understand whether employees' concerns are justified, respondents who had raised concerns were asked whether they were satisfied with the outcome of doing so. On average, just over half of respondents (51%) are satisfied with their organisation's response to them speaking up. As Figure 19 highlights, the situation is particularly worrying in France (46%), Switzerland (41%) and Ireland (40%) where fewer than half of respondents report satisfaction with the outcome of speaking up.

51% of respondents are satisfied with their organisation's response to their raising a concern

Figure 19 Employee satisfaction with the outcome of speaking up by country



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

Only 53% of employees in Europe believe that their organisation disciplines employees who violate 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 2017 by the IBE 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.

Ethics in practice

What do organisations say?

"In the year to 31 December 2017, 183 instances of suspected improper conduct contrary to the SoBC [Standards of Business Conduct] were reported to the committee (2016: 174) (excluding RAI [Reynolds American Incorporated] companies).
Of the instances reported (excluding RAI companies), 78 were established as breaches and appropriate action taken (2016: 77). In 75 cases, an investigation found no wrongdoing (2016: 65). In 30 cases, the investigation continued at the year-end (2016: 32), including investigation, through external legal advisers, of allegations of misconduct."

British American Tobacco (2017) *Annual Report*

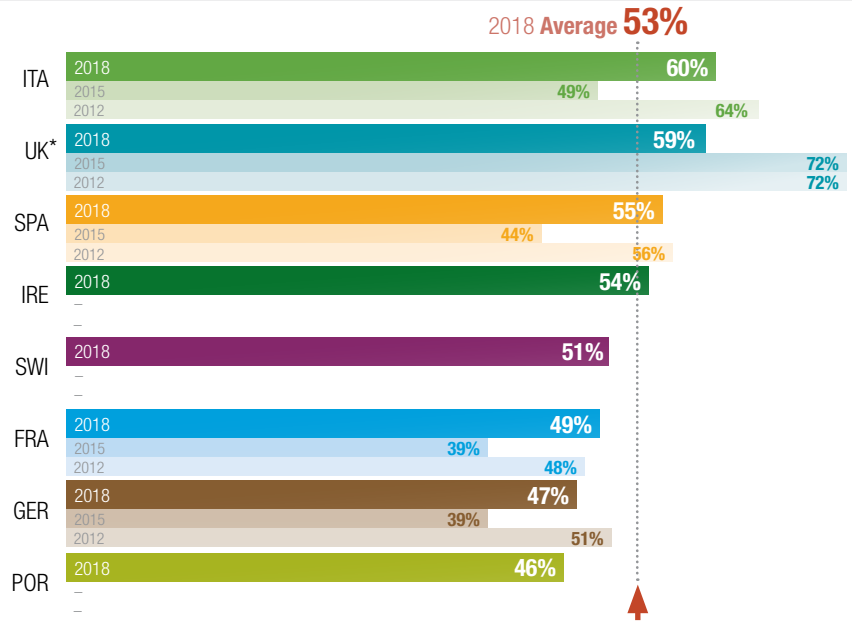
"No material breaches of our business conduct/code of ethics policy were recorded in 2017. However, some minor incidents relating to employee conduct, such as theft or misuse of the Group's property, did occur and were dealt with during the normal course of business using Group HR policies and procedures. In the reporting year 13 (2016: 16) calls/letters were received through our confidential whistleblowing process, 'Speak Up', none of which related to any issues of material concern."

Bunzl (2017) *Annual Report*

The IBE survey shows that only a small majority of employees in Europe (53%) believe that their organisation disciplines employees who violate ethical standards. Figure 20 illustrates the breakdown by country.

Figure 20 Perceptions of enforcement of ethical standards by country and over time

Q9 **To what extent do you agree or disagree with each of the following statements? - My organisation disciplines employees who violate my organisation's ethical standards.**



Percentage of respondents who ***agree*** (strongly agree or agree).

*The methodology used in the UK has changed – please see Appendix 1 for details.

Men (56%) are more likely to say that their organisation disciplines employees who violate ethical standards than women (49%).

Among those who raised their concerns, **mid-career employees** aged 35-54 (50%) and **older employees** aged 55+ (52%) are more likely to say that they are dissatisfied with the outcome than younger colleagues aged 18-34 (40%).

Among those who raised their concerns, employees in **SMEs** (56%) are more likely to say that they are satisfied with the outcome than those in large organisations (46%). Employees in **large organisations** (56%) are more likely to say that the organisation disciplines those who violate ethical standards compared to those in SMEs (51%).

Issue 2: Ethical management

The attitudes and behaviours of managers within organisations is a topic of significant focus and concern for organisations. The term 'manager' applies to different groups and encompasses diverse roles in different organisations. However, the role that managers play in promoting ethics and embedding the organisation's core values in the corporate culture is a crucial one. Their role is particularly critical because managers are generally positioned between those on the front line and senior leadership. While this means they can help bridge the gap between the top and the bottom of the organisation, this position is not without its risks. Managers are often under pressure from both those above and below them, and this can encourage them to 'cut ethical corners' to achieve results. The nature of their role is such that they are often looked at as role models by their team, which means they can significantly influence perceptions and behaviour in their organisation.

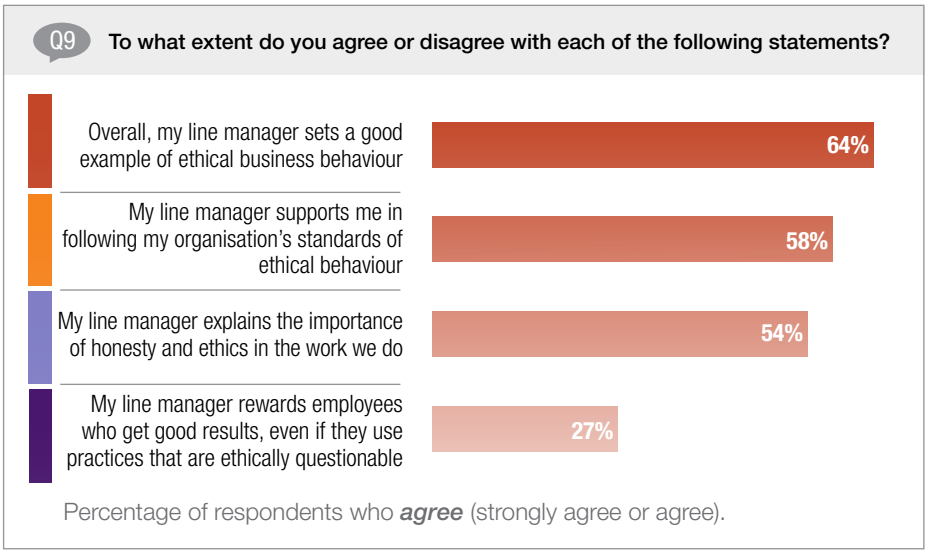
Managers are often under pressure from both those above and below them, and this can encourage them to 'cut ethical corners' to achieve results

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

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

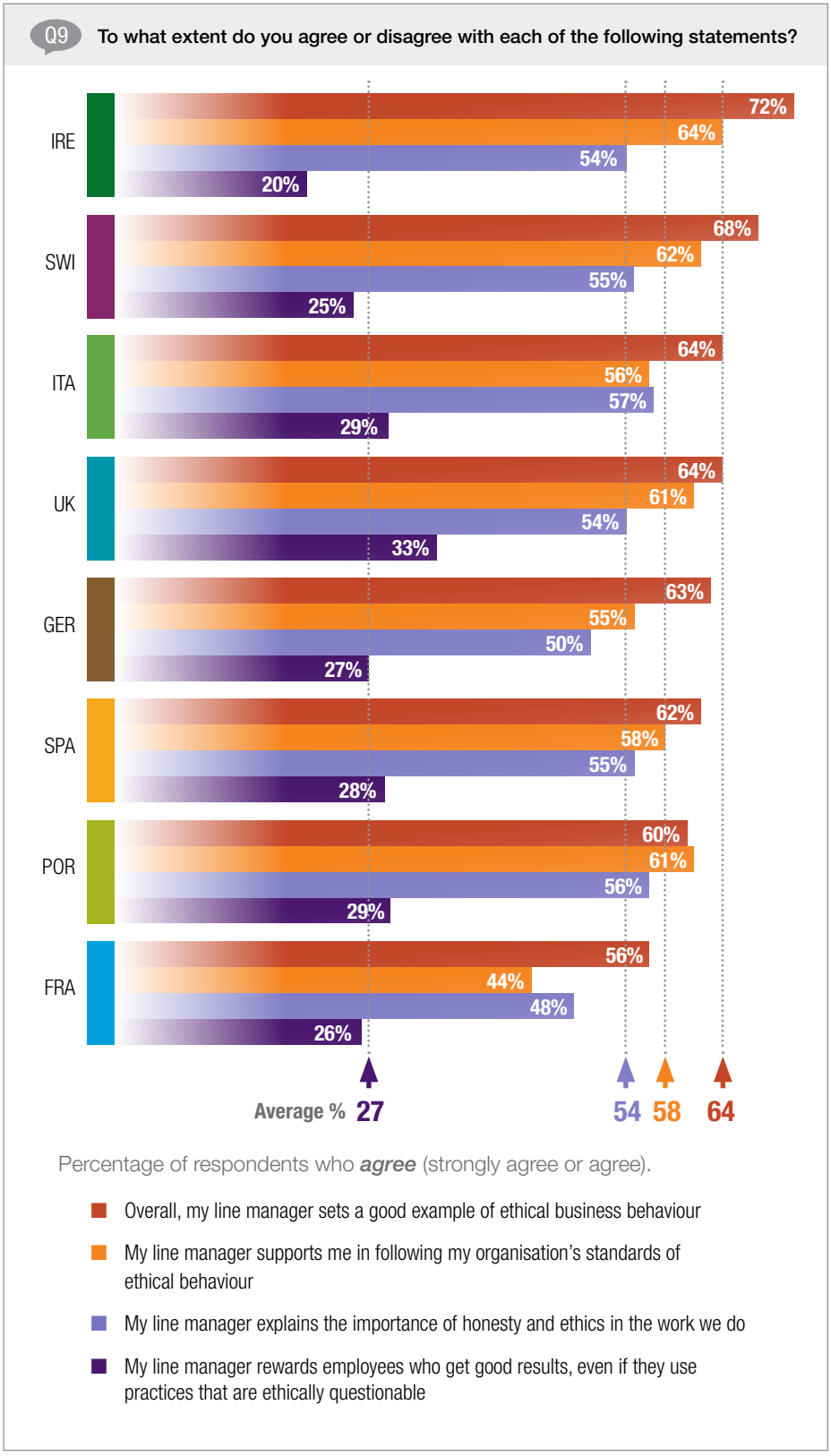
Most respondents in Europe are positive about the behaviour of their line manager, particularly concerning their ability to set a good example of ethical behaviour. However, a quarter (27%) believe that their line manager rewards employees who get good results, even if they use practices that are ethically questionable (see Figure 21). In other words, they prioritise 'what' is achieved over 'how' it is done. This figure rises to a third (33%) in the UK.

