NORDIC BUSINESS ETHICS SURVEY 2020

A study of Nordic employees' perception of ethics at work

NIINA RATSULA • ANNA ROMBERG

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HOW TO READ THE REPORT

The data in this report was gathered during February 2020 by TNS Kantar. In total, 4.211 responses were gathered, as outlined in 'Respondent Profile'. Where relevant, the responses have been specified by country or respondent role. Averages shown are for an average of all responses from all Nordic countries and respondent role if nothing else is mentioned. The term 'manager' is used to refer to both top manager and line manager, 'employee' is used to refer to both specialist employees, general employees and workers. Please note, that Denmark has been added as a new country in the 2020 survey.

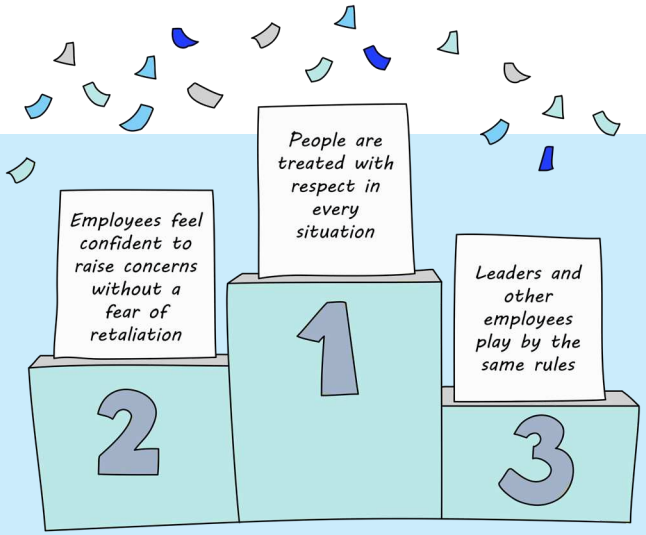
INTRODUCTION

Welcome to the second edition of the Nordic Business Ethics Survey, a pioneering survey into employee perceptions of ethical behaviour in Nordic workplaces. The survey was initially conducted in 2019 with results published in March 2019. When we published the 2019 report, we stated that the ambition of the survey was to advance the dialogue around ethical culture and ethical leadership within our workplaces. Having worked with multinational corporations, small- and medium-sized companies, government-owned organisations and municipalities for over a decade, we know that maintaining proper business ethics is easier said than done. Organisations and their leaders do want to be ethical, and a majority of the respondents in this survey do believe ethical business is financially rewarding, but how does this translate to organisational realities?

This year's survey takes another step towards being a true Nordic snapshot of our business realities by adding Denmark to the scope. In addition, we have increased the number of respondents from 500 per country to 1,000 respondents per country, adding up to 4,000 respondents in total. Similar to last year, the survey was conducted by Kantar with the generous support of Forensic Risk Alliance. The responses were gathered towards the end of February 2020, when the world had not fully been thrown into a health crisis of global proportions.

One key finding from last year's survey was that ethical concerns are very common in our workplaces and that the most common response, when witnessing ethical misconduct, was to not intervene. In this year's survey we see a positive trend, with witnessed ethical misconduct decreasing from 81% to 63%. This positive trend is, however, counterbalanced with an increased passivity: where 47% did not intervene when observing unethical behaviour in 2019, this has increased to 62% in 2020. Although the majority of the respondents say that they would feel comfortable speaking up about ethical concerns, mistakes and policy violations show that we refrain from doing so in reality. The role of the line manager is reinforced as the majority of witnessed misconduct involved them again this year. Creating a speak-up culture is essential for building an ethical culture, and we still have a lot to do on this front. The most common reasons for not speaking up was again a scepticism that it would make any difference.

Another highlight from the 2019 report was the significant gap between managers and employees regarding the perceived reality. In 2019, 91% of top managers and managers said that employees in their organisation are more likely to act with integrity than against ethical standards, while 81% of employee-level respondents agreed with this. In 2020, we see a downward trend where 87% of top managers and line managers and 72% of employees believe that employees in their organisation are more likely to do the right thing than cut corners. Even if we in our Nordic countries have a great tradition of ethical behaviour with a high level of trust in public institutions, low levels of perceived corruption within the public sector and



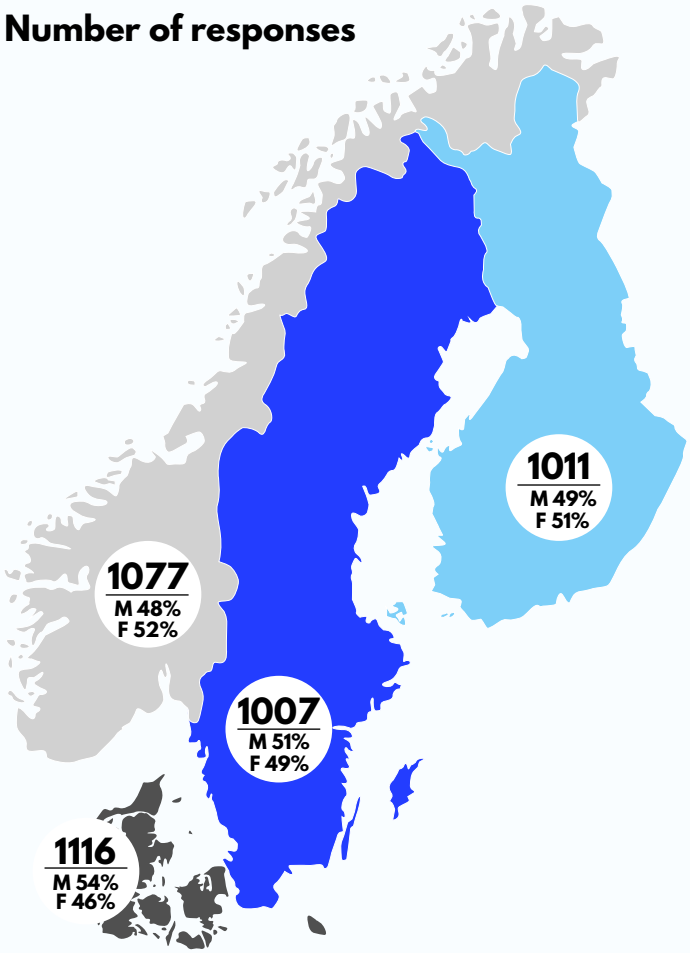
a free media, we can not become complacent. If we want to continue to be role models of transparency and integrity, we need to understand the complexities around doing business ethically and allow for difficult discussions in the grey zone.

We hope that you will gather insights from the report and it will encourage you to discuss them within your organisation, with your manager, leadership team and board. Reflect upon how you personally contribute to an ethical culture at your workplace: do you speak up when you witness ethical concerns, do you compromise when under pressure from your manager, are you aware that even you can become ethically blind? We have received great feedback from the 2019 report from employees, management teams and boards that we have presented the results to. We look forward to hearing your comments and feedback! Read more about us at nordicbusinessethics.com.

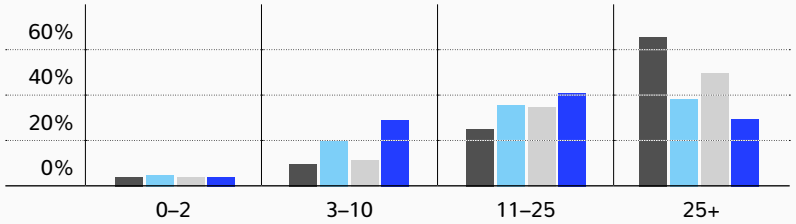
Niina Ratsula
Anna Romberg

RESPONDENT PROFILE

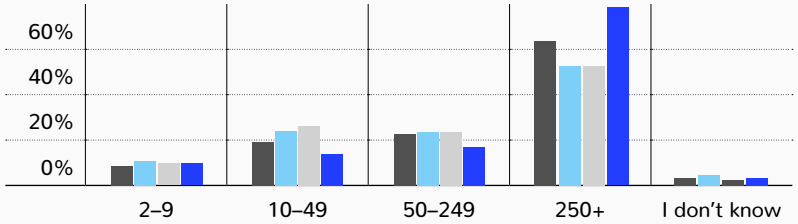
Number of responses



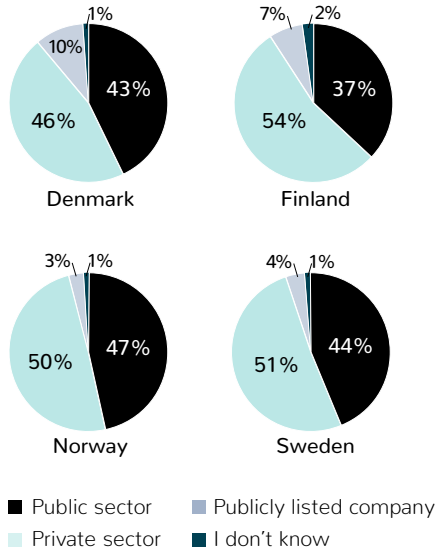
Years in working life



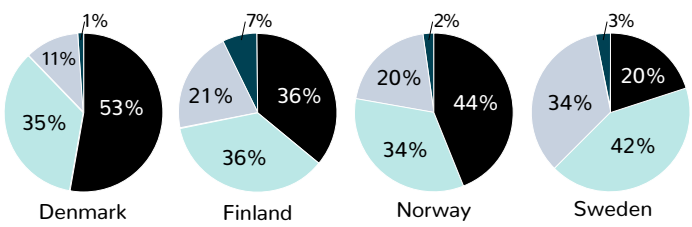
Company size



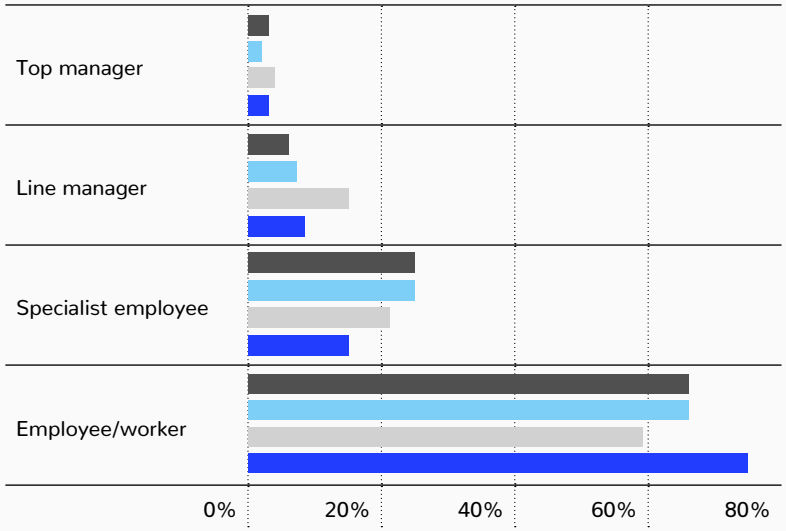
Sector



Age



Role in organization



DEFINITION OF ROLES

Top manager: senior-level executive of an organization

Line manager: a person with direct managerial responsibility for a particular employee

Specialist employee: expert on a specific aspect of a job, without having managerial responsibilities

Employee/worker: a person who does a specified type of work or who works in a specified way

Overview

FOUNDATIONS FOR AN ETHICAL WORKING ENVIRONMENT

ETHICAL BUSINESS
- The ethical value proposition
- The belief in ethical business

WHAT WE VALUE THE MOST
- Which aspects of work do we consider most important

ETHICS AT WORK IN PRACTICE
- What constitutes an ethical working environment
- Demonstration of ethical behavior
- Playing by the same rules

OBSERVATIONS OF UNETHICAL BEHAVIOR AT WORK

UNETHICAL CONDUCT
- Observations of unethical conduct

HOW DO WE REACT
- Actions taken when observing unethical conduct
- Why do we not speak up

MANAGER INVOLVEMENT
- Compromising the ethical standards and involvement of line manager

THE ETHICAL STANDARDS OF AN ORGANIZATION

FORMAL STANDARDS
- Code of Conduct and training
- Ethics and Compliance Organisation

SPEAKING UP
- Whistleblowing and reporting channels

ACCOUNTABILITY
- Disciplinary measures and consequences

WALKING THE TALK
- Management behavior
- Compromising the standards
- Doing what we are saying

Foundation

FOR AN ETHICAL WORKING ENVIRONMENT

In this section

...we look at the foundations for an ethical working environment. There is a common belief that ethical business is important and this section provides some insights into what this actually means in practice. In the survey last year, we repeatedly saw how managers tend to have a rosier view of reality than employees, which is a recurring theme this year. We also explore the most important aspect of an ethical working environment which is that everyone is treated with respect in every situation.

