

Business Ethics Today and Tomorrow: A Global Survey

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If you think business ethics is crucial in today's scandal-ridden era, then just wait a few years. The reasons for running ethical businesses are only going to get more compelling—as well as more complex—over the coming decade, suggests a new global survey conducted by the Human Resource Institute (HRI) and commissioned by American Management Association (AMA).

Why should companies behave ethically? The top-ranked reason is “to protect a company's brand and reputation,” closely followed by the desire to “do the right thing,” according to the 1,121 survey respondents. Their responses highlight the fact that business ethics has both bottom-line and moral implications for business professionals.

When asked to look 10 years into the future, respondents predicted that factors such as protecting the brand, establishing customer trust, and winning investor confidence will only get more critical by the year 2015.

Participants in the survey—who included professionals from a range of corporate functions, especially HR, general management and operations—also believe that globalization will be the number one business driver of ethics in 10 years' time. After all, globalization is not only going to intensify market competition, it's going to make establishing organization-wide ethical corporate cultures and standards more complex.

One major question is whether the red-hot market competition brought on by globalization will lead to shadier business conduct in the future. The survey asked respondents to identify the factors most likely to cause people to compromise an organization's ethical standards. The top answer, by far, was “pressure to meet unrealistic business objectives/deadlines.” If emerging businesses in China, India and elsewhere drive managers to set unrealistic business goals, then companies could see a whole other era of scandals.

But survey respondents seem to expect greater pressure to behave ethically. One factor that jumps out as being a lot more important in the future is the “corporate social responsibility (CSR) movement.” It's clear that business professionals expect to be held to higher CSR standards in the year 2015.

An even more radical shift may be the growing importance of “environmental issues,” which respondents predict will be the second most important external driver of business ethics (out of 10 drivers) in 10 years; it is in the ninth position today. The regional differences are particularly interesting. U.S. respondents, who made up about half of total participants, ranked environmental issues as the seventh most important driver in 2015. Canadians, Europeans and Asians, however, rated environmental issues as much more important, accounting for its overall high ranking. It seems that a large proportion of non-U.S. business professionals anticipate a world of “green ethics.”

Other research on business ethics has demonstrated that corporate cultures play an even greater role than formal programs when it comes to preventing unethical behaviors in organizations (Harned, Seligson, & Baviskar, 2005). But what processes can actually ensure such a culture? The AMA/HRI survey found that leaders are the key to culture. The top-ranked process was having “leaders support and model ethical behavior,” and the second-ranked process was having “consistent communications from all leaders.”

The survey also found that the single most important ethical leadership behavior is “keeping promises,” followed by “encouraging open communication,” “keeping employees informed”, and “supporting employees who uphold ethical standards.” If an organization has leaders who

simply don't "walk the talk" when it comes to ethics, there's little hope of maintaining a strong ethical culture.

As for specific programs and practices, a corporate code of conduct is viewed as being most important. Such a code must reflect and reinforce the values and principles of an organization. Rounding out the top five programs are "ethics training for all members of the organization," "CSR programs," "ombudsman services," and "helplines." In summary, employees need to have a code to set the ethics foundation, training to help people truly understand it, and programs that permit them to inquire about and report ethical violations.

Of course, simply putting such programs in place isn't enough; organizations need to find ways to measure their effectiveness. The AMA/HRI survey found that the best ways of doing this are through ethics surveys, customer complaints and ethics audits.

Going forward, it's clear that ethics challenges will evolve as globalization continues. The survey found that the top-ranked ethics-related global workplace issues are linked to working conditions, with the highest-ranked ones including forced labor, child labor, health and safety, and discrimination/harassment. As corporate operations and suppliers spread to every corner of the world, one of the primary concerns of business is to make sure the rights of all employees are properly safeguarded.

The following was used in the preparation of this article:
Harned, P.J., Seligson, A.L., and Baviskar S. (2005). *National Business Ethics Survey 2005*. Ethics Resource Center.

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