Figure 21 Perceptions of management behaviour



The country breakdown, illustrated in Figure 22, shows that managers are considered to set a particularly positive example in Ireland and Switzerland, where employees' views are more positive than average for each issue.

Figure 22 Perceptions of management behaviour by country



Men (28%) are more likely than women (25%) to say that their line manager rewards good results, even if they use practices that are ethically questionable.

Younger employees aged 18-34 are the most likely to say that good results are rewarded by their line manager even if they use practices that are ethically questionable (35% in this group say so, compared to 24% of mid-career employees aged 35-54 and 22% of older employees aged 55+).

Employees in **large organisations** (61%) are more likely to say that their manager supports them in following their organisation's ethical standards than those in SMEs (57%).

Trends over time

Overall, employees' perceptions of their manager's attitude towards business ethics seem to have significantly improved since 2015 in all countries surveyed, with the exception of the UK. Here, the change of methodology might partially account for the results. However, an issue of concern is the growing number of employees who believe that their line manager rewards employees who get good results, even if they use practices that are ethically questionable.

An issue of concern is the growing number of employees who believe that their line manager rewards employees who get good results, even if they use practices that are ethically questionable

Figure 23 Perceptions of management behaviour by country and over time

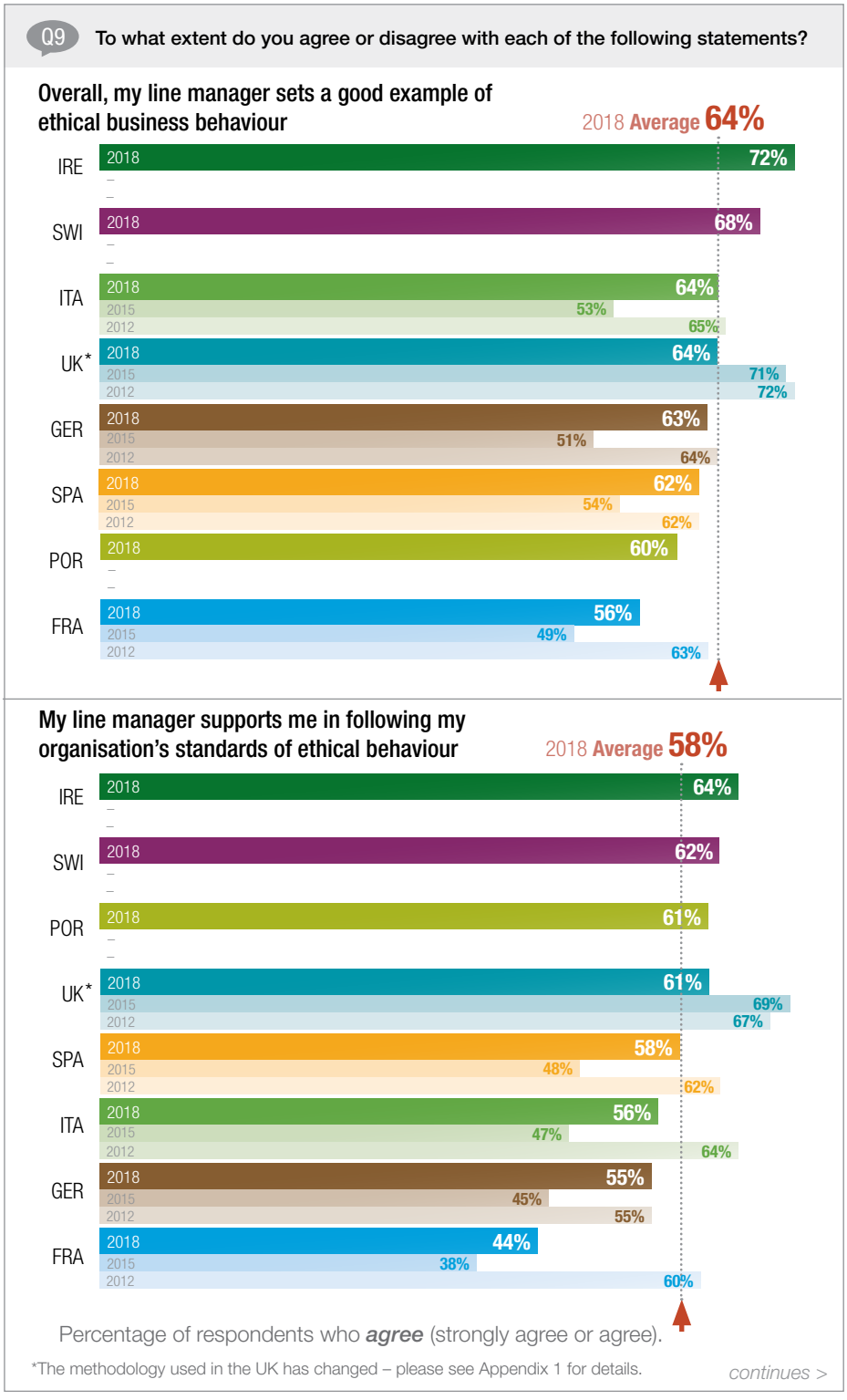


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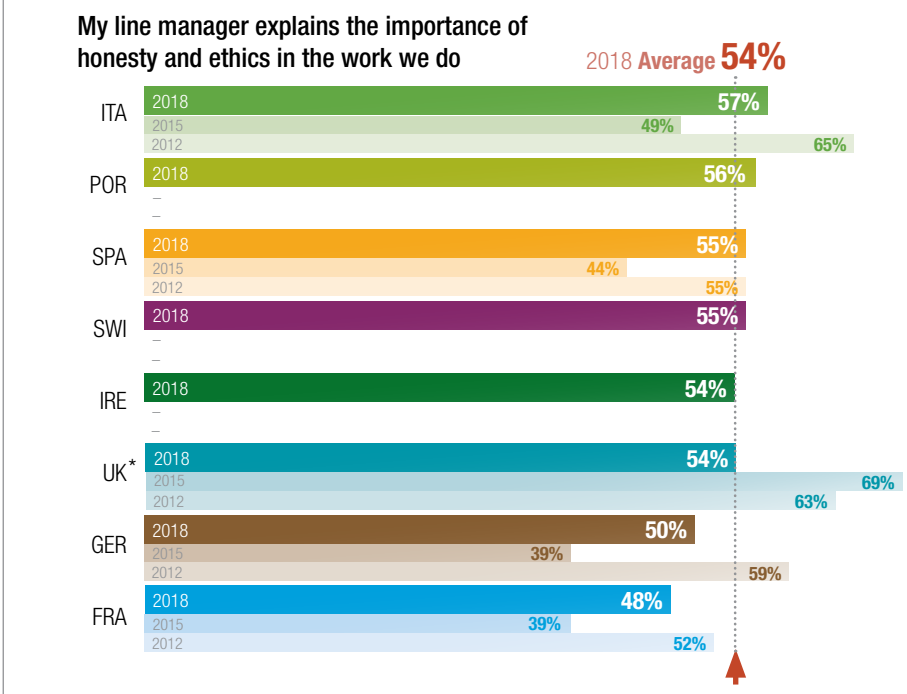
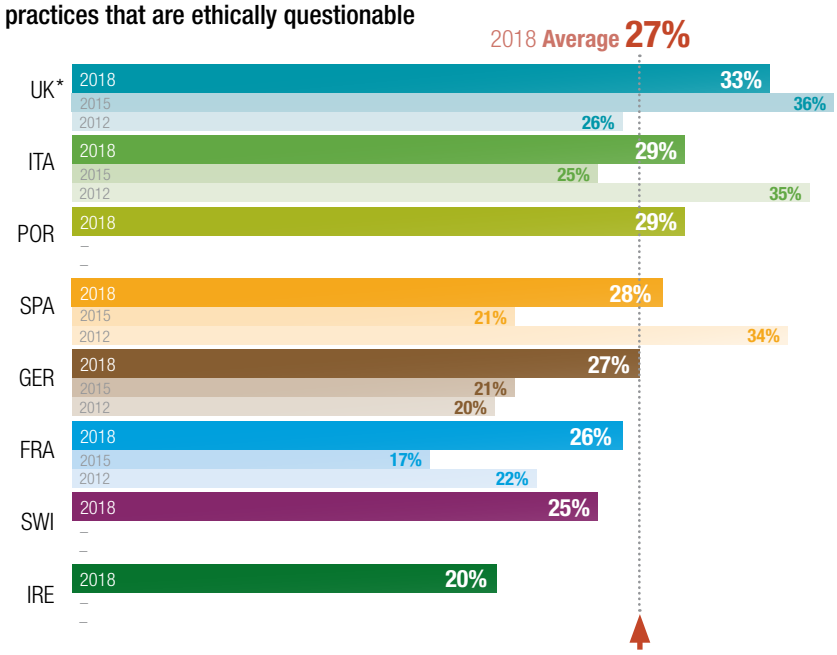
Figure 23 ***continued***

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





Percentage of respondents who ***agree*** (strongly agree or agree).

*The methodology used in the UK has changed – please see Appendix 1 for details.

Focus on...

The impact of providing a work environment that is regarded as supportive to ethics.[20]

This survey shows that providing a work environment that is perceived as supportive to ethics is linked to:

✓ **More positive perceptions 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 (91%) than those in organisations that are unsupportive (53%).

✓ **Fewer people being aware of instances of misconduct.** Employees in the most supportive organisations are less likely to say that they have been aware of unethical behaviour (21%) than employees in unsupportive organisations, where this figure rises to 60%.

✓ **Less pressure to compromise ethics.** Employees in the most supportive organisations are more likely to say that they have not felt pressured to compromise their organisation's ethical standards (87% compared to 59% among employees in unsupportive organisations).

✓ **Increased willingness to speak up about misconduct.** Employees in the most supportive organisations are more likely to have spoken up about their concerns (70%) than those in unsupportive organisations (47%).

90% of those who reported misconduct in the most supportive organisations are satisfied with the outcome of speaking up, whilst this figure decreases to only 15% among employees in organisations that are perceived as unsupportive.