...we explore:

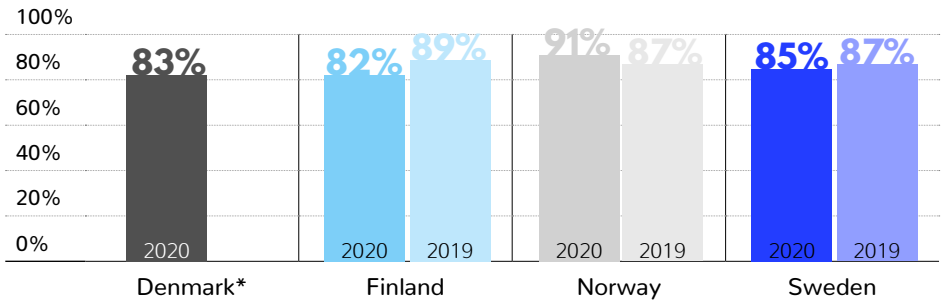
1. The importance of ethical value propositions in their own organisation
2. The perception of organisations around you
3. The importance and demonstration of various behaviours in the organisation
4. The most valued behaviours and their demonstration in the organisation

KEY TAKE AWAYS

- Top managers stress the importance of an ethical business proposition the most. The overall importance has slightly decreased since 2019, although Norwegian respondents reported an increase since 2019.
- There is a belief that other organisations are at least as ethical as their own organisation.
- The gap between how ethical behaviour is demonstrated in an organisation by managers and employees has increased since 2019.
- In 2019, 91% of top leaders and managers (81% of employees in non-managerial positions) perceived that people in their organizations are more likely to act with integrity than against ethical standards. In 2020, the responses were more pessimistic and the gap between the views of managers and non-managers had increased by 5%: 87% of top leaders and managers (72% of employees in non-managerial positions) perceived the demonstration of ethical behaviour in the daily operations of their organisation as ‘quite or extremely well’.

ETHICAL BUSINESS

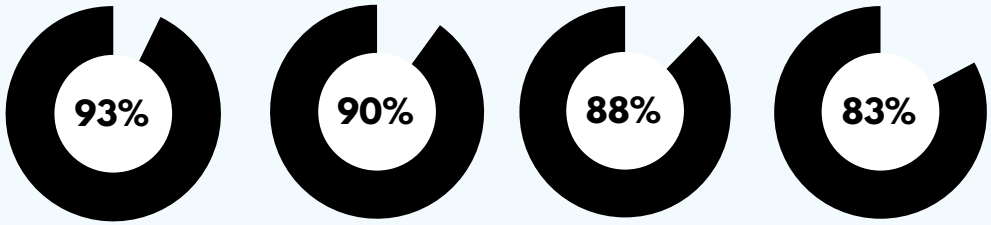
How important do you find the ethical business proposition of your employer? (e.g. type of products, delivering public service)



% of respondents who answered 'very or quite important'

*Denmark was not in the 2019 survey scope

Do leaders and non-leaders feel the same way?



...consider the ethical business proposition as 'very or quite important'

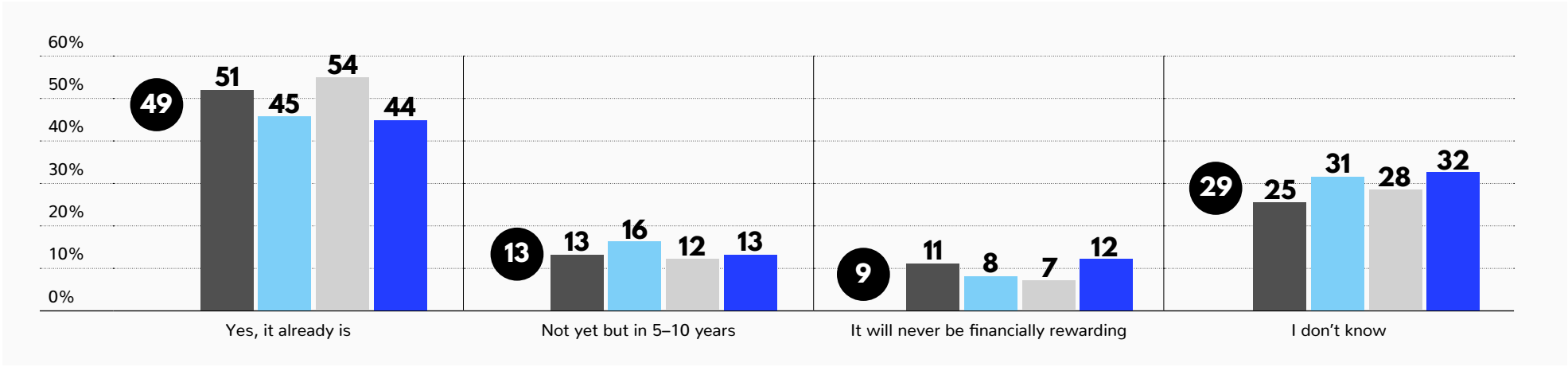
85%

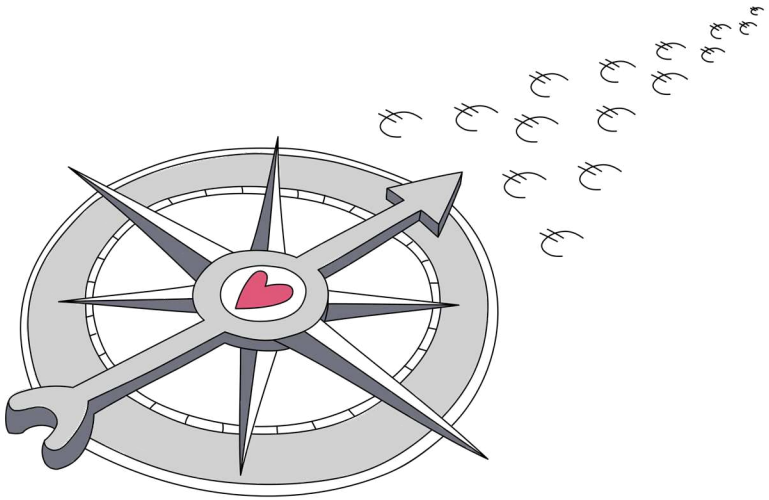
consider the ethical business proposition as very important or quite important

Denmark 83%
Finland 82%
Norway 91%
Sweden 83%

ETHICAL BUSINESS

Do you believe it to be financially rewarding to do ethical business?

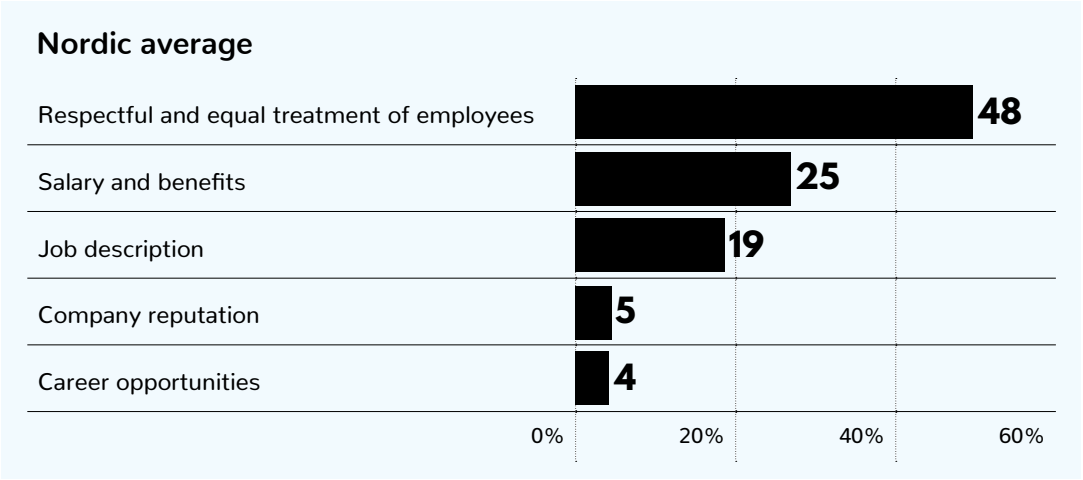


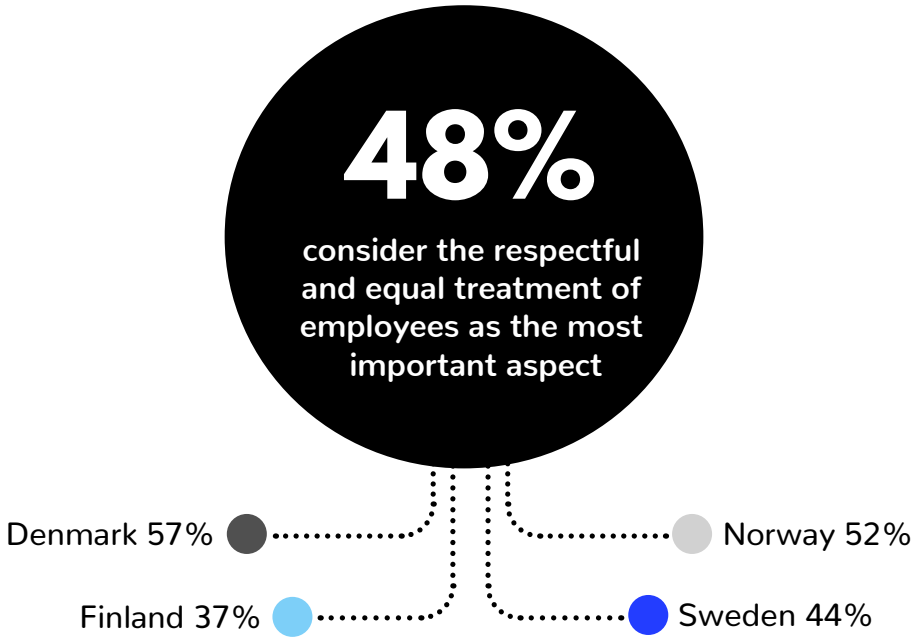


WHAT WE VALUE THE MOST

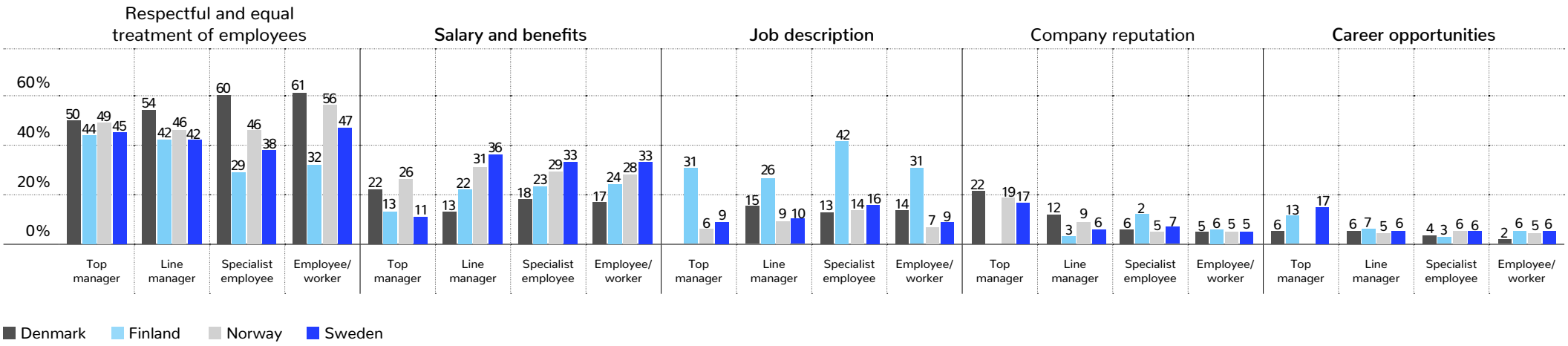
Which aspects of work do you consider important to you?

