Data on Ethical Performance for Small and Medium Sized Enterprises (SME)
Why be Ethical?

Ethics Drives Employee Engagement

Employees’ perceptions of company ethics impact their overall engagement. Engaged employees reduce ethics risk: they are more likely to react to misconduct by reporting their observations.

National Business Ethics Survey: Ethics and Employee Engagement
Ethics Resource Center (ERC) with the Hay Group, 2010
“Companies that invest in ethics reap an enormous return,” ECI CEO Patricia Harned said. “Better workplace ethics cuts business risks by reducing the chance that serious ethics problems will throw companies off course and distract them from their core business.”

Source: A Research Report from the National Business Ethics Survey® (NBES®)
Benchmarking: America’s most trustworthy public companies outperformed the S&P 500

Cumulative Returns: FACTS® vs. S&P 500

Trust works as a business strategy and ethics builds trust

Source: Trust Across America

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Building trust with ethics

Trust and ethics go hand in glove – in today’s world of falling trust, Edelman finds that 65% of respondents agree that ethics is essential for building trust. In the healthcare sector, approximately 8 in 10 people (82 percent) believe the government needs to do more to regulate the pharmaceutical industry; and 8 in 10 people (80 percent) believe that the pharmaceutical industry puts profits over people.

When the System is Failing, Companies Must Do More

Percent who rate each attribute as important in building trust in a company (top 5 most important shown)

- Treats employees well: 72%
- Offers high-quality products/services: 68%
- Listens to customers: 67%
- Pays its fair share of taxes: 66%
- Ethical business practices: 65%

Source: 2017 Edelman Barometer

healthcare sector barometer summary

Source: 2017 Edelman Barometer
Benchmarking our EQ... Ethics Quotient

In researching the world’s most ethical companies Ethisphere considers the two most important components of a company’s EQ (Ethics Quotient) to be:

- The nature of a company’s Ethics and Compliance programme* and
- whether it is embedded into the company’s culture from TOP to bottom.

* This category reviews company’s performance indicators associated with the overall ethics and compliance program specifically including program structure, responsibility, and resources; program oversight and tone at the top; written standards; training and communication; due care; detection, monitoring and auditing; and enforcement and discipline.

Ethisphere summit: “90% of the World’s Most Ethical Company Honorees include examples of real world ethical and compliance dilemmas that have happened inside their organization.

Source: Ethisphere, World’s Most Ethical Companies
The evolving expectations of employees drive current corporate ethics trends

1. Increasing skepticism of companies doing the “right thing” when put in difficult situations
   - Employees believe companies should put “people above profits”
     - They do not believe businesses care about people outside of financial gain
   - When looking at newer waves of employees entering the workforce, 50% prefer purposeful work over a higher salary
     - 53% would work harder if they were making a difference to others

2. Increasing expectation that companies be involved in “good causes” to give back to the community and not just for profit
   - 89% of younger employees feel companies must engage in activities outside of profit driven ones
   - These activities should be:
     - Empowering
     - Beneficial to their local community

3. Increasing belief that employers should share values with their employees
   - When companies do not have internal repercussions for unethical behaviors, employees will use social media as a way to “out” the business to the general public

1 Global Tolerance Survey
2 Deloitte Survey

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Creating an ethics-based culture helps increase internal employee satisfaction and performance

Purpose
- Develop mission, value, purpose, and tactics towards developing ethics-culture
- Ensure employees are actively involved in developing and executing values

Transparency
- Work towards an open culture in which company’s goals and challenges are shared
- Have venues for employees to speak anonymously about problems

Learning Styles
- Understand how employees best acquire knowledge
- Review how company imparts knowledge and how it can shift to improve communications

Proactive CSR
- Establish institutionalized structure within organization
- Encourage open dialogue between leadership and employees about CSR initiatives

Community
- Reinforce values and actions by building community with similar beliefs and values
- Foster a sense of community between coworkers
- Develop clear communication lines to be used for difficult conversations
- Foster environment of compliance by speaking openly about issues and celebrating ethical actions

Communication

Increased Retention¹

Higher Employee Engagement¹

Increased Productivity¹

¹Global Tolerance Survey

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Asia-Pacific Economic Cooperation