> *90% of those who reported misconduct in the most supportive organisations are satisfied with the outcome of speaking up as opposed to 15% in unsupportive organisations*

Did you know?

Supportive environment for ethics

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

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

- **Tone from the top** includes the ability of managers to set a good example of ethical business behaviour; explain the importance of honesty and ethics at work and support employees in following the organisation's standards of behaviour

continues >

[20] 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; fairly supportive organisations are those in which respondents agreed with five or more statements and unsupportive organisations are those in which respondents disagreed or tended to disagree with three or more of the statements.

Did you know? *continued*

- **Stakeholder engagement** refers to whether an organisation discusses issues of right and wrong at staff meetings, lives up to its stated policy of social responsibility and acts responsibly in all its business dealings
- **Addressing misconduct** captures the ability of an organisation to discipline employees who violate its ethical standards.

What are managers' views of ethics at work?

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

To understand this, respondents 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. 31% of respondents identified themselves as managers.

> *19% of managers think that petty fiddling is not something they should worry about as long as projects come in on time and within budget*

Ethics in practice

What do organisations say?

Managers […] have additional responsibilities under the Code to:

- *Ensure the Code is understood by those they manage*
- *Provide advice and guidance on interpreting the Code*
- *Uphold and promote the requirements of the Code and*
- *Complete the annual attestation of their compliance with the Code.*

M&S (2016) *Code of Ethics and Behaviours*

What do organisations do?

Three former Tesco executives will face a re-trial related to a £250m accounting scandal at the retailer, the UK's Serious Fraud Office said. […]

The prosecution of the three men was brought after Tesco told the stock market in September 2014 that its profit forecast had been overstated by £250m, mainly due to booking commercial income early.

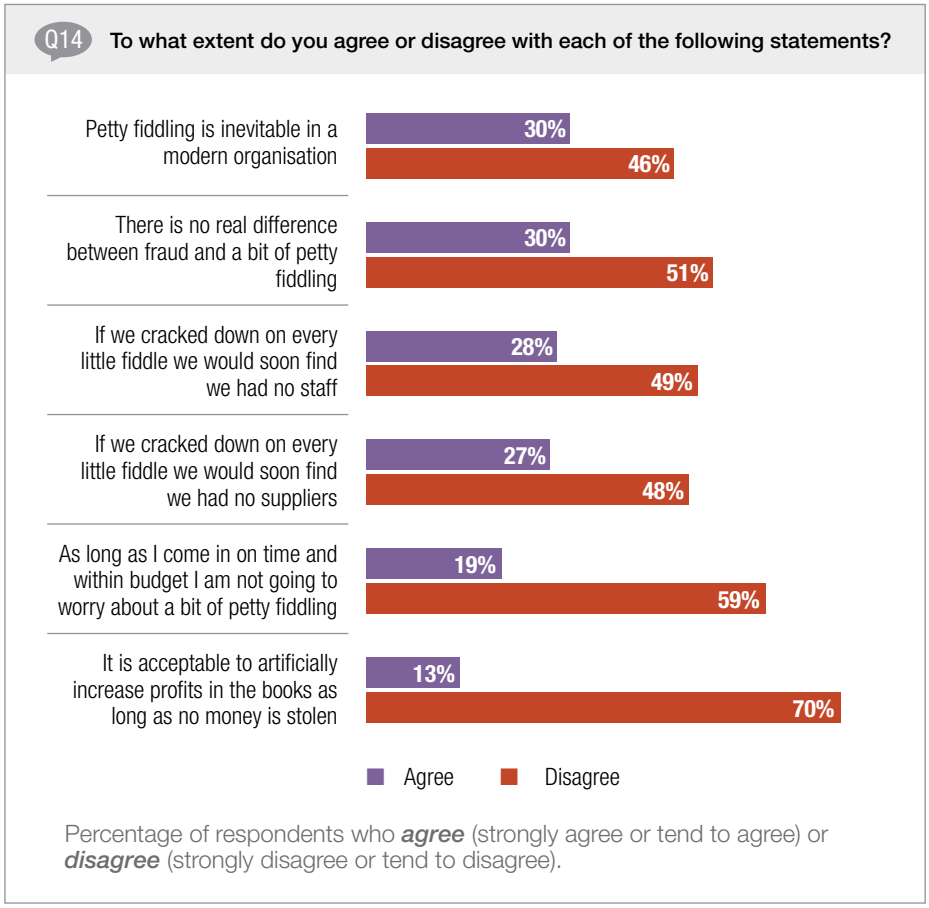
The statement sent Tesco's shares sliding and plunged the grocer, one of Britain's greatest corporate success stories of recent years, into one of the worst periods of its 100-year history." [21]

[21] Financial Times (2 March 2018) *Former Tesco executives face retrial over accounting scandal*

Nearly a third of managers (30%) overall across Europe agree that some degree of 'petty fiddling' is inevitable in a modern organisation, and that if they cracked down on every little fiddle they would soon find that they had no staff (28%) or no suppliers (27%). Almost a fifth of managers (19%) think that petty fiddling is not something they should worry about as long as projects come in on time and within budget. Almost one in six say that it is acceptable to manipulate the accounting figures as long as no money is stolen.

There are some differences from country to country. Managers in Germany and the UK seem to be somewhat more lenient than average with each of the statements in Figure 24. In Ireland the proportion of managers that agree with each of the statements proposed is lower than average.

Figure 24 Managers' attitudes to petty fiddling



Percentage of respondents who ***agree*** (strongly agree or tend to agree) or ***disagree*** (strongly disagree or tend to disagree).

Trends over time

Attitudes of managers to petty fiddling seem to have become more tolerant over time for each of the statements considered. Figure 25 illustrates the trends registered for some of these indicators, including one that can have particularly serious consequences: it is acceptable to artificially increase profits in the books as long as no money is stolen.

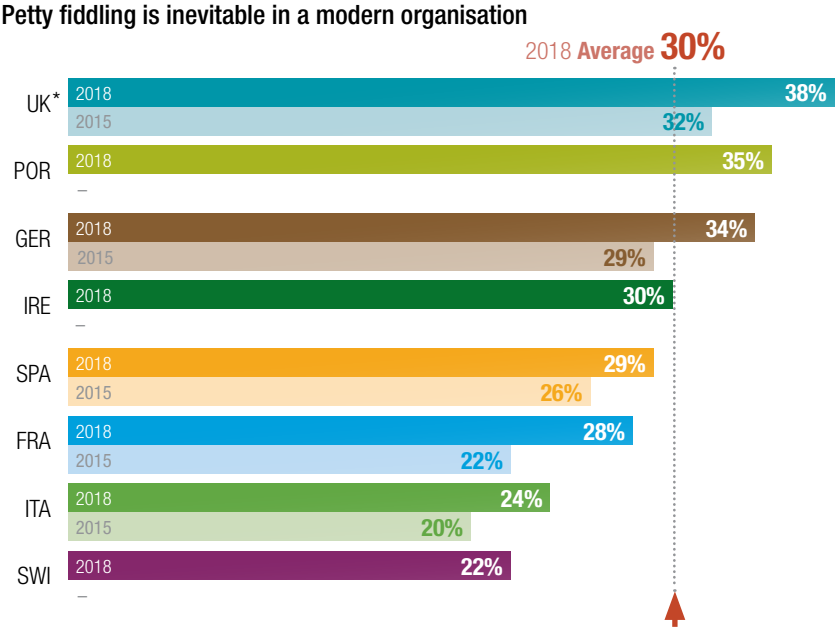
Male managers are more likely than female managers to have a lenient attitude to 'petty fiddling' at work. They are more likely to say that 'petty fiddling' is inevitable in a modern organisation (32% compared to 27% of women).

Younger managers aged 18-34 are more likely to agree with most of the statements proposed than managers in the other age groups. In particular, 32% of them say that as long as I come in on time and within budget I am not going to worry about a bit of petty fiddling compared to 16% of mid-career (aged 35-54) and 13% of older (55+) managers. Similarly, 27% of younger managers agree that it is acceptable to artificially increase profits in the books as long as no money is stolen compared to 10% of mid-career and 6% of older managers.

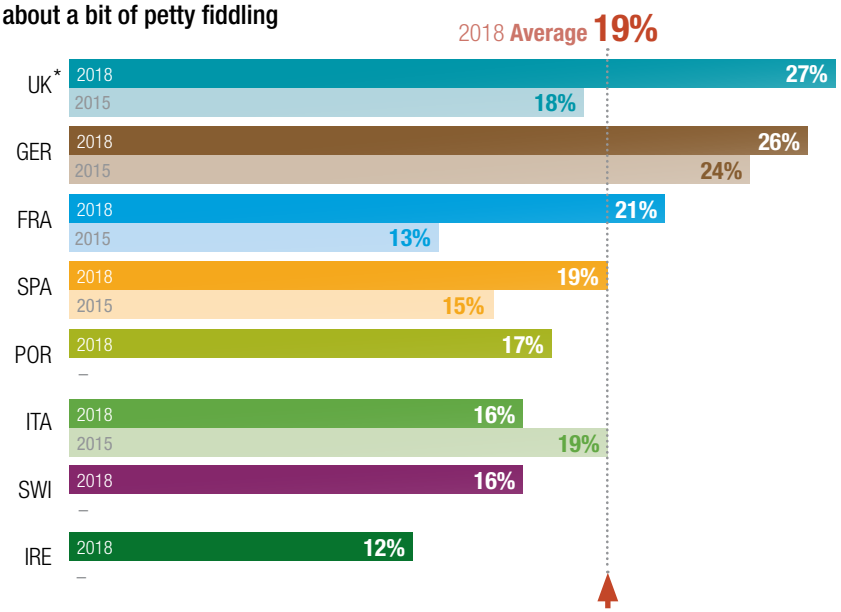
Figure 25 Managers' attitudes to petty fiddling by country and over time

Q14 To what extent do you agree or disagree with each of the following statements?

Petty fiddling is inevitable in a modern organisation



As long as I come in on time and within budget I am not going to worry about a bit of petty fiddling



Percentage of respondents who ***agree*** (strongly agree or tend to agree).