...% of respondents who selected as the most important aspect



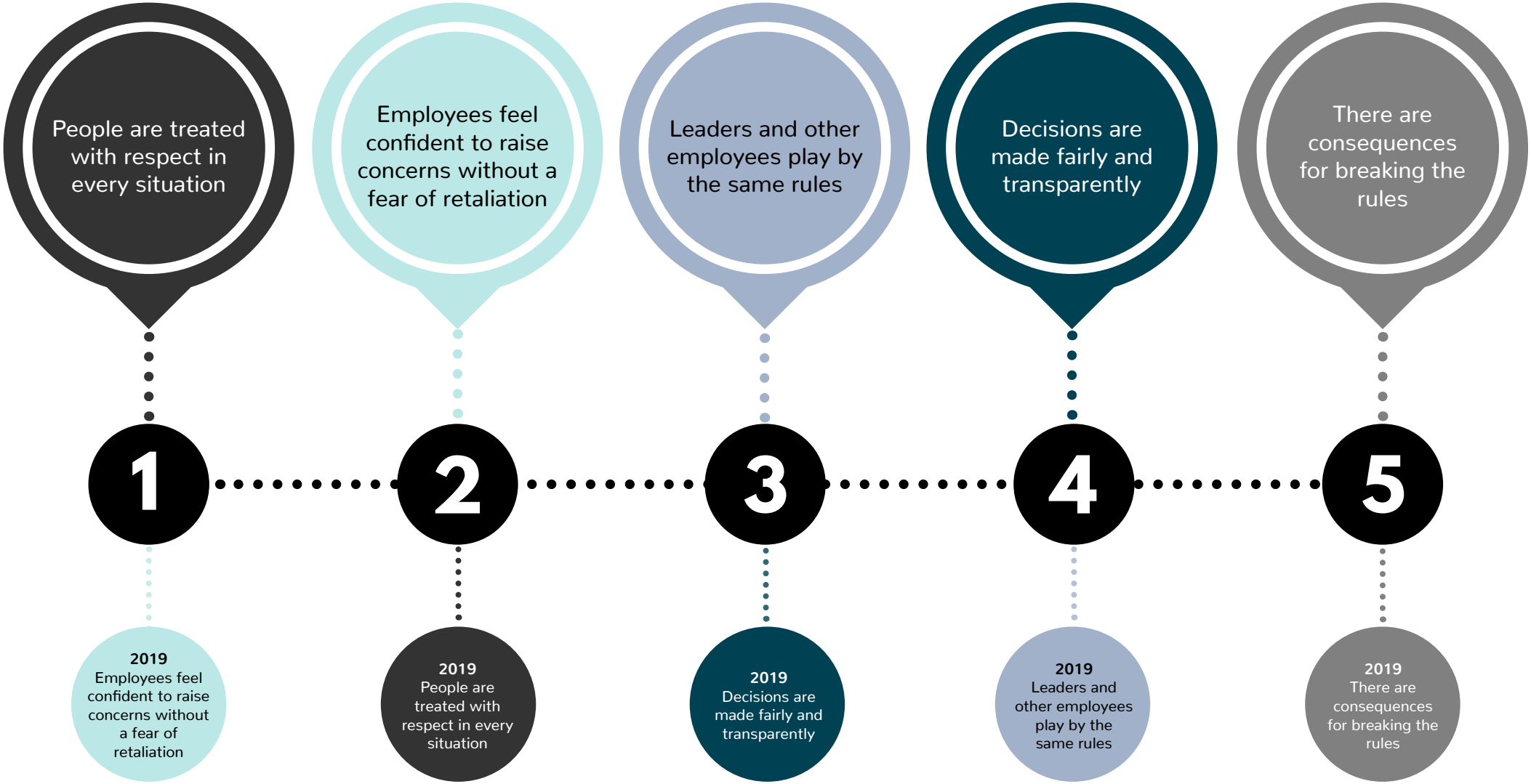


What do employees value at work the most? ...% of number one choice by employee roles



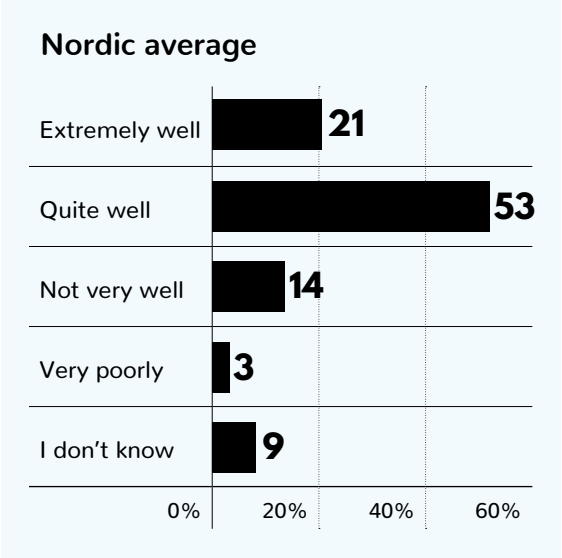
THE MOST IMPORTANT ASPECTS OF ETHICAL BEHAVIOR

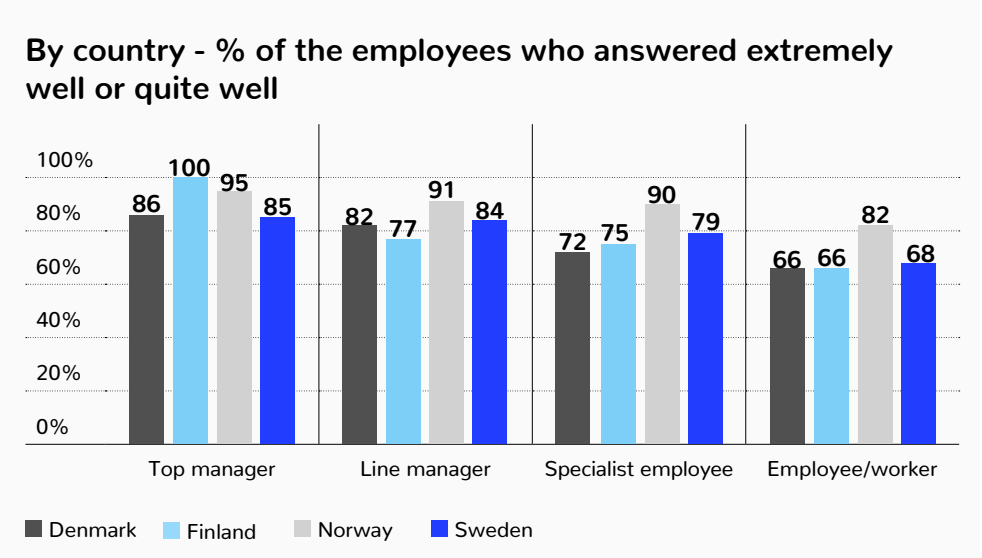
All respondents



ETHICS AT WORK IN PRACTICE

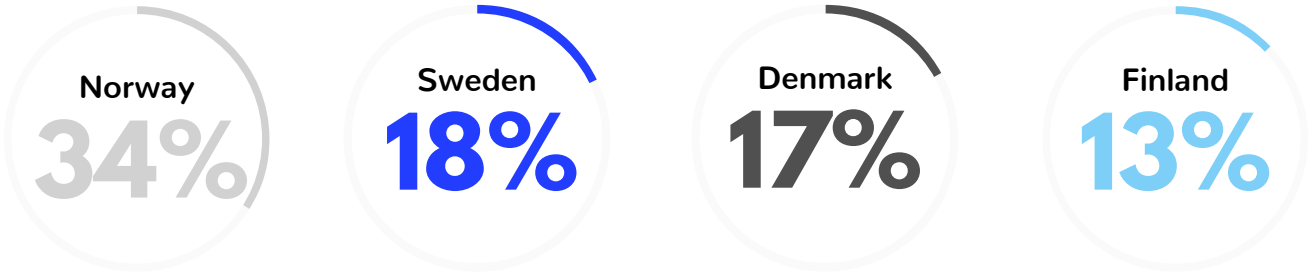
How do you perceive the demonstration of ethical behavior in the daily operations of your organisation?





How do you perceive other organisations around you?

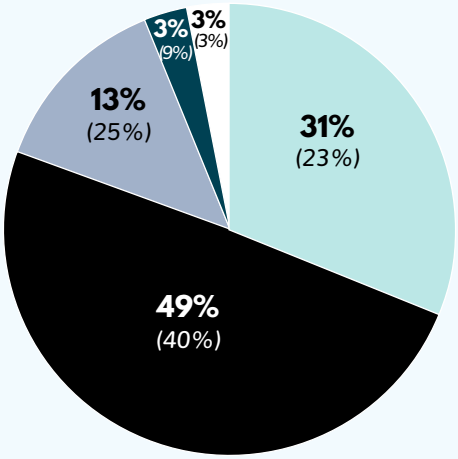
Employees that perceived that ethical behavior is demonstrated extremely well in their organisation



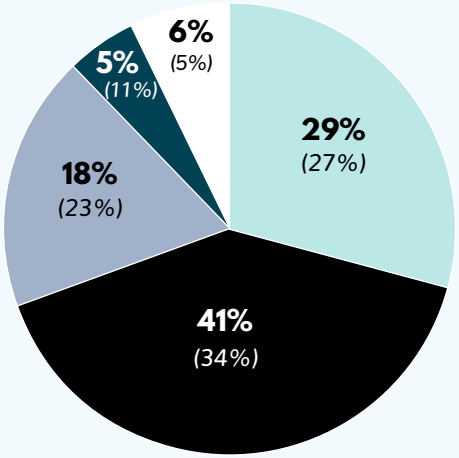
ETHICS AT WORK IN PRACTICE

How are the following situations displayed in your organization?

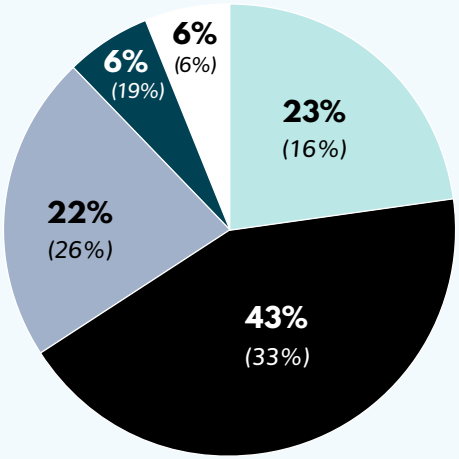
People are treated with respect in every situation



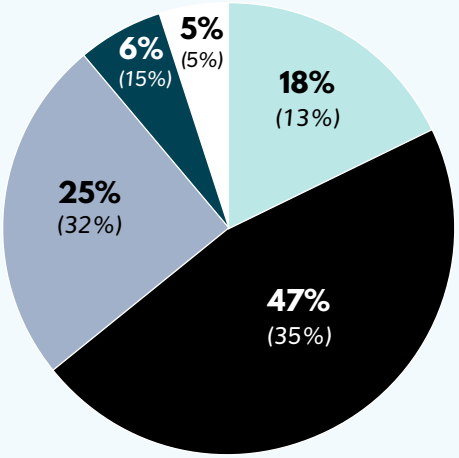
Employees feel confident to raise concerns without a fear of retaliation



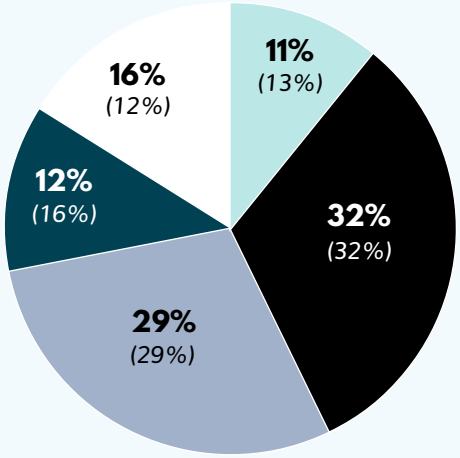
Leaders and other employees play by the same rules