*The methodology used in the UK has changed – please see Appendix 1 for details.

continues >

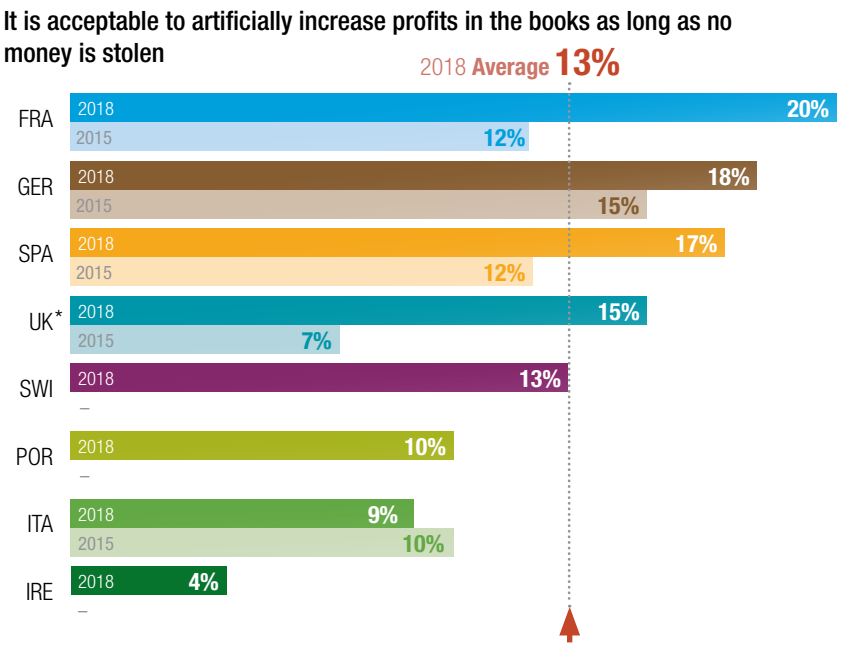
PUBLIC PRIVATE

Managers in the **public/third sector** are more likely to say that petty fiddling is inevitable in a modern organisation (34% compared to 29%); if we cracked down on every little fiddle we would soon find we had no staff (32% compared to 26%) and it is acceptable to artificially increase profits in the books as long as no money is stolen (17% compared to 12%) than those in the private sector.

Attitudes of managers to petty fiddling seem to have become more tolerant over time

Figure 25 ***continued***

Q14 To what extent do you agree or disagree with each of the following statements?



Percentage of respondents who ***agree*** (strongly agree or tend to agree).

*The methodology used in the UK has changed – please see Appendix 1 for details.

Focus on...

Attitudes of managers towards ethics at work

This survey provides a picture of how managers approach ethics at work. In comparison with non-managers, they have:

✓ **A more positive view of honesty in the workplace**. Managers are more likely than non-managers to say that honesty is practised always or frequently in their organisation (85% of managers compared to 75% of non-managers).

✓ **A more positive outlook on engagement with stakeholders**. Managers are more likely than non-managers to agree with each of the three statements on engagement with internal and external stakeholders. 76% agree that their organisation acts responsibly in all its business dealings compared to 68% of non-managers; 69% agree that their organisation lives up to its stated policy of social responsibility compared to 60% of non-managers and 58% agree that issues of right and wrong are discussed in team meetings compared to 49% of non-managers.

✓ **Better awareness of elements of their organisation's ethics programme**. Overall, managers tend to be more aware of three of the four building blocks of an ethics programme. The exception is awareness of a code of ethics (or similar document), for which there is no statistically significant difference compared to non-managers.

continues >

Focus on... *continued*

Increased willingness to speak up about their ethical concerns. Managers are more likely to raise or speak up about misconduct: 70% of managers who have been aware of misconduct say they did so (compared to 46% of non-managers).

Managers are more likely to be satisfied with speaking up than non-managers. Of those who were aware of legal or ethical violations at work and had spoken up or raised this, two thirds (66%) of managers are satisfied with the outcome, compared to 40% of non-managers.

More lenient attitudes to some workplace practices. Managers seem to have a more lenient attitude than non-managers towards six of the nine ethically questionable workplace practices presented in Figure 1. For instance, 12% of managers say that charging personal entertainment to expenses and minor fiddling/exaggeration of travel expenses are acceptable practices, compared to 8% of non-managers.

More awareness of misconduct. Managers are more likely to have been aware of misconduct in the workplace than non-managers (34% of managers compared to 29% of non-managers).

More pressure to compromise ethics. Managers are more likely to say that they have felt pressure to compromise standards of ethical conduct (20% of managers compared to 14% of non-managers).

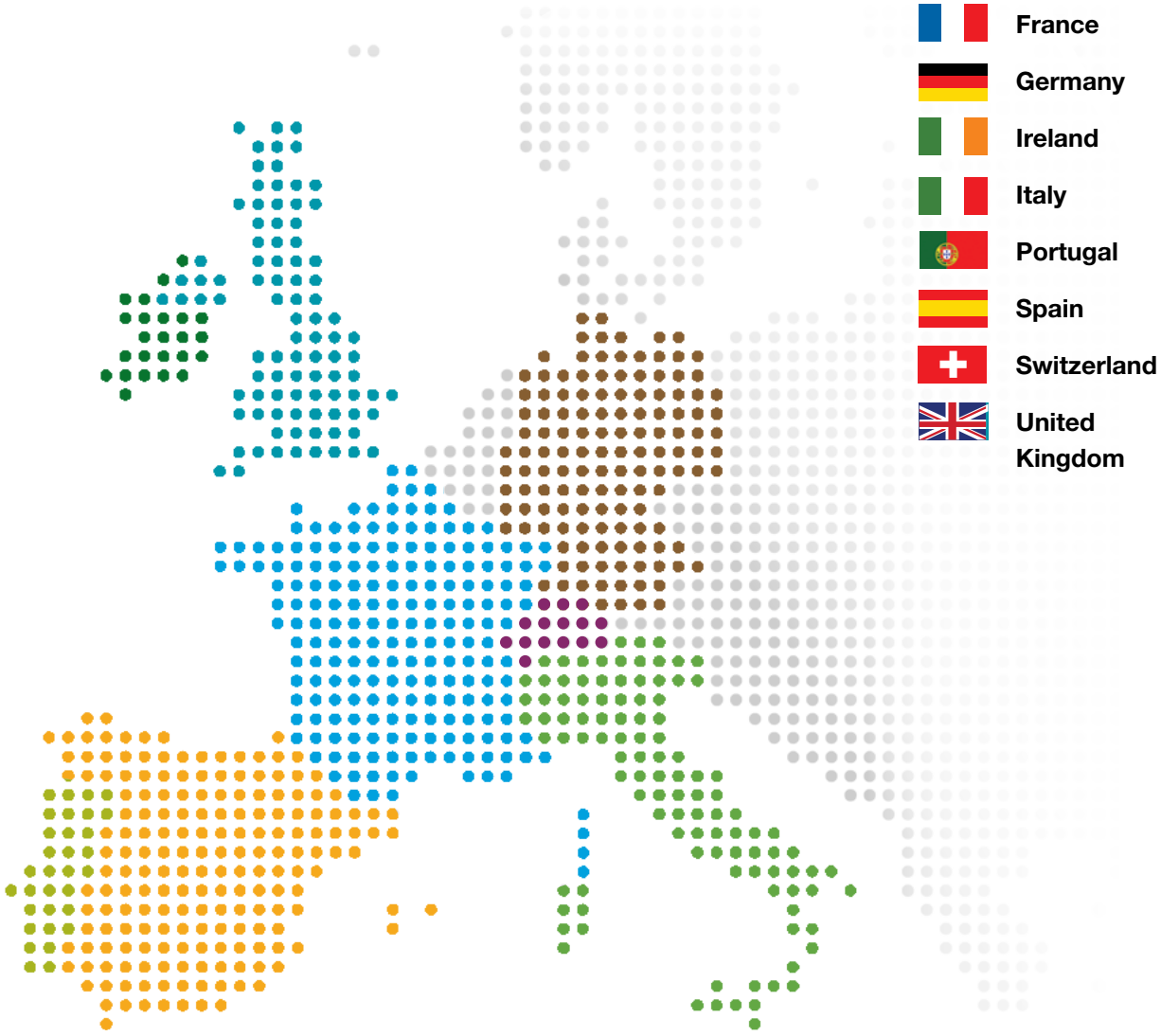
> *Managers are more likely to be satisfied with speaking up than non-managers*

Country Snapshots

This chapter provides infographics for each of the European countries surveyed.

Each country snapshot contains a general overview of the country's economic background, which draws on analysis conducted by the Organisation for Economic Co-operation and Development (OECD). This helps to explain the specific context in which the survey took place, as well as potential sources of external pressure that might have influenced employees' attitudes and perceptions.

In addition, highlights from the survey results illustrate specific characteristics, strengths and ethical risks linked to how employees perceive the culture of their organisations.



France

The OECD projections present a positive overall outlook on the situation in France: economic growth in France will continue to strengthen in 2018-19, boosted by investment and consumption. At the same time, the labour market should gradually recover, although long-term unemployment is higher than the OECD average. Having a job brings many important benefits that are both financial, by providing a source of income, and non-financial in terms of improving social inclusion, fulfilling one's own aspirations and building self-esteem.

As the OECD notes, *"long-term unemployment can have a large negative effect on feelings of well-being and self-worth and result in a loss of skills, further reducing employability. In France, the percentage of the labour force that has been unemployed for a year or longer is currently at 4.3%, higher than the OECD average of 2%."* [22]

This is an issue of concern for France: the OECD notes that too many workers lack the necessary basic and digital skills to benefit from globalisation. The organisation suggests that this is an issue that has to be tackled at the root and that more has to be done to hire excellent teachers and improve teaching practices in disadvantaged schools; create apprenticeships at the secondary level and improve access to high-quality training. [23]

Figure 26 How's life in France? [24]

Indicators	Description	France	OECD Average
Employment	Employed aged 15-64, as a percentage of the population aged 15-64	**64.6%**	67.1%
Earnings	Average annual gross earnings per full-time employee (US dollars at the purchasing power parities for the latest available year)	**$42,992**	$44,290
Long-term unemployment	Percentage of the labour force unemployed for one year or more	**4.3%**	2%
Working hours	Percentage of employees who usually work 50 hours or more per week	**7.8%**	12.6%
Household income	Household net adjusted disposable income (US dollars at the purchasing power parities, average per capita)	**$31,137**	$30,620
Education	Upper secondary educational attainment among working-age adults (percentage of people aged 25-64 with at least an upper secondary education)	**78.1%**	74.5%
Life satisfaction	Mean values on an 11 point scale, with responses ranging from zero (not at all satisfied) to 10 (completely satisfied)	**7.2**	7.3

22 OECD (2017) *Better Life Index*

23 OECD (Volume 2017 Issue 2) *Economic Outlook: France*

24 OECD (2017) *How's Life? measuring wellbeing – data tables*

France

Culture

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

Always/Frequently	**71%**
Occasionally	**19%**
Rarely/Never	**9%**
Don't know	**2%**

Behaviour

34% of French employees have been aware of misconduct during the past year at work. The most common types of misconduct they noticed are…

People treated inappropriately/unethically	**40%**
Safety violations	**36%**
Bullying and harassment	**30%**

20% of French employees have felt pressured to compromise ethics. The main pressures are…

1. Time pressure **38%**
2. I was following my boss's orders **30%**
3. We were under-resourced; I had to meet unrealistic objectives and deadlines **23%**

Speaking up

46% of employees in France who have been aware of misconduct decided not to speak up. The main reasons are:

1. I felt it was none of my business **25%**
2. I did not want to be seen as a troublemaker by management **20%**
3. I felt I might jeopardise my job; I thought that they already knew about it; I thought that it was common practice **17%**

Ethics programme

When asked whether they were aware of their organisation having each of the four building blocks of an ethics programme, less than half of employees in France say yes.

My organisation…

Has written standards of ethical business conduct that provide guidelines for my job **47%**

Provides employees with a means of reporting misconduct confidentially **33%**

Offers advice or an information helpline where I can get advice about behaving ethically at work **29%**

Provides training on standards of ethical conduct **26%**

Germany

The German economy remains the strongest in the European Union in terms of GDP (Gross Domestic Product). Economic growth is projected to remain solid with the unemployment rate falling further. Low unemployment and higher government spending will help to underpin private consumption. The OECD highlights that *"vigorous employment growth has pushed the unemployment rate to record-low levels. […] Female labour market participation is increasing and more women work longer hours, reflecting in part improved child care provisions."*

However, some issues remain: *"Skill shortages are increasing, yet women's skills are used less than men's, resulting in unexploited opportunities for productivity, income and well-being gains. Immigration, mostly from other EU countries, remains strong. The number of refugees entering the labour market after they have received initial training is increasing [whilst] many of them are unemployed."*

The possible consequences of Brexit might contribute to increasing the feeling of uncertainty in Germany. *This "may disrupt the sourcing of inputs by key German industries, including automotive production and chemicals. On the other hand, some businesses have announced they will transfer activity to Germany."* [25]

Figure 27 How's life in Germany? [26]

Indicators	Description	Germany	OECD Average
Employment	Employed aged 15-64, as a percentage of the population aged 15-64	**74.7%**	67.1%
Earnings	Average annual gross earnings per full-time employee (US dollars at the purchasing power parities for the latest available year)	**$46,389**	$44,290
Long-term unemployment	Percentage of the labour force unemployed for one year or more	**1.7%**	2%
Working hours	Percentage of employees who usually work 50 hours or more per week	**4.6%**	12.6%
Household income	Household net adjusted disposable income (US dollars at the purchasing power parities, average per capita)	**$33,652**	$30,620
Education	Upper secondary educational attainment among working-age adults (percentage of people aged 25-64 with at least an upper secondary education)	**86.5%**	74.5%
Life satisfaction	Mean values on an 11 point scale, with responses ranging from zero (not at all satisfied) to 10 (completely satisfied)	**7.3**	7.3

25 OECD (Volume 2017 Issue 2) *Economic Outlook: Germany*

26 OECD (2017) *How's Life? measuring wellbeing – data tables*

Germany

Culture

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

Always/Frequently	**69%**
Occasionally	**20%**
Rarely/Never	**8%**
Don't know	**2%**

Behaviour

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

Safety violations; Bullying and harassment	**35%**
Misreporting hours worked	**34%**
People treated inappropriately/unethically; Abusive behaviour	**33%**

17% of German employees have felt pressured to compromise ethical standards. The main pressures are…

1. We were under-resourced **36%**
2. Time pressure **35%**
3. I had to meet unrealistic objectives and deadlines **25%**

Speaking up

39% of employees in Germany who have been aware of misconduct decided not to speak up. The main reasons are:

1. I did not believe that corrective action would be taken **28%**
2. I felt I might alienate myself from my colleagues; I didn't think it was a serious issue at the time **23%**
3. I did not want to be seen as a troublemaker by management **21%**

Ethics programme

Less than a quarter of employees in Germany are aware of their organisation providing advice or an information helpline for employees to get advice about behaving ethically at work.

My organisation…

- Has written standards of ethical business conduct that provide guidelines for my job **52%**
- Provides employees with a means of reporting misconduct confidentially **37%**
- Offers advice or an information helpline where I can get advice about behaving ethically at work **24%**
- Provides training on standards of ethical conduct **29%**

Ireland

According to the OECD, the Irish economy is projected to expand solidly. The decision of some well-known multinational corporations to invest in Ireland has certainly contributed to this, but it is also noted that investments by local Irish firms continue to recover strongly. Unemployment continues to decline and wages are projected to rise.

The economic prospects are surrounded by more uncertainty than usual including, notably, the final outcome of Brexit negotiations. This might affect exports and investment in particular. Nonetheless, Ireland enjoys a high degree of openness towards the global economy and has many highly-productive multinational enterprises. Notwithstanding the strong economic recovery, the banking system is still impaired (a legacy of the past property boom) and borrowing conditions remain very tight for SMEs. [27]

Figure 28 How's life in Ireland? [28]

Indicators	Description	Ireland	OECD Average
Employment	Employed aged 15-64, as a percentage of the population aged 15-64	**64.7%**	67.1%
Earnings	Average annual gross earnings per full-time employee (US dollars at the purchasing power parities for the latest available year)	**$51,681**	$44,290
Long-term unemployment	Percentage of the labour force unemployed for one year or more	**4.7%**	2%
Working hours	Percentage of employees who usually work 50 hours or more per week	**4.7%**	12.6%
Household income	Household net adjusted disposable income (US dollars at the purchasing power parities, average per capita)	**$25,439**	$30,620
Education	Upper secondary educational attainment among working-age adults (percentage of people aged 25-64 with at least an upper secondary education)	**79.8%**	74.5%
Life satisfaction	Mean values on an 11 point scale, with responses ranging from zero (not at all satisfied) to 10 (completely satisfied)	**7.4**	7.3

27 OECD (Volume 2017 Issue 2) *Economic Outlook: Ireland*

28 OECD (2017) *How's Life? measuring wellbeing – data tables*

Ireland

Culture

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

Always/Frequently	88%
Occasionally	9%
Rarely/Never	2%
Don't know	1%

Speaking up

44% of employees in Ireland who have been aware of misconduct decided not to speak up. The main reasons are:

1. I did not believe that corrective action would be taken **53%**
2. I felt I might jeopardise my job **40%**
3. I did not want to be seen as a troublemaker by management **28%**

Behaviour

28% of Irish employees have been aware of misconduct at work. The most common types of misconduct they noticed are…

People treated inappropriately/unethically	54%
Bullying and harassment	45%
Misreporting hours worked	38%

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

1. I was following my boss's orders; We were under-resourced **32%**
2. Time pressure **30%**
3. I was being asked to take shortcuts **27%**

Ethics programme

Employees in Ireland are more likely than those in any other country to say that their organisation has written standards of ethical business conduct that provide guidelines for their job.

My organisation…

Has written standards of ethical business conduct that provide guidelines for my job **74%**

Provides employees with a means of reporting misconduct confidentially **55%**

Offers advice or an information helpline where I can get advice about behaving ethically at work **46%**

Provides training on standards of ethical conduct **51%**

Italy

OECD projections highlight that, after a moderate recovery, Italian GDP will dwindle in 2019. Private consumption will continue to be the main driver of the recovery and rising global demand is supporting exports. As the OECD explains, ***"leading indicators for manufacturing and services, and rising business and consumer confidence, point towards robust economic activity in the near term. The share of business planning to increase investment in the months ahead is rising. Excess capacity is narrowing but it is not yet leading to higher price and wage pressures."***

Unemployment remains a significant issue in Italy. The OECD notes that *"employment growth has been resilient despite the expiration of social-security contribution exemptions for permanent contracts. However, job creation relies increasingly on temporary contracts."* [29]

Figure 29 How's life in Italy? [30]

Indicators	Description	Italy	OECD Average
Employment	Employed aged 15-64, as a percentage of the population aged 15-64	**57.2%**	67.1%
Earnings	Average annual gross earnings per full-time employee (US dollars at the purchasing power parities for the latest available year)	**$35,397**	$44,290
Long-term unemployment	Percentage of the labour force unemployed for one year or more	**6.8%**	2%
Working hours	Percentage of employees who usually work 50 hours or more per week	**3.9%**	12.6%
Household income	Household net adjusted disposable income (US dollars at the purchasing power parities, average per capita)	**$26,063**	$30,620
Education	Upper secondary educational attainment among working-age adults (percentage of people aged 25-64 with at least an upper secondary education)	**60.1%**	74.5%
Life satisfaction	Mean values on an 11 point scale, with responses ranging from zero (not at all satisfied) to 10 (completely satisfied)	**7.0**	7.3

[29] OECD (Volume 2017 Issue 2) *Economic Outlook: Italy*

[30] OECD (2017) *How's Life? measuring wellbeing – data tables*

Italy

Culture

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

Always/Frequently	76%
Occasionally	16%
Rarely/Never	7%
Don't know	1%

Speaking up

46% of employees in Italy who have been aware of misconduct decided not to speak up. The main reasons are:

1. I felt I might jeopardise my job **31%**
2. I did not believe that corrective action would be taken **27%**
3. I thought that they already knew about it **20%**

Behaviour

29% of Italian employees have been aware of misconduct at work. The most common types of misconduct they noticed are…

People treated inappropriately/unethically	45%
Misreporting hours worked	39%
Safety violations	34%

17% of Italian employees have felt pressured to compromise ethical standards. The main pressures are…

1. Time pressure **34%**
2. I was following my boss's orders **32%**
3. I had to meet unrealistic objectives and deadlines **19%**

Ethics programme

Employees in Italy (**44%**) are considerably more likely to be aware of their organisation having a means of reporting misconduct confidentially compared to 2015 (**35%**).