Decisions are made fairly and transparently



There are consequences for breaking the rules



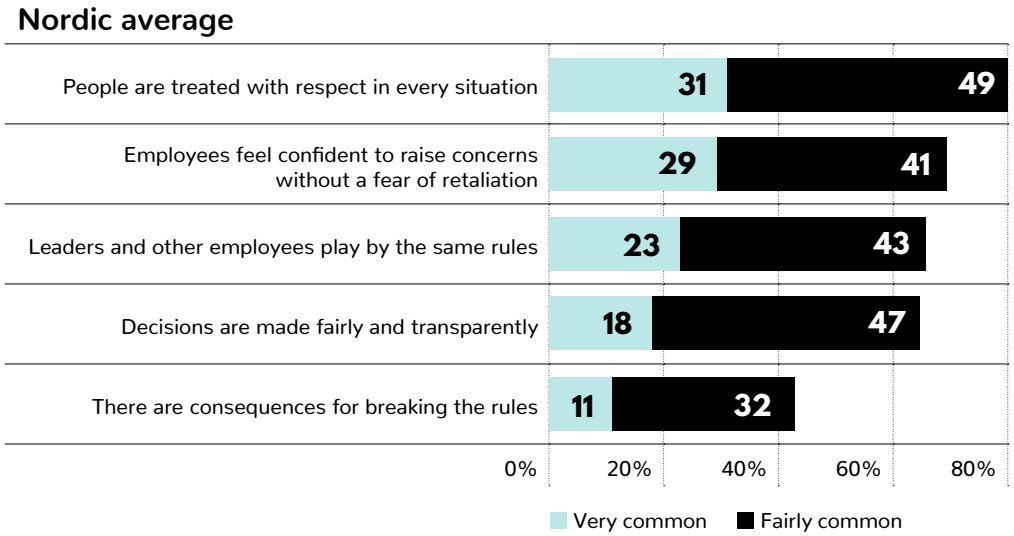
- Very common
- Fairly common
- Not very common
- Hardly ever/never happens
- I don´t know

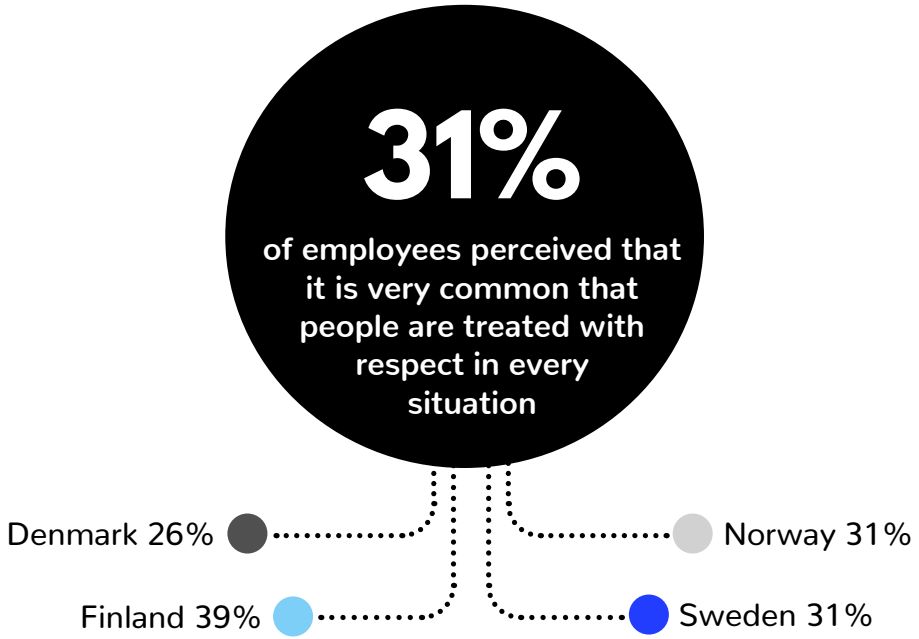
(Regarding the figures from 2019. The response options changed: In 2019 the options were
5=Happens all the time
4, 3, 2, 1=Never happens
0=I don't know.
2019 responses for options 2 and 1 were combined as ´Hardly ever/never happens´.)

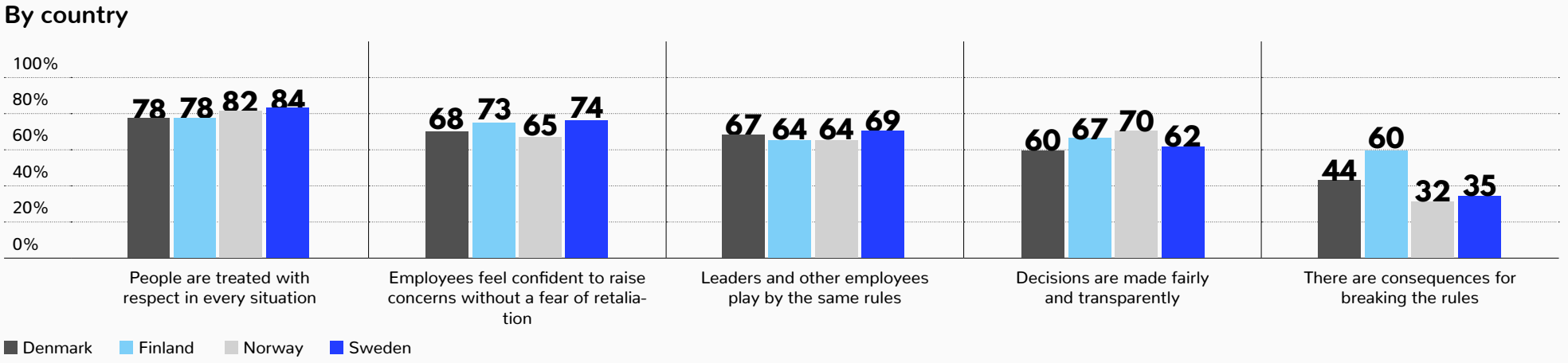
ETHICS AT WORK IN PRACTICE

How is the ethical behaviour displayed in my organization?

...% of respondents who selected very common and fairly common



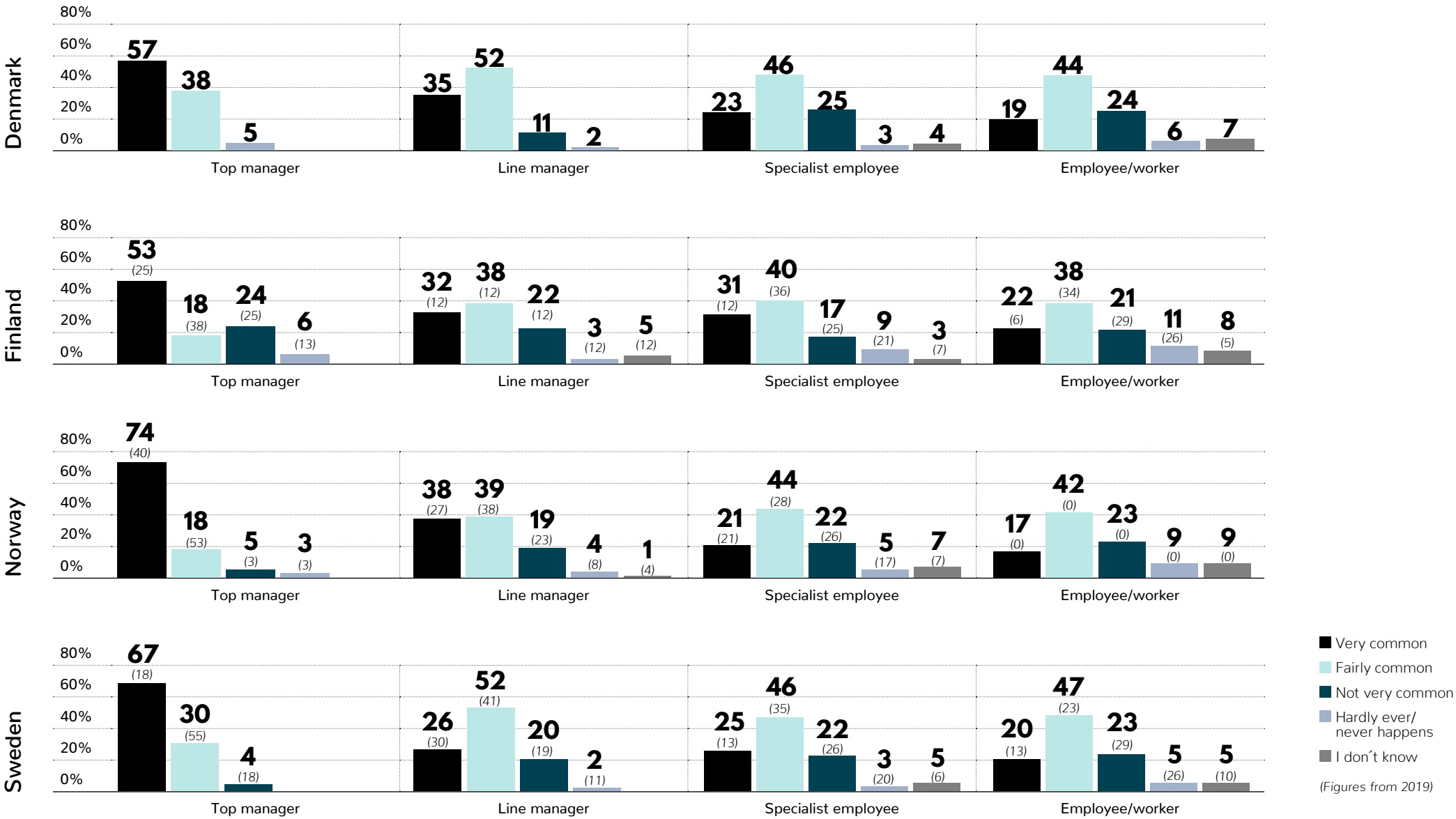




ETHICS AT WORK IN PRACTICE

Do leaders and other employees play by the same rules?

...% of respondents in different roles selected how playing by the same rules is displayed in their organizations



Observations

OF UNETHICAL BEHAVIOR AT WORK

In this section

...we look at observations of unethical behaviour at our workplaces. We have made some questions more specific this year and asked the respondents to differentiate between breaches of the law; policies; code of ethics and conduct; and generally held ethical principles. The results show how organisations, despite the common belief that there are too many policies and rules, still don't provide sufficient guidance to employees on ethical conduct. The most common breaches witnessed were ones that were regarded as unethical but not regulated against company policy or the code of ethics. New for this year is that we also asked whether the line manager was involved in the witnessed misconduct.

...we explore:

1. Type of witnessed misconduct and involvement of line manager
2. Most common situations where we do speak up
3. Most common situations where we don't speak up
4. Reasons for not speaking up