My organisation…

- Has written standards of ethical business conduct that provide guidelines for my job **50%**
- Provides employees with a means of reporting misconduct confidentially **44%**
- Offers advice or an information helpline where I can get advice about behaving ethically at work **23%**
- Provides training on standards of ethical conduct **43%**

Portugal

According to the OECD, *"the economic recovery gained traction through 2017 due to past structural reforms and strength in private demand. Rising private consumption has reflected a notable increase in real disposable incomes and accelerating employment. At the same time there are signs that the business sector is responding to increased demand and improvements in profitability: private investment has expanded rapidly and indicators of hiring intentions have been rising."*

Furthermore, the OECD explains that businesses show signs of optimism regarding the economic outlook of the country. "*Nevertheless, corporate spending is being held back by borrowing constraints and slow productivity growth. To promote the latter, reforms that improve business dynamism, including through reducing barriers to entry into professional services should be a focus."* [31]

Figure 30 How's life in Portugal? [32]

Indicators	Description	Portugal	OECD Average
Employment	Employed aged 15-64, as a percentage of the population aged 15-64	**65.2%**	67.1%
Earnings	Average annual gross earnings per full-time employee (US dollars at the purchasing power parities for the latest available year)	**$24,529**	$44,290
Long-term unemployment	Percentage of the labour force unemployed for one year or more	**6.1%**	2%
Working hours	Percentage of employees who usually work 50 hours or more per week	**8.2%**	12.6%
Household income	Household net adjusted disposable income (US dollars at the purchasing power parities, average per capita)	**$20,519**	$30,620
Education	Upper secondary educational attainment among working-age adults (percentage of people aged 25-64 with at least an upper secondary education)	**46.9%**	74.5%
Life satisfaction	Mean values on an 11 point scale, with responses ranging from zero (not at all satisfied) to 10 (completely satisfied)	**6.2**	7.3

31 OECD (Volume 2017 Issue 2) *Economic Outlook: Portugal*

32 OECD (2017) *How's Life? measuring wellbeing – data tables*

Portugal

Culture

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

Always/Frequently	85%
Occasionally	10%
Rarely/Never	3%
Don't know	1%

Speaking up

49% of employees in Portugal who have been aware of misconduct decided not to speak up. The main reasons are:

1. I did not believe that corrective action would be taken **32%**
2. I felt it was none of my business **27%**
3. I felt I might jeopardise my job **24%**

Behaviour

35% of Portuguese employees have been aware of misconduct at work. The most common types of misconduct they noticed are…

People treated inappropriately/unethically	52%
Abusive behaviour	38%
Misreporting hours worked	28%

22% of Portuguese employees have felt pressured to compromise ethical standards. The main pressures are…

1. Time pressure **36%**
2. We were under-resourced **29%**
3. I was following my boss's orders **26%**

Ethics programme

Employees in Portugal are more likely to say that their organisation offers advice or an information helpline where they can get advice about behaving ethically at work rather than having a means of reporting misconduct confidentially.

My organisation…

- Has written standards of ethical business conduct that provide guidelines for my job **60%**
- Provides employees with a means of reporting misconduct confidentially **35%**
- Offers advice or an information helpline where I can get advice about behaving ethically at work **37%**
- Provides training on standards of ethical conduct **43%**

Spain

The OECD projects that the Spanish economy will remain robust and continue to grow in 2018-19, albeit at a slower pace than 2017 due to the decrease in domestic demand. The OECD points out that *"the unemployment rate is gradually falling, but remains high, particularly among the youth and long-term unemployed. […] Well-designed and targeted active labour market policies and improved access to vocational education and training could help low-skilled workers to improve their labour market prospects, lowering inequalities. Productivity growth would be supported by improving the skills of the labour force."*

The referendum on the independence of Catalonia from Spain, held in October 2017 and declared illegal by the Spanish government, has introduced a further element of political and economic uncertainty. *"Persistent tensions in Catalonia could lower consumer and business confidence significantly, hampering domestic demand more than projected."* [33]

Figure 31 How's life in Spain? [34]

Indicators	Description	Spain	OECD Average
Employment	Employed aged 15-64, as a percentage of the population aged 15-64	60.5%	67.1%
Earnings	Average annual gross earnings per full-time employee (US dollars at the purchasing power parities for the latest available year)	$37,333	$44,290
Long-term unemployment	Percentage of the labour force unemployed for one year or more	9.5%	2%
Working hours	Percentage of employees who usually work 50 hours or more per week	4.5%	12.6%
Household income	Household net adjusted disposable income (US dollars at the purchasing power parities, average per capita)	$23,129	$30,620
Education	Upper secondary educational attainment among working-age adults (percentage of people aged 25-64 with at least an upper secondary education)	58.3%	74.5%
Life satisfaction	Mean values on an 11 point scale, with responses ranging from zero (not at all satisfied) to 10 (completely satisfied)	6.9	7.3

[33] OECD (Volume 2017 Issue 2) *Economic Outlook: Spain*

[34] OECD (2017) *How's Life? measuring wellbeing – data tables*

Spain

Culture

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

Always/Frequently	**79%**
Occasionally	**14%**
Rarely/Never	**4%**
Don't know	**3%**

Behaviour

40% of Spanish employees have been aware of misconduct at work. The most common types of misconduct they noticed are…

People treated inappropriately/unethically	**48%**
Safety violations	**35%**
Misreporting hours worked	**34%**

12% of Spanish employees have felt pressured to compromise ethical standards. The main pressures are…

1. I was following my boss's orders **38%**
2. I was trying to save my job **32%**
3. I had to meet unrealistic objectives and deadlines **25%**

Speaking up

45% of employees in Spain who have been aware of misconduct decided not to speak up. The main reasons are:

1. I felt I might jeopardise my job; I felt it was none of my business; I felt I might alienate myself from my colleagues **27%**
2. I did not want to be seen as a troublemaker by management **25%**
3. I did not believe that corrective action would be taken **19%**

Ethics programme

Among the building blocks of an ethics programme, Spanish employees are least likely to be aware of their organisation offering advice or having an 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 **59%**

Provides employees with a means of reporting misconduct confidentially **37%**

Offers advice or an information helpline where I can get advice about behaving ethically at work **27%**

Provides training on standards of ethical conduct **33%**

Switzerland

According to the OECD, GDP growth was limited in 2017. However, economic activity is projected to pick up in 2018. Interest rates are projected to remain low, helping to revive domestic demand. As the economy increasingly opens up to Europe and the rest of the world, Switzerland should be able to maintain its enviable economic position. In particular, it has managed to develop several leading global industries.

However, the OECD points out that well-being would be enhanced if barriers to trade in services were lowered to deepen participation in global value chains. Sizeable immigration has brought increases in skilled labour but has also proved to be challenging, calling for continued focus on integrating new migrants. In addition, *"further efforts should be pursued to remove constraints on women's full participation in the economy, as they overwhelmingly work part-time. In particular, more affordable childcare is needed."* [35]

Figure 32 How's life in Switzerland? [36]

Indicators	Description	Switzerland	OECD Average
Employment	Employed aged 15-64, as a percentage of the population aged 15-64	**79.6%**	67.1%
Earnings	Average annual gross earnings per full-time employee (US dollars at the purchasing power parities for the latest available year)	**$60,124**	$44,290
Long-term unemployment	Percentage of the labour force unemployed for one year or more	**1.9%**	2%
Working hours	Percentage of employees who usually work 50 hours or more per week	**Not available**	12.6%
Household income	Household net adjusted disposable income (US dollars at the purchasing power parities, average per capita)	**$36,378**	$30,620
Education	Upper secondary educational attainment among working-age adults (percentage of people aged 25-64 with at least an upper secondary education)	**87.4%**	74.5%
Life satisfaction	Mean values on an 11 point scale, with responses ranging from zero (not at all satisfied) to 10 (completely satisfied)	**7.9**	7.3

35 OECD (Volume 2017 Issue 2) *Economic Outlook: Switzerland*

36 OECD (2017) *How's Life? measuring wellbeing – data tables*

Switzerland

Culture

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

Always/Frequently	75%
Occasionally	18%
Rarely/Never	5%
Don't know	1%

Speaking up

40% of employees in Switzerland who have been aware of misconduct decided not to speak up. The main reasons are:

1. I felt I might jeopardise my job **30%**
2. I did not believe that corrective action would be taken **29%**
3. I felt it was none of my business **21%**

Behaviour

27% of Swiss employees have been aware of misconduct at work. The most common types of misconduct they noticed are…

Misreporting hours worked	50%
People treated inappropriately/unethically	44%
Abusive behaviour	33%

16% of Swiss employees have felt pressured to compromise ethical standards. The main pressures are…

1. Time pressure **35%**
2. I was following my boss's orders **30%**
3. I had to meet unrealistic objectives and deadlines **29%**

Ethics programme

The majority of Swiss employees say that their organisation has written standards of ethical business conduct. However, the awareness of each of the other building blocks of an ethics programme is significantly lower.

My organisation…

- Has written standards of ethical business conduct that provide guidelines for my job **61%**
- Provides employees with a means of reporting misconduct confidentially **36%**
- Offers advice or an information helpline where I can get advice about behaving ethically at work **26%**
- Provides training on standards of ethical conduct **30%**

United Kingdom

The OECD comments that the current economic situation in the UK has been deeply affected by the outcome of the Brexit referendum, which took place in June 2016 and resulted in a slight majority of people voting in favour of leaving the European Union. A first visible sign of this is the significant currency depreciation of the sterling, which has mitigated the immediate impact of the shock by stabilising financial markets and supporting consumer confidence.

The British government, led by Theresa May, is negotiating the terms and conditions of the UK exit from the European Union. It can be assumed that some deal will be reached regarding its status after 2020. However, at the time this survey was conducted (February 2018) there was considerable uncertainty about this. Private investment, including foreign direct investment, might be seriously hindered by this uncertainty. The OECD suggests that economic growth will continue to weaken in 2018 and 2019. As growth slows, the unemployment rate is projected to rise. [37]

Figure 33 How's life in the UK? [38]

Indicators	Description	United Kingdom	OECD Average
Employment	Employed aged 15-64, as a percentage of the population aged 15-64	**74.3%**	67.1%
Earnings	Average annual gross earnings per full-time employee (US dollars at the purchasing power parities for the latest available year)	**$42,835**	$44,290
Long-term unemployment	Percentage of the labour force unemployed for one year or more	**1.3%**	2%
Working hours	Percentage of employees who usually work 50 hours or more per week	**12.7%**	12.6%
Household income	Household net adjusted disposable income (US dollars at the purchasing power parities, average per capita)	**$28,408**	$30,620
Education	Upper secondary educational attainment among working-age adults (percentage of people aged 25-64 with at least an upper secondary education)	**80.7%**	74.5%
Life satisfaction	Mean values on an 11 point scale, with responses ranging from zero (not at all satisfied) to 10 (completely satisfied)	**7.7**	7.3

[37] OECD (Volume 2017 Issue 2) *Economic Outlook: United Kingdom*

[38] OECD (2017) *How's Life? measuring wellbeing – data tables*

United Kingdom

Culture

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

Always/Frequently	81%
Occasionally	13%
Rarely/Never	3%
Don't know	3%

Speaking up

33% of employees in the UK who have been aware of misconduct decided not to speak up. The main reasons are:

1. I felt I might jeopardise my job **33%**
2. I did not believe that corrective action would be taken; I felt I might alienate myself from my colleagues **26%**
3. I felt it was none of my business **22%**

Behaviour

24% of UK employees have been aware of misconduct at work. The most common types of misconduct they noticed are…

People treated inappropriately/unethically	48%
Bullying and harassment	40%
Safety violations	35%

12% of UK employees have felt pressured to compromise ethical standards. The main pressures are…

1. We were under-resourced **35%**
2. Time pressure **34%**
3. I was following my boss's orders **28%**

Ethics programme

The majority of respondents in the UK are aware of each of the building blocks of an ethics programme in their organisation.