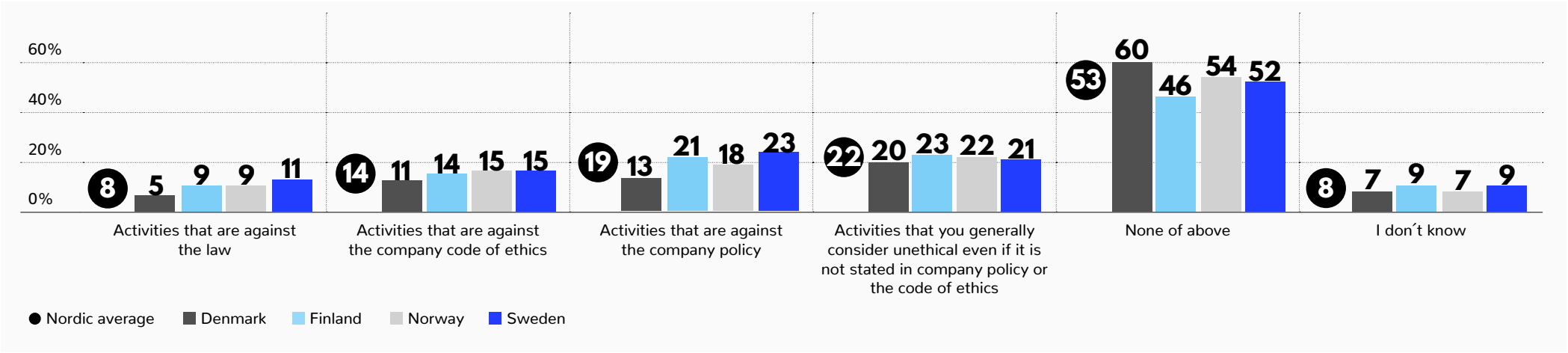
KEY TAKE AWAYS

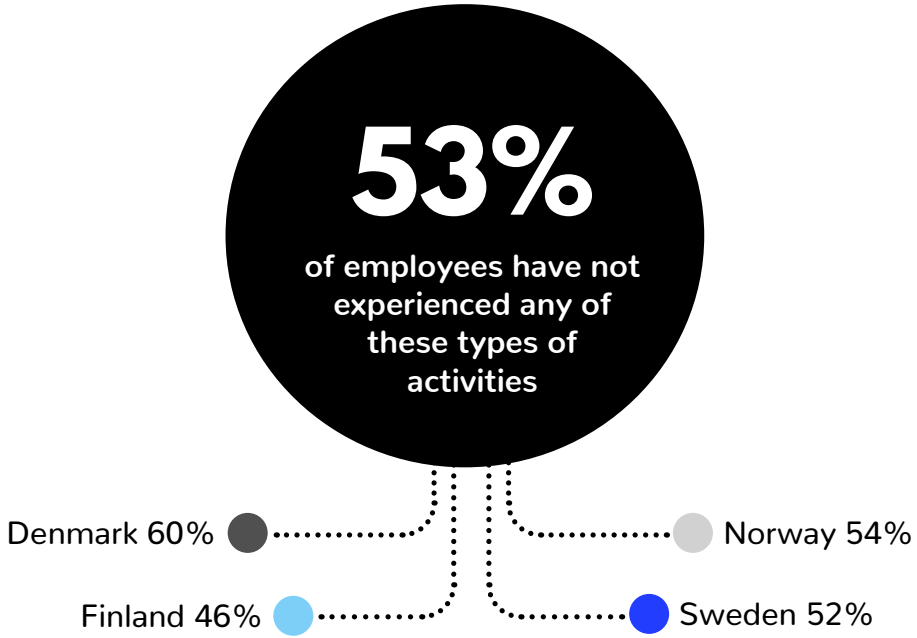
- The majority of respondents do feel comfortable speaking up about policy violations, ethical concerns and mistakes but we do not intervene when witnessing ethical misconduct
- The respondents who did not intervene when witnessing ethical misconduct increased to 62% in 2020 from 47% in 2019
- Again the most common reason for not speaking up is a scepticism that it would make any difference
- Employees are most likely to speak up if the misconduct involves jeopardising health and safety at work
- It is very unlikely that employees will speak up if witnessing theft at work

UNETHICAL CONDUCT

Which of the following conduct have you observed at your workplace during the past 12 months?

...% of respondents have observed these activities at their workplace – respondents were allowed to choose multiple responses





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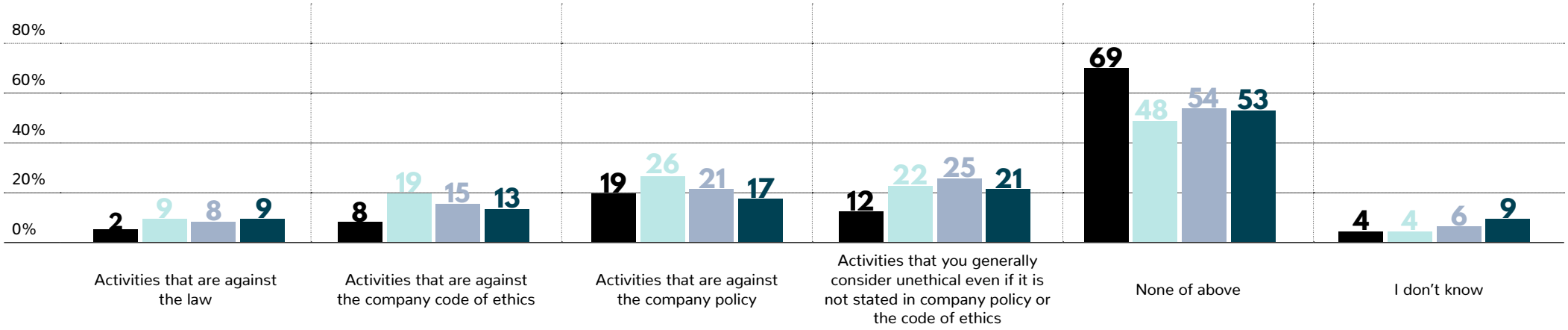
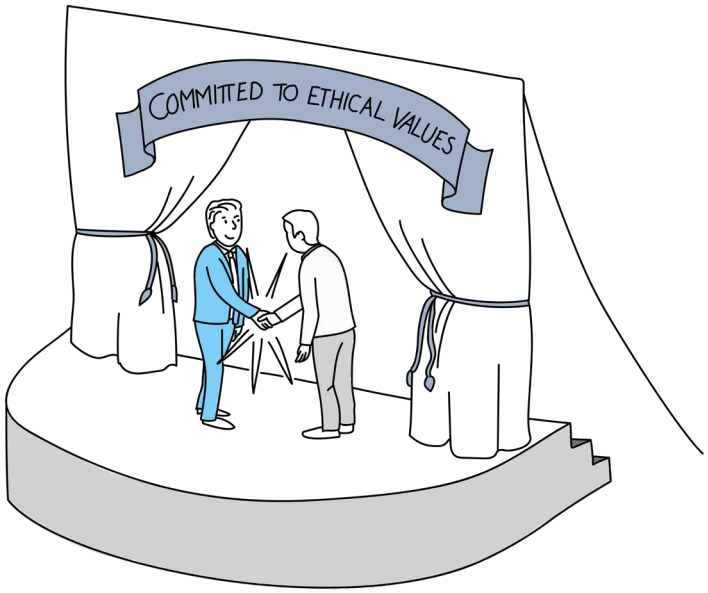
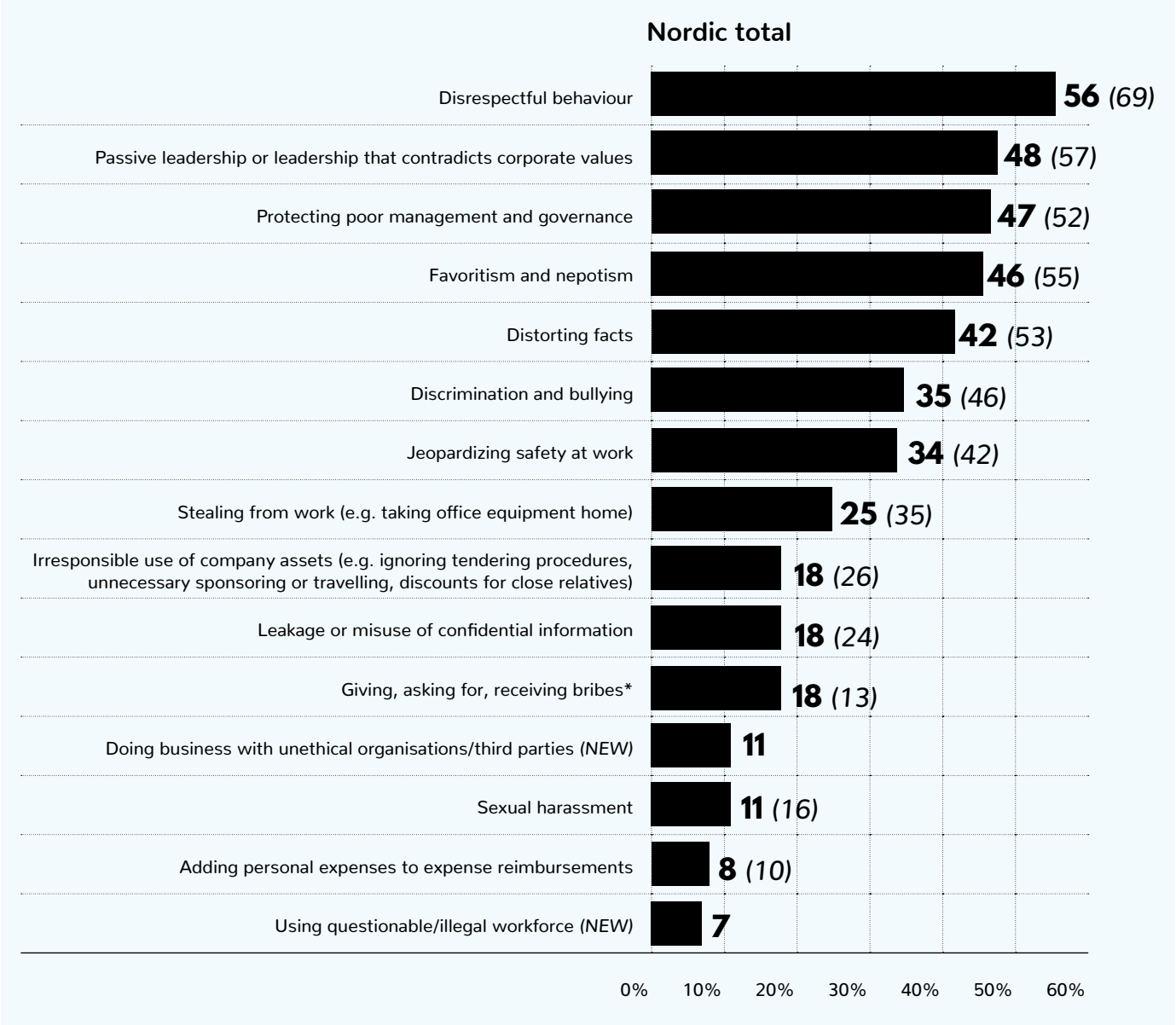


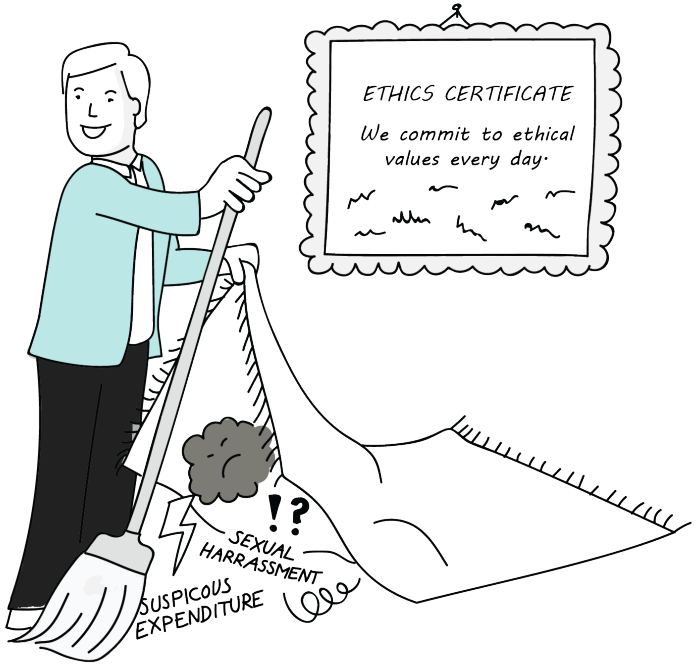
- Top manager
- Line manager
- Specialist employee
- Employee/worker



UNETHICAL CONDUCT

How often have you observed the following scenarios at your workplace, either in your country or abroad, during the past 12 months? ...% of respondents who have observed these activities once, a few times or regularly





*note: question phrased differently compared to 2019 to cater for that the employee may not always know whether it is a bribe or not

(Figures from 2019)