My organisation…

- Has written standards of ethical business conduct that provide guidelines for my job **69%**
- Provides employees with a means of reporting misconduct confidentially **64%**
- Offers advice or an information helpline where I can get advice about behaving ethically at work **51%**
- Provides training on standards of ethical conduct **56%**

Summary and Conclusion

The data presented in this 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.

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

Are employees able to identify and address ethical dilemmas?
To ensure that employees' behaviour is in line with the organisation's ethical values, it is important not only that staff are engaged with the ethical values of the organisation, but also that people are able to identify ethical dilemmas and instances of actual or potential misconduct. The majority of respondents say that honesty is practised frequently or always in their organisation (78%). However, there is still a considerable percentage of employees who have a lenient attitude towards ethically questionable workplace practices. Providing appropriate ethics training is therefore paramount but is still not widespread – only 39% of respondents say that their organisation provides ethics training.

It is also important that employees who are aware of misconduct feel that they can raise their concerns. There are considerable discrepancies across organisations in terms of the provision of mechanisms for employees to raise concerns about potential ethical lapses or ask questions and get advice. In particular, organisations should seek to reassure employees that there are procedures in place to tackle misconduct in the workplace and corrective action is taken where necessary.

Organisations should seek to reassure employees that there are procedures in place to tackle misconduct in the workplace and corrective action is taken where necessary

Do organisations understand the different needs of a multigenerational workforce?
Both ageing populations and the new generation entering the workplace are creating new opportunities and challenges for employers, especially in relation to embedding business ethics. For this reason, understanding the different characteristics of the generations is fundamental to building a culture founded on ethical values.

This survey shows that millennials (aged 18-34) appear to have mixed attitudes towards ethics in the workplace. They seem to pay more attention to how ethics is promoted at work: they are the most likely age group to be aware of all the elements of an ethics programme and the most likely to say that issues of right and wrong are discussed in team meetings (54%). It might be because of this increased awareness that they are the most likely age group to have been aware of misconduct (35%). They are more likely to spot the signs of ethical risks, and the least likely age group to say that honesty is frequently or always practised at work (75% vs 82% of older employees aged 55+).

However, they are the most likely to say that good results are rewarded even when they are achieved through ethically questionable practices (35%) and they seem to have somewhat more lenient attitudes towards some ethically questionable practices at work. This suggests that millennials need to be supported and rewarded for doing the right thing, in particular by their managers who have the responsibility to lead by example. [39]

Are SMEs able to tackle the specific ethical risks that they face?
Organisations of all sizes face ethical risks that can have a serious impact on their sustainability and success. However, these risks are likely to differ depending on the size of the organisation.

Employees in SMEs seem to have a generally more positive view of the honesty of their organisation and on the way it engages with external stakeholders. They are also less likely to have been aware of misconduct in the workplace (29% vs 36% of those in large organisations).

On the other hand, they are also less likely to say that their organisation disciplines people who violate the organisation's ethical standards (51%) and that their manager supports them to live up to the organisation's standards of ethical behaviour (57%). This may, however, be because they are also less likely to say that their organisation has the building blocks of an ethics programme. Furthermore, employees in SMEs are also more lenient towards some workplace practices that might have serious consequences for the organisation: considering favouring friends and family when awarding contracts (22%) and charging personal entertainment to expenses.

How are the schemes to incentivise ethical behaviour designed? Are they achieving their intended purpose?
Practical incentives that motivate and encourage people to behave ethically are an important tool that organisations can use to embed their values in practice. However, the survey shows that sometimes incentive schemes might have unintended negative consequences. For example, employees in organisations that incentivise ethical behaviour seem to be more accepting of some ethically questionable workplace practices and are significantly more likely to say that good results are rewarded by their line manager even when they are achieved through unethical practices (49%), compared to those in organisations that do not offer incentives. It is vital that organisations design and test their incentive schemes to ensure that they are effective.

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

[39] IBE (2015) *Business Ethics Across Generations*

Appendix 1
Methodology and Respondent Profile

This report presents the findings of public research undertaken by ComRes on behalf of the IBE. ComRes is a member of the British Polling Council and abides by its rules. The Institute of Business Ethics (IBE) has asked similar questions of the British workforce every three years since 2005. In 2012, we 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. The survey was completed by a total of 6,119 respondents across the eight European countries. It was comprised of a representative sample of about 750 working adults in each country who were aged 18+. The survey was undertaken between 5th and 25th February 2018.

COUNTRY	Total number of respondents	GENDER			AGE				SECTOR		MANAGERS		SIZE [39]	
		Male	Female	Prefer not to say	18-34	35-54	55+	Prefer not to say	Public/Third	Private	Manager	Non-manager	SME	Large
Europe	**6,119**	**3,256**	**2,834**	**29**	**1,804**	**3,127**	**1,184**	**4**	**2,025**	**4,094**	**1,862**	**4,257**	**3,255**	**2,418**
France	754	386	364	4	231	388	134	1	259	495	265	489	376	333
Germany	762	402	354	6	228	364	170	-	263	499	170	592	386	332
Ireland	784	418	360	6	251	392	139	2	272	512	292	492	390	341
Italy	768	445	320	3	179	438	151	-	208	560	216	552	450	232
Portugal	775	401	372	2	206	409	160	-	219	556	216	559	421	302
Spain	756	411	344	1	188	440	128	-	182	574	213	543	417	272
Switzerland	756	393	356	7	255	350	150	1	307	449	178	578	455	261
UK	764	400	364	-	266	346	152	-	315	449	312	452	360	345

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

Changes in methodology

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).

The methodology for data collection in the United Kingdom (England, Scotland, Wales and Northern Ireland) changed in 2018. From 2005 to 2015, data in Great Britain was collected through a public research survey by Ipsos MORI on behalf of the IBE. Interviews were conducted face-to-face with full time workers in Great Britain (England, Scotland and Wales) and data was weighted to be representative of the (full-time) working population (aged 16+).

This alteration in methodology is aimed at improving comparability of data between the different countries surveyed. However, this change has an impact on the ability to track changes over time in the UK and has to be kept in mind when comparing data for this country.

[39] 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 = 6,119 employees in Europe (754 in France, 762 in Germany, 784 in Ireland, 768 in Italy, 775 in Portugal, 756 in Spain, 756 in Switzerland and 764 in the UK).

Base 2015 = 3,000 employees in Continental Europe (750 in each of France, Germany, Italy and Spain) and 674 in Great Britain.

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 = 6,119 employees in Europe (754 in France, 762 in Germany, 784 in Ireland, 768 in Italy, 775 in Portugal, 756 in Spain, 756 in Switzerland and 764 in the UK).

Base 2015 = 3,000 employees in Continental Europe (750 in each of France, Germany, Italy and Spain) and 674 in Great Britain.

Base 2012 = 3,001 employees in Continental Europe (750 in each of France, Germany, Italy and 751 in Spain) and 665 in Great Britain.

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 = 6,119 employees in Europe (754 in France, 762 in Germany, 784 in Ireland, 768 in Italy, 775 in Portugal, 756 in Spain, 756 in Switzerland and 764 in the UK).

Base 2015 = 3,000 employees in Continental Europe (750 in each of France, Germany, Italy and Spain) and 674 in Great Britain.

Base 2012 = 3,001 employees in Continental Europe (750 in each of France, Germany, Italy and 751 in Spain) and 665 in Great Britain.

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 = 1,854 employees in Europe who were aware of illegal or unethical practices at work (258 in France, 191 in Germany, 217 in Ireland, 226 in Italy, 272 in Portugal, 304 in Spain, 202 in Switzerland and 184 in the UK).

Base 2015 = 975 employees in Continental Europe who were aware of illegal or unethical practices at work (223 in France, 175 in Germany, 242 in Italy, 335 in Spain) and 134 in Great Britain.

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 = 1,854 employees in Europe who were aware of illegal or unethical practices at work (258 in France, 191 in Germany, 217 in Ireland, 226 in Italy, 272 in Portugal, 304 in Spain, 202 in Switzerland and 184 in the UK).

Base 2015 = 975 employees in Continental Europe who were aware of illegal or unethical practices at work (223 in France, 175 in Germany, 242 in Italy, 335 in Spain) and 134 in Great Britain.

Base 2012 = 809 employees in Continental Europe who were aware of illegal or unethical practices at work (209 in France, 134 in Germany, 200 in Italy, 266 in Spain) and 130 in Great Britain.

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 = 1,008 employees in Europe who were aware of legal or ethical violations at work and raised their concerns (134 in France, 108 in Germany, 119 in Ireland, 114 in Italy, 133 in Portugal, 160 in Spain, 118 in Switzerland and 122 in the UK).

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 = 806 employees in Europe who were aware of legal or ethical violations at work but did not raise their concerns (119 in France, 74 in Germany, 97 in Ireland, 103 in Italy, 134 in Portugal, 138 in Spain, 80 in Switzerland and 61 in the UK).

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 = 6,119 employees in Europe (754 in France, 762 in Germany, 784 in Ireland, 768 in Italy, 775 in Portugal, 756 in Spain, 756 in Switzerland and 764 in the UK).

Base 2015 = 3,000 employees in Continental Europe (750 in each of France, Germany, Italy and Spain) and 674 in Great Britain.

Base 2012 = 3,001 employees in Continental Europe (750 in each of France, Germany, Italy and 751 in Spain) and 665 in Great Britain.

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 = 6,119 employees in Europe (754 in France, 762 in Germany, 784 in Ireland, 768 in Italy, 775 in Portugal, 756 in Spain, 756 in Switzerland and 764 in the UK).

Base 2015 = 3,000 employees in Continental Europe (750 in each of France, Germany, Italy and Spain) and 674 in Great Britain.

Base 2012 = 3,001 employees in Continental Europe (750 in each of France, Germany, Italy and 751 in Spain) and 665 in Great Britain.