UNETHICAL CONDUCT

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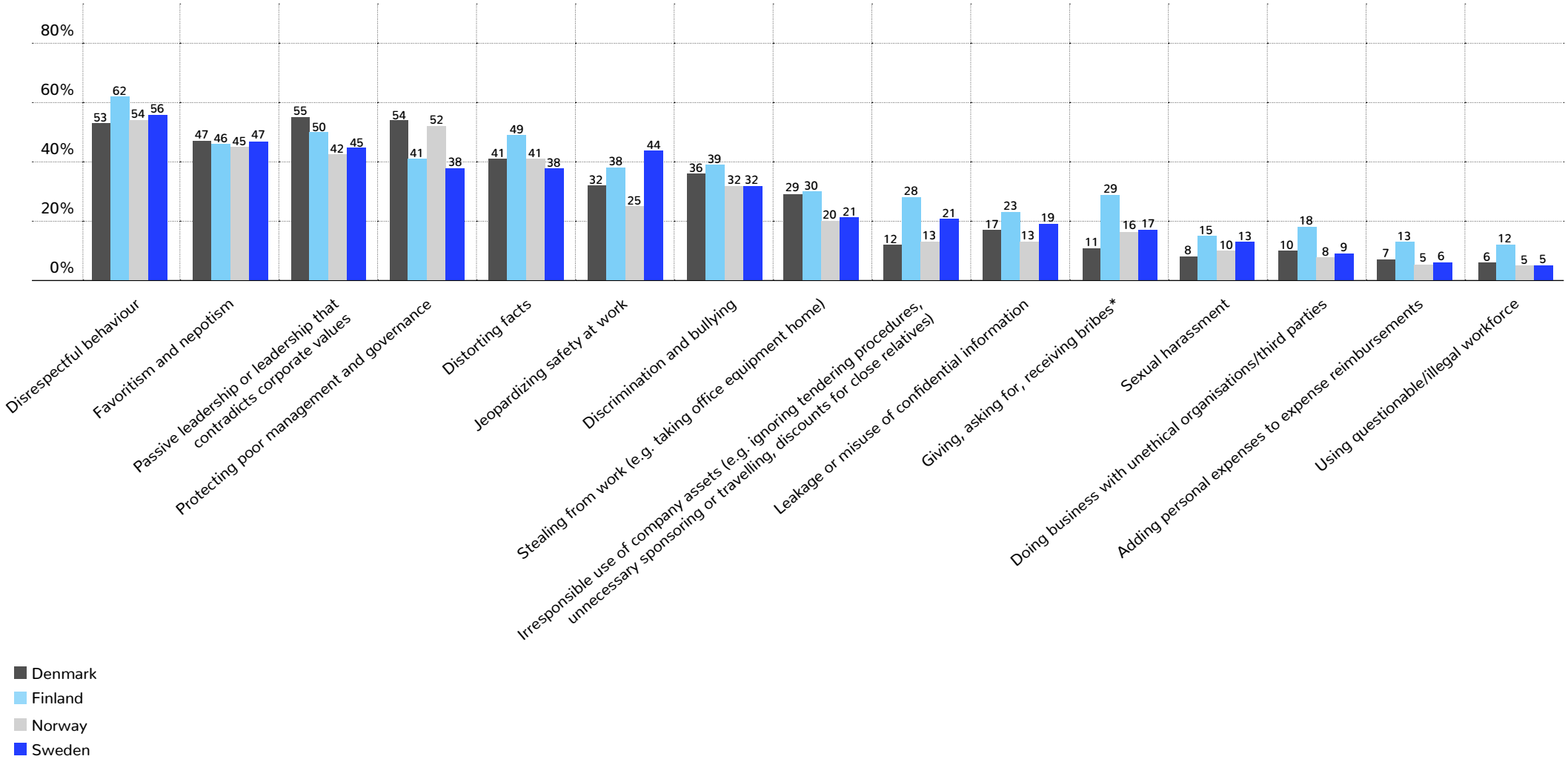
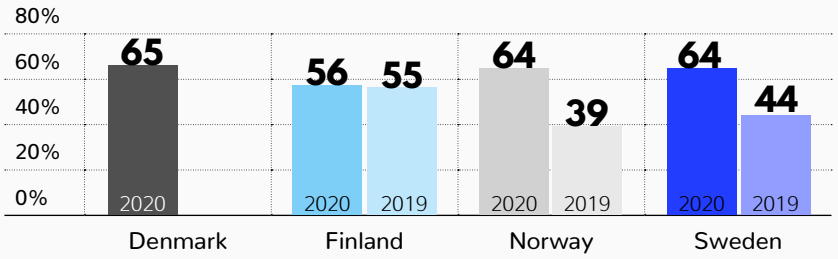


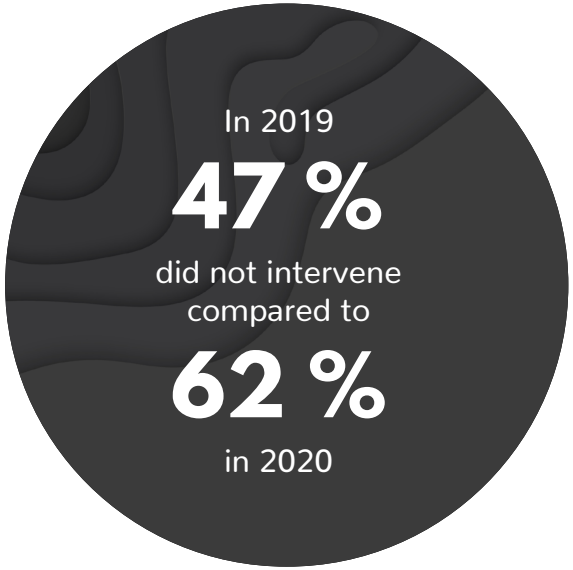
*note: question phrased differently compared to 2019 to cater for that the employee may not always know whether it is a bribe or not

HOW DO WE REACT

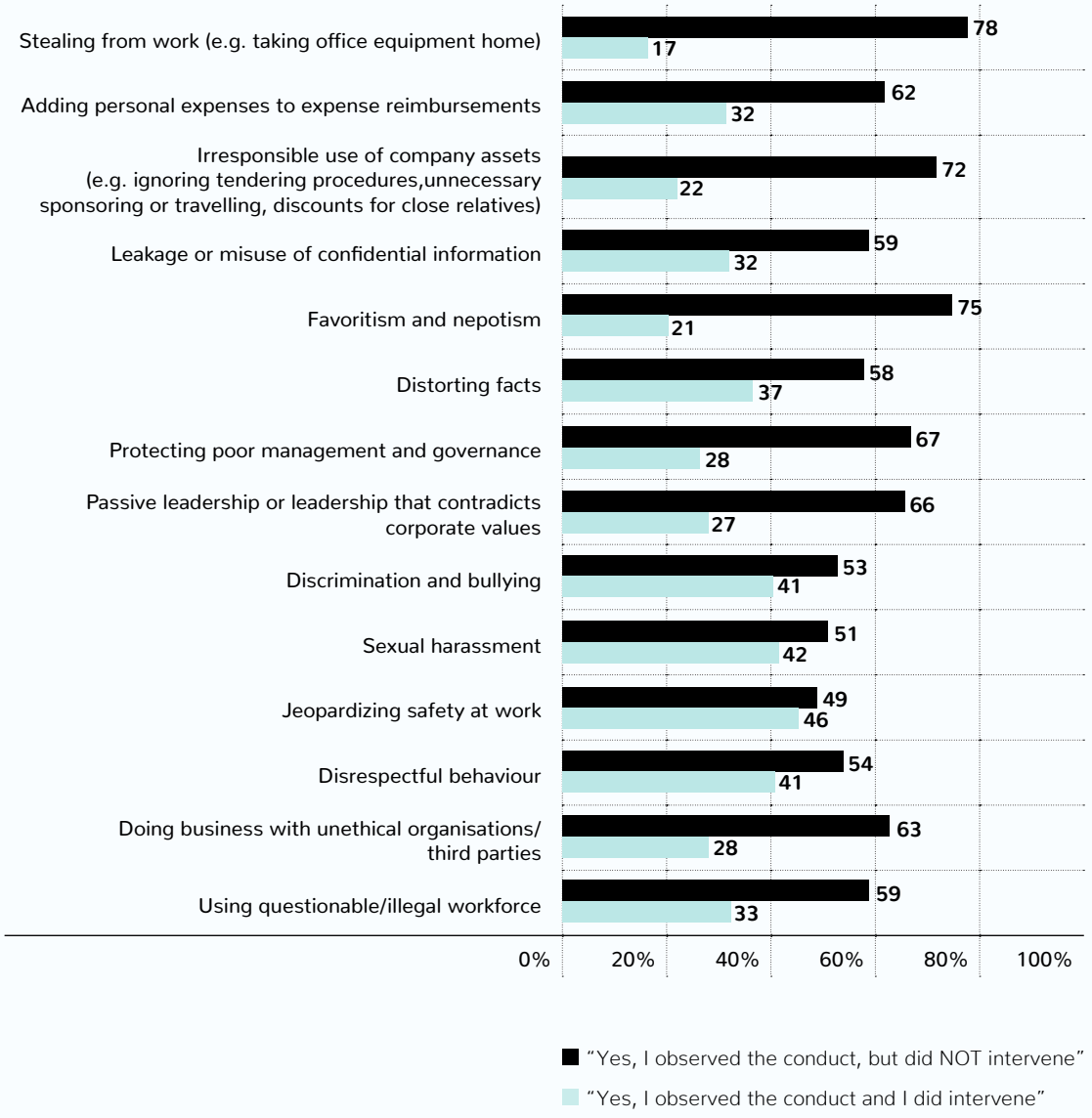
Did you intervene in the situation or report it further in your organization?

"I did NOT intervene when I witnessed unethical or illegal conduct"

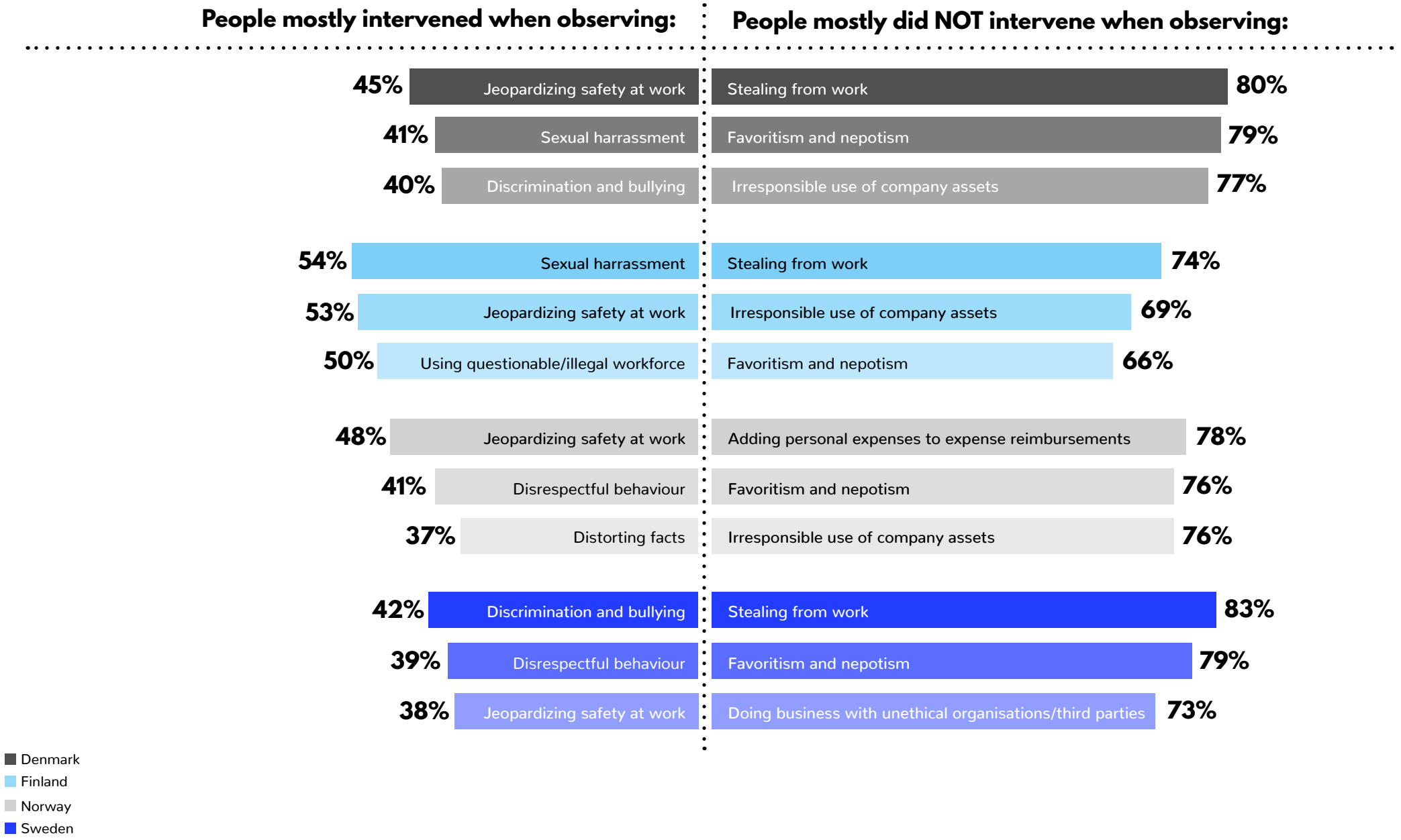




Nordic total 2020

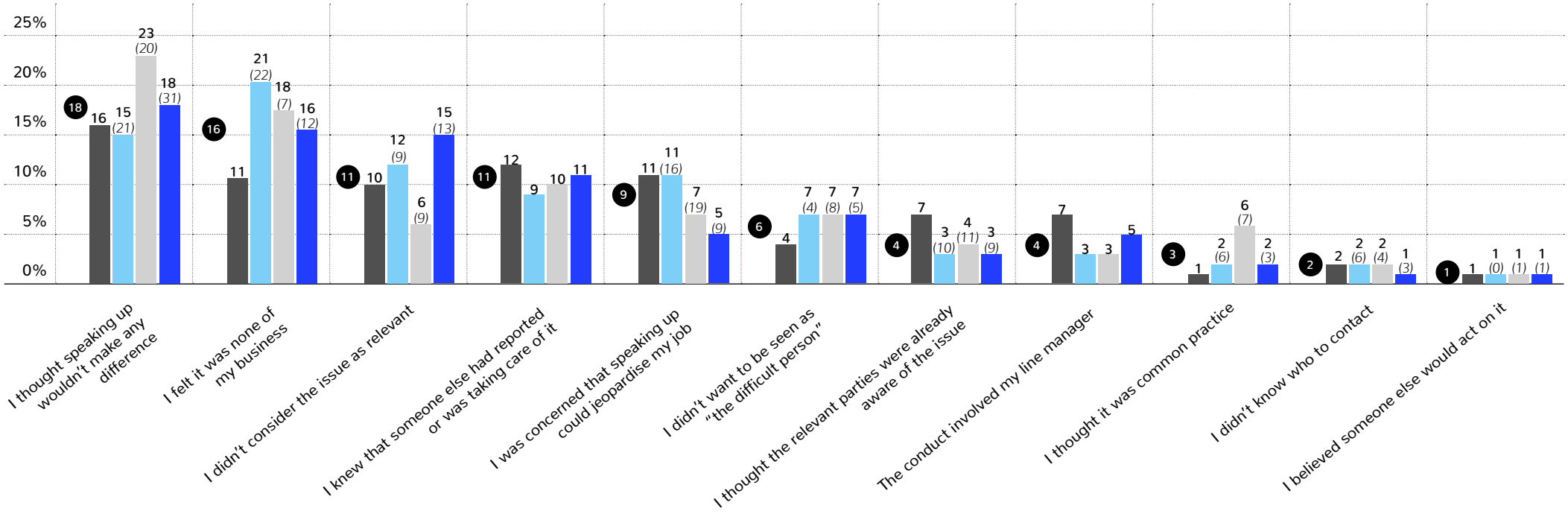


HOW DO WE REACT

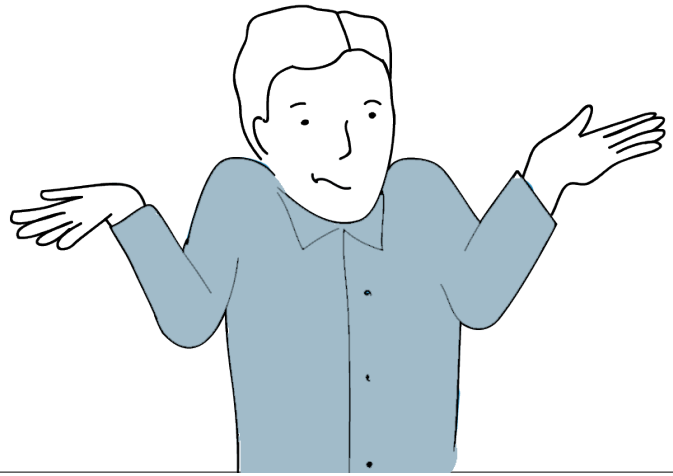


HOW DO WE REACT

What was the main reason for not speaking up?



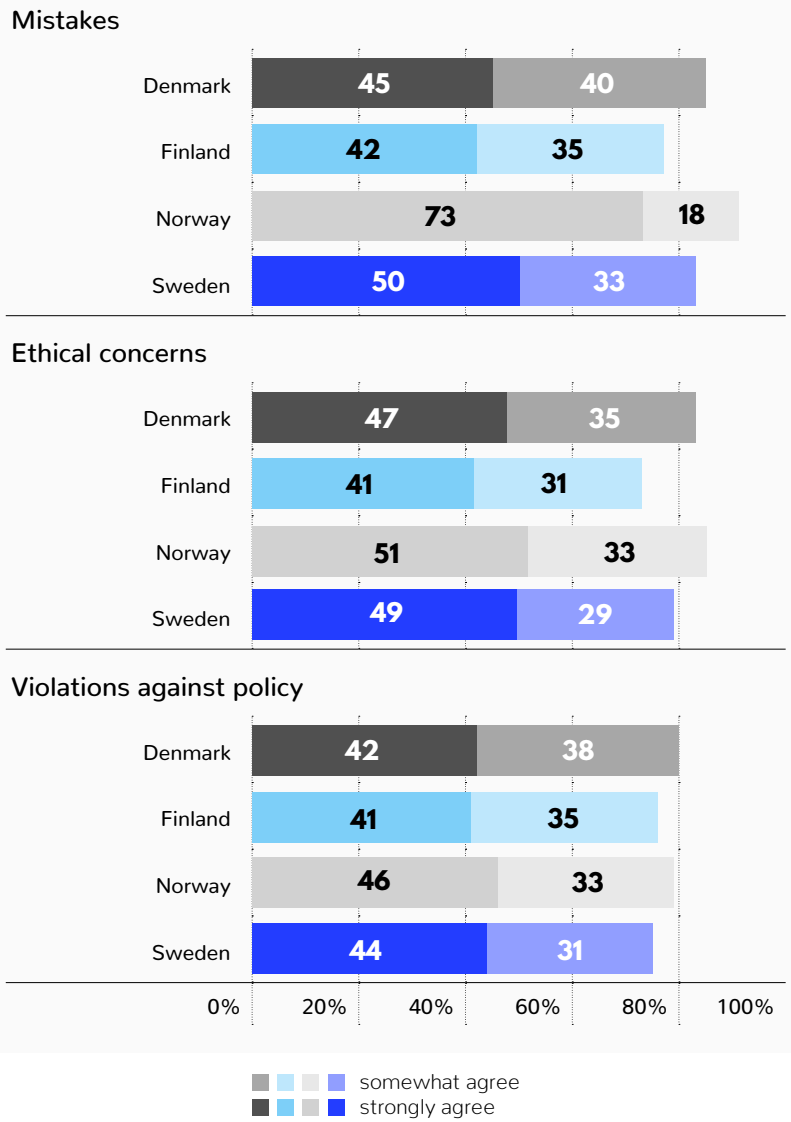
(Figures from 2019)



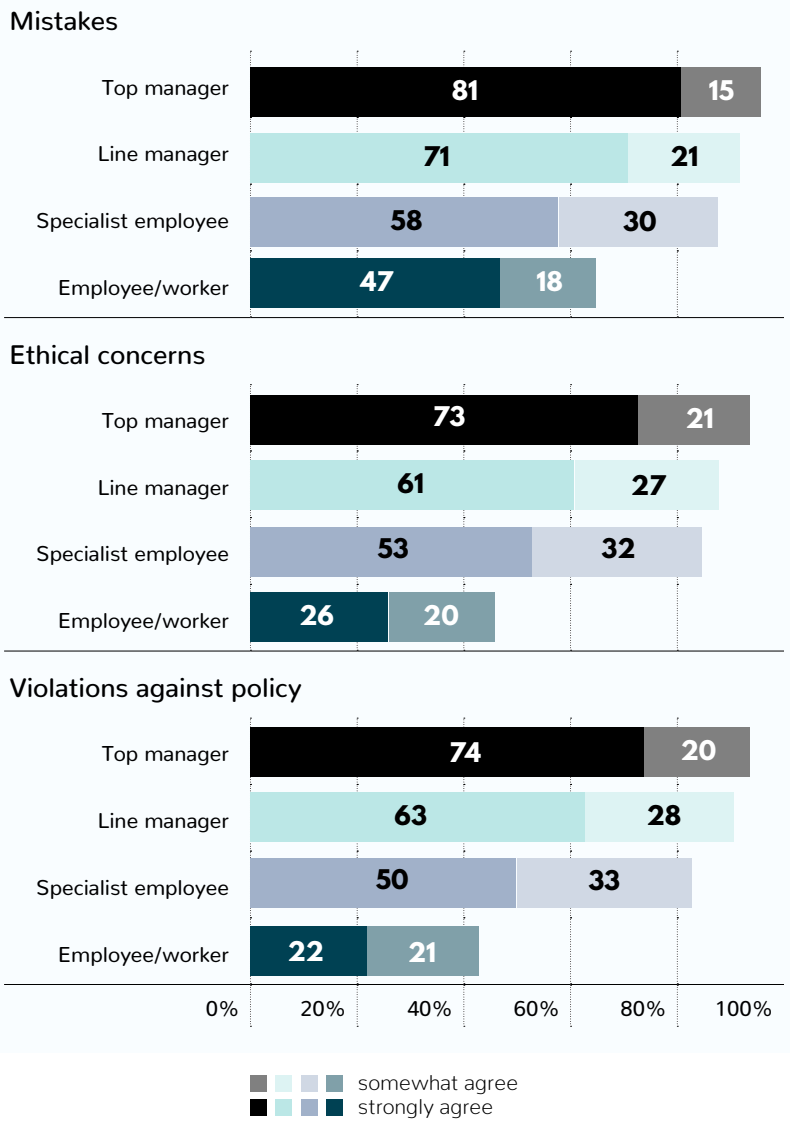
HOW DO WE REACT

At my workplace/team I feel comfortable to speak up about... % of respondents who strongly and somewhat agree

By country

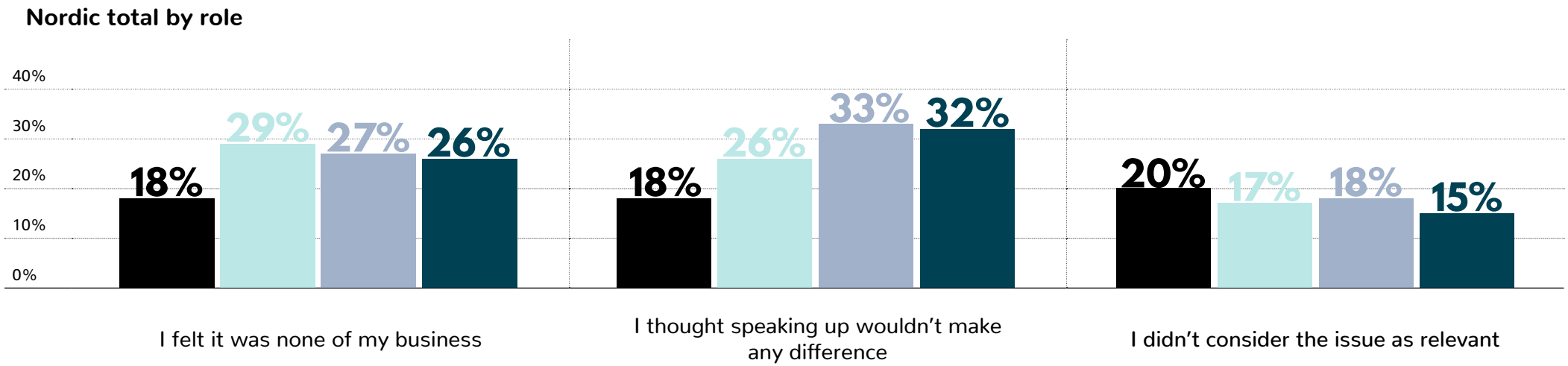


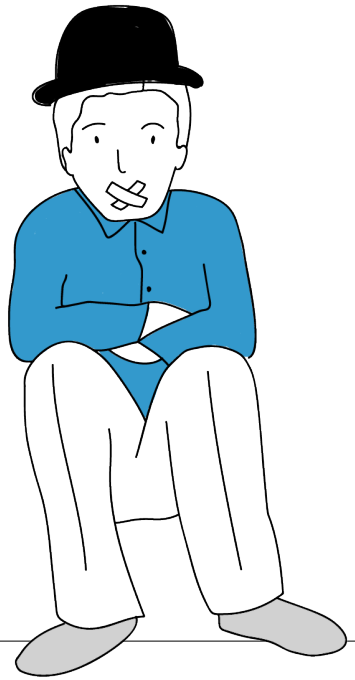
Nordic total by role



HOW DO WE REACT

Three most common reasons why respondents in different roles did not intervene in unethical conduct in the workplace