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 = 6,119 employees in Europe (754 in France, 762 in Germany, 784 in Ireland, 768 in Italy, 775 in Portugal, 756 in Spain, 756 in Switzerland and 764 in the UK).

Base 2015 = 3,000 employees in Continental Europe (750 in each of France, Germany, Italy and Spain) and 674 in Great Britain.

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 = 970 employees who have felt pressured to compromise their organisation's standards of ethical conduct (148 in France, 127 in Germany, 88 in Ireland, 129 in Italy, 176 in Portugal, 91 in Spain, 120 in Switzerland and 91 in the UK).

Base 2015 = 398 employees in Continental Europe who have felt pressured to compromise their organisation's standards of ethical conduct (108 in France, 88 in Germany, 113 in Italy, 89 in Spain) and 53 in Great Britain.

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 = 6,119 employees in Europe (754 in France, 762 in Germany, 784 in Ireland, 768 in Italy, 775 in Portugal, 756 in Spain, 756 in Switzerland and 764 in the UK).

Base 2015 = 3,000 employees in Continental Europe (750 in each of France, Germany, Italy and Spain) and 674 in Great Britain.

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 = 1,400 employees in Europe who say their organisation provides incentives to promote ethical standards (190 in France, 223 in Germany, 104 in Ireland, 115 in Italy, 188 in Portugal, 194 in Spain, 217 in Switzerland and 169 in the UK).

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 = 1,862 managers (265 in France, 170 in Germany, 292 in Ireland, 216 in Italy, 216 in Portugal, 213 in Spain, 178 in Switzerland and 312 in the UK).

Statements from Silver Supporters of the Survey

Aviva

Our purpose is to help customers *Defy Uncertainty* – to face the future with confidence. We want to help customers protect what matters to them – their family, home and savings for retirement, for example. We cannot do this without earning and maintaining customer trust.

A strong culture, supported by good governance and a clear ethical framework, provide the strong foundations required to operate as a responsible and transparent business.

Our *Business Ethics Code* outlines our high ethical standards. In 2017, we reviewed and improved our business ethics training to reinforce its importance and what it means for our people.

Our malpractice helpline, *Speak Up*, makes it easy to report any concerns in confidence, with all reports referred to an independent investigation team. Our helpline is open not only to employees but also third parties. We encourage the reporting of concerns covering a wide range of issues such as: bribery and corruption, harassment, and human rights (including modern slavery).

We have risk-based training to ensure employees and others acting on Aviva's behalf make business decisions that align to our values and contribute to growing our business in a sustainable way.

Aviva provides around 31 million customers worldwide with insurance, savings and investment products. We are the UK's largest insurer and one of Europe's leading providers of life and general insurance. We combine strong life insurance, general insurance and asset management businesses under one powerful brand. We are committed to serving our customers well in order to build a stronger, sustainable business, which makes a positive contribution to society, and for which our people are proud to work.

Centrica

Centrica provides energy and services that are at the heart of our customers' lives. To continue doing this and generate greater value in society, we focus on being a responsible business.

Core to this is ensuring we have a clear set of expectations for how we go about our business and a sound guide for making good decisions. That is why earlier this year, we launched *Our Code* which replaces our Business Principles and other codes of conduct across the company. From operating safely and securely to working responsibly with communities and governments, *Our Code* gives us a clear, unified statement on the most important principles and standards that apply to everyone who works for us, with us or alongside us. Our Code supports our Values and embodies what we stand for, and clearly states that we will conduct our business with integrity.

We are helping our people embrace the spirit and values that underpin *Our Code* by using interactive training modules and ethical dilemma challenges, while strengthening working groups focused on addressing key issues including modern slavery.

Centrica plc is an international energy and services company. Everything we do is focused on satisfying the changing needs of their customers.

Centrica supplies energy and services to over 25 million customer accounts mainly in the UK, Ireland and North America through strong brands such as British Gas, Direct Energy and Bord Gáis Energy, all supported by around 15,000 engineers and technicians.

These chosen businesses and distinctive capabilities are underpinned by an investment in technology to develop innovative products, offers and solutions, which ensures Centrica is well placed to deliver for its customers, shareholders and society.

Statements from Silver Supporters of the Survey

L'ORÉAL

L'ORÉAL

At L'ORÉAL, we believe that a company's behaviour is as important as its economic performance or the quality of its products.

L'Oréal was built on strong ethical principles that continue to guide its development and contribute to building its reputation: Integrity, Respect, Courage and Transparency. These principles are namely the foundation of the Group's policies in terms of compliance, responsible innovation, environmental stewardship, social and societal responsibility, and philanthropy.

In addition to the ambitious ethics programme we have already put in place, we have recently published our *Human Rights Policy* and set up a Group Human Rights Committee as we believe human rights will be one of the major ethical subjects in future years.

L'Oréal has devoted itself to beauty for over 100 years and is the world's leading beauty company, employing 82,600 people worldwide. Research and innovation are at the core of L'Oréal's strategy, working to meet beauty aspirations all over the world. L'Oréal's sustainability commitment for 2020 *Sharing Beauty With All* sets out ambitious sustainable development objectives across the Group's value chain.

Morgan Stanley

Morgan Stanley

We believe a strong culture starts with our 58,000 employees. The Firm's core values drive a shared set of behaviours and attributes that help employees make decisions consistent with the expectations of our clients, shareholders, regulators, Board of Directors and the public. Since Morgan Stanley's founding in 1935, our pledge – to do first-class business in a first-class way – has been at the heart of everything we do, differentiating us in the industry and serving as a foundation for success. Our culture is a competitive advantage at Morgan Stanley that we do not take for granted.

At Morgan Stanley, we advise, originate, trade, manage and distribute capital for governments, institutions and individuals, and always do so with a standard of excellence. We operate globally across five key business areas: Wealth Management, Investment Banking & Capital Markets, Sales & Trading, Research, and Investment Management. We believe capital can work to benefit all of society. We make this belief a reality by putting clients first, leading with exceptional ideas, doing the right thing, and giving back.

Related IBE Publications

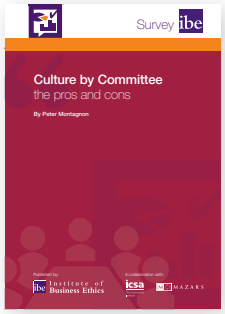
IBE publications provide thought leadership and practical guidance to those involved in developing and promoting business ethics, including senior business people, corporate governance professionals and ethics and compliance practitioners. Some recent publications related to this topic which you might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

Culture Indicators: understanding corporate behaviour

Peter Montagnon

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

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



Culture by Committee: the pros and cons

Peter Montagnon

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

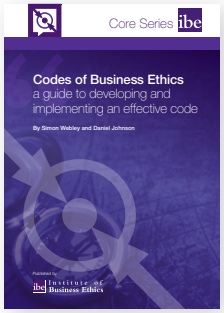
The idea of having a committee dedicated to the task of overseeing culture and ethics is relatively new. This survey report is intended to benchmark what is happening in the UK, providing a valuable insight into how companies are approaching the task, and helping companies decide on the right approach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

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

Ethics, Risk and Governance

Peter Montagnon

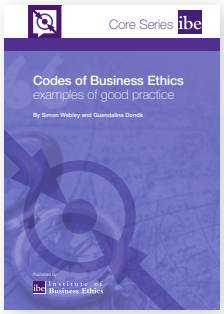
Setting the right values and culture is integral to a company's success and its ability to generate value over the longer term. The challenge for business is how to develop and embed real values. This requires leadership and is a core task for boards. Many boards acknowledge the importance of a healthy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



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

Simon Webley and Daniel Johnson

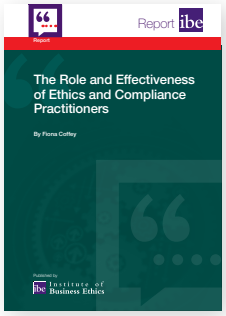
Updated guidance from the IBE on how to develop and implement an effective code of ethics. This Core IBE Report addresses many of the questions that arise when organisations wish to provide support and guidance to staff in ethical decision-making. It is intended to apply to organisations of any size,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



Codes of Business Ethics: examples of good practice

Simon Webley and Guendalina Dondé

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



The Role and Effectiveness of Ethics and Compliance Practitioners

Fiona Coffey

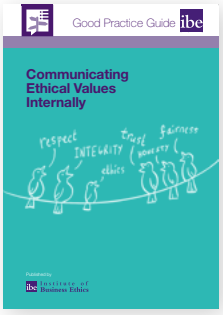
How do Ethics and Compliance practitioners work effectively to promote ethical conduct inside their organisations? This report provides refreshing insights into the purpose and activities of this relatively new role. Based on interviews with practitioners, it considers the skills required and the scope and capacity of E&C practitioners to have strategic influence on 'business as usual'.

This report will give boards and senior executives an understanding of the value that the E&C function brings, how it can be aligned with the business model and the resources required to make the function effective. E&C practitioners themselves will be given perspectives on how others approach the E&C role in taking a values approach to ensuring high standards of business conduct.

Good Practice Guide: Encouraging a Speak Up Culture

Katherine Bradshaw

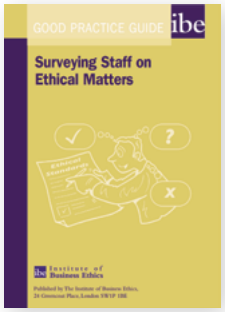
The freedom to raise concerns without fear of retaliation is a core component of a supportive ethical business culture – one where employees are confident they will be supported to 'do the right thing'. *Encouraging a Speak Up Culture* is the latest IBE Good Practice Guide. It examines practical ways 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.



Good Practice Guide: Communicating Ethical Values Internally

Katherine Bradshaw

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



Good Practice Guide: Surveying Staff on Ethical Matters

Katherine Bradshaw, Andrea Werner and Nicole Dando

This Good Practice Guide looks at how organisations can use staff surveys to take their ethical temperature and assess the efficacy of their ethics programmes. It outlines the different methods for surveying staff on ethical matters and considers how to maximise the effectiveness of surveys. A list of questions that companies can use to ask their staff about ethical matters is provided, including the IBE's 12 benchmark staff survey questions.

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 *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 – Europe

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

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

The Institute of Business Ethics has conducted a regular survey into employees' views of ethics at work in Britain since 2005. The survey has since been widened to include France, Germany, Ireland, Italy, Portugal, Spain and Switzerland in Europe, as well as Australia, Canada, New Zealand and Singapore.

This report presents the survey findings from the European countries. It 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.

These findings will help to explain the European landscape of business ethics from the perspective of employees in 2018.

ibe Institute of Business Ethics

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