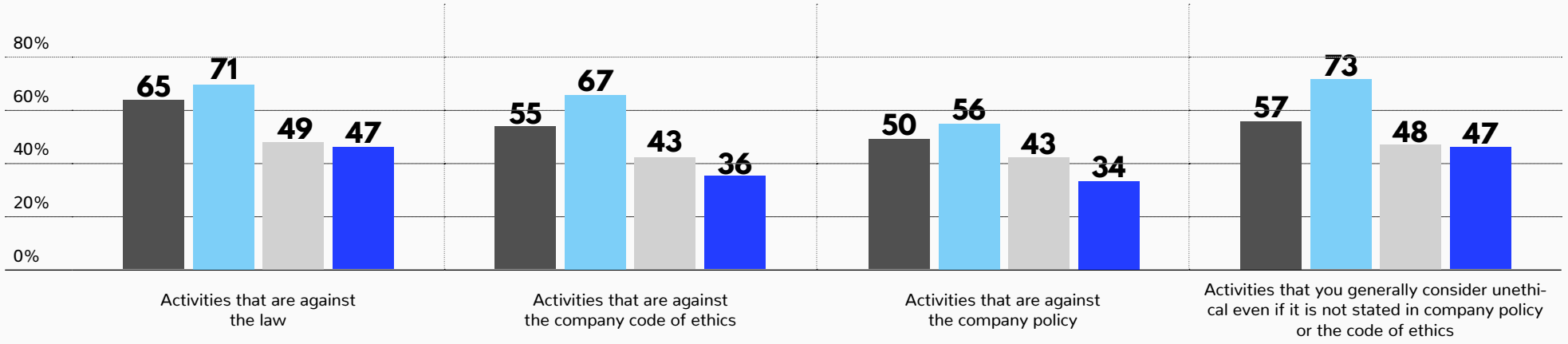


MANAGER INVOLVEMENT

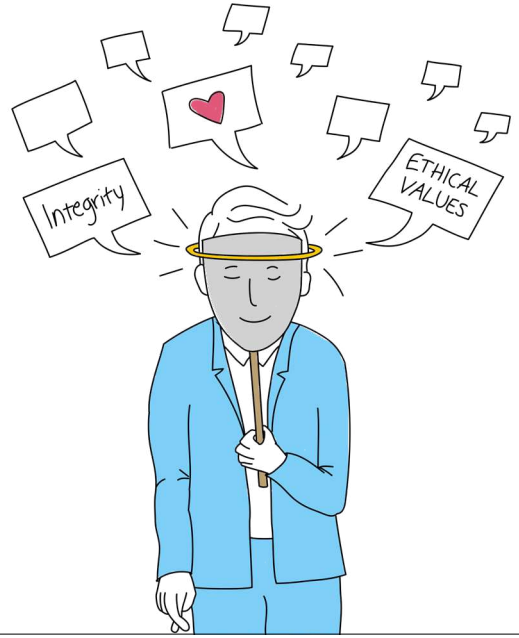
The line manager was involved in a majority of the witnessed misconduct

Line manager involvement in misbehaviour

…"Yes, my manager was involved in the observed misconduct" – % of respondents who said YES

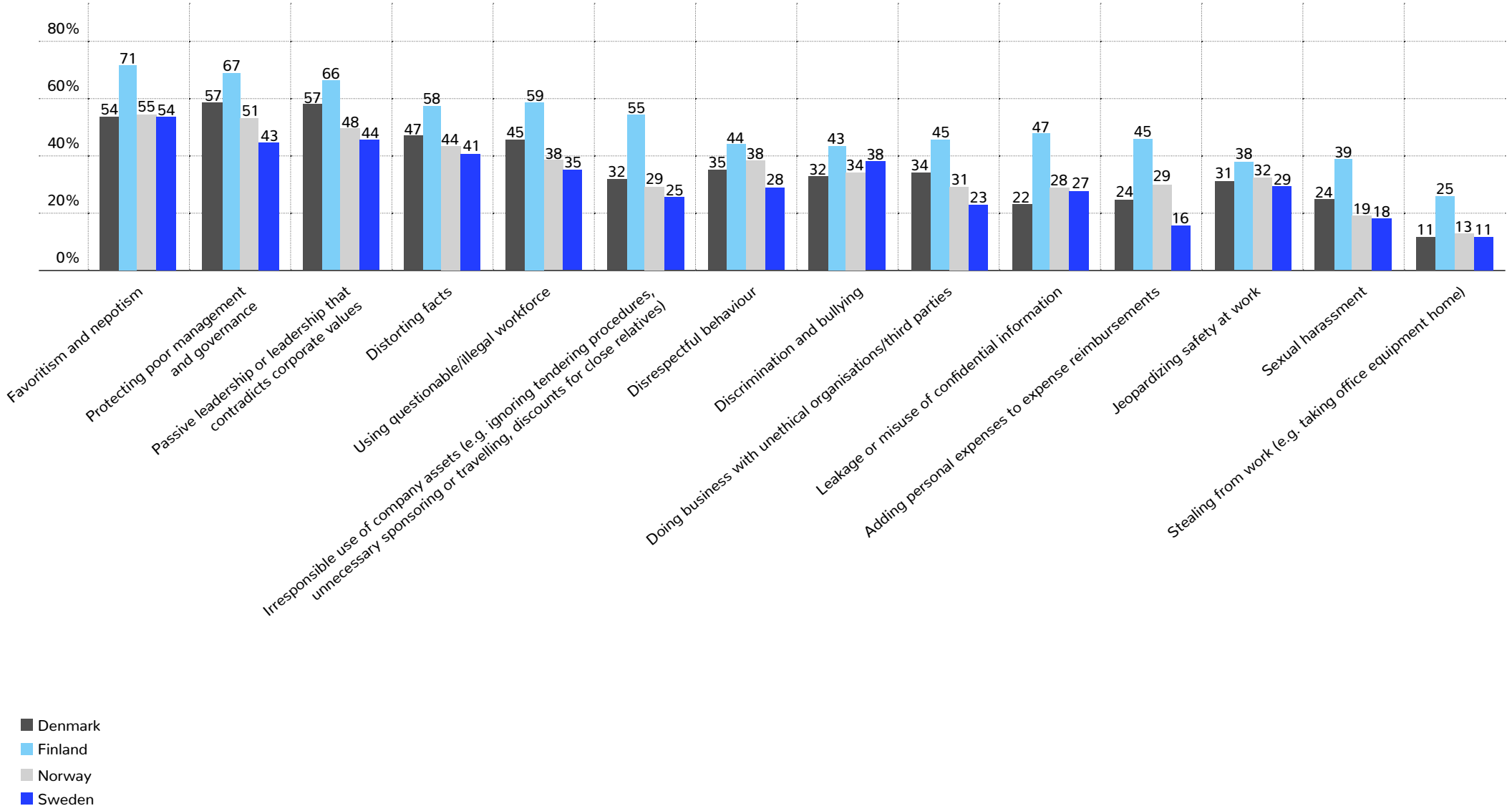


Denmark
Finland
Norway
Sweden



MANAGER INVOLVEMENT

"Yes, my manager was involved in the observed conduct"



The ethical standards

OF AN ORGANIZATION

In this section

...we look at the ethical standards of an organisation. Even if many organisations have a written code of ethics and conduct, there are still many employees that work in organisations that do not have these, especially in Finland. We also see that dedicated ethics and compliance functions are more frequent in Denmark, Norway and Sweden than in Finland. However, it is most clear to Finnish employees how to act in cases of suspected illegal or unethical behaviour. More and more organisations are formalising their working environment, and while formal elements such as policies and support functions are needed, the more informal elements such as the conduct of the line manager and actual decisions should not be disregarded. We see a positive trend towards including 'matters of right and wrong' in decision-making and also towards disciplining unethical behaviour compared to last year.

...we explore:

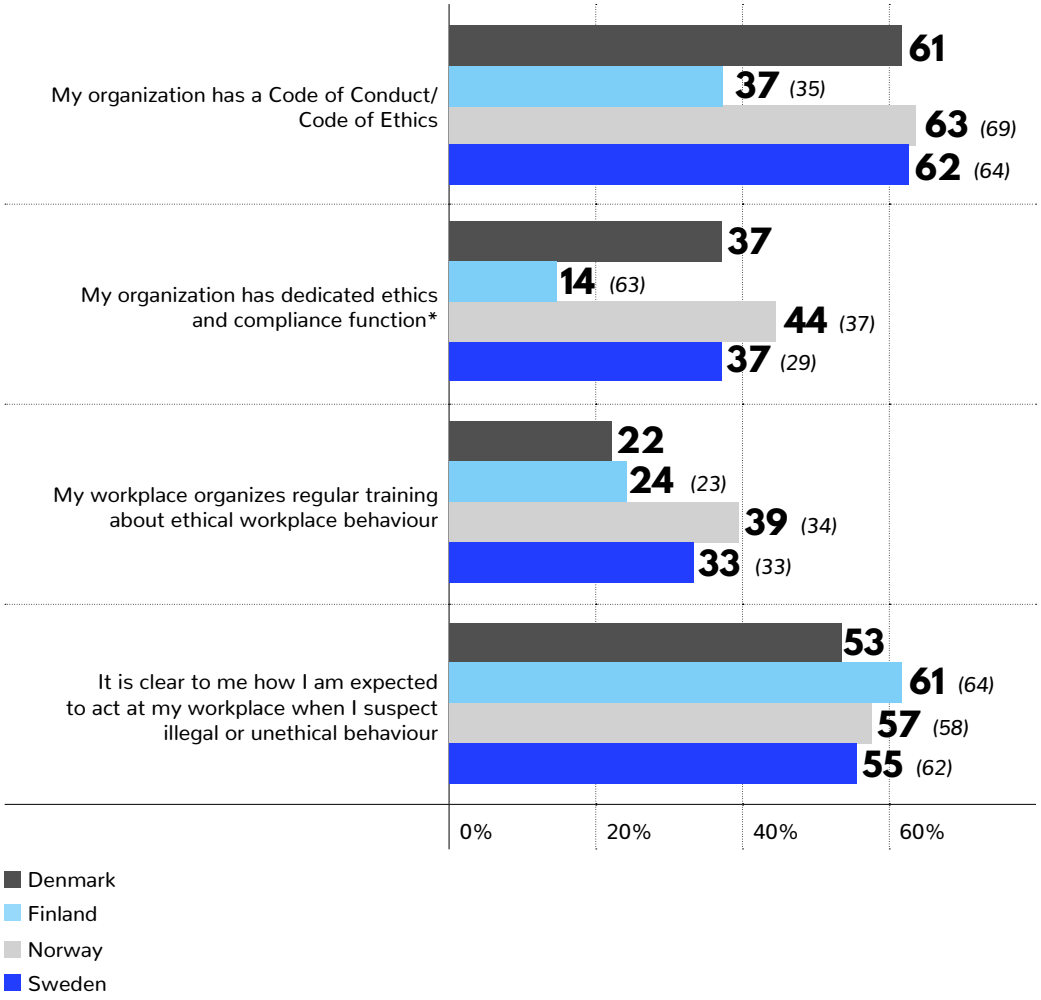
1. Whether what the organisation says about ethics and responsible business publicly in fact is demonstrated in practice
2. The prevalence of formal elements such as codes of ethics and conduct, training and dedicated functions
3. The existing channels for reporting ethical concerns and how comfortable we are using these
4. The ethical behaviour of line managers and discipline of unethical behaviour
5. the personal compromise of ethical standards and reasons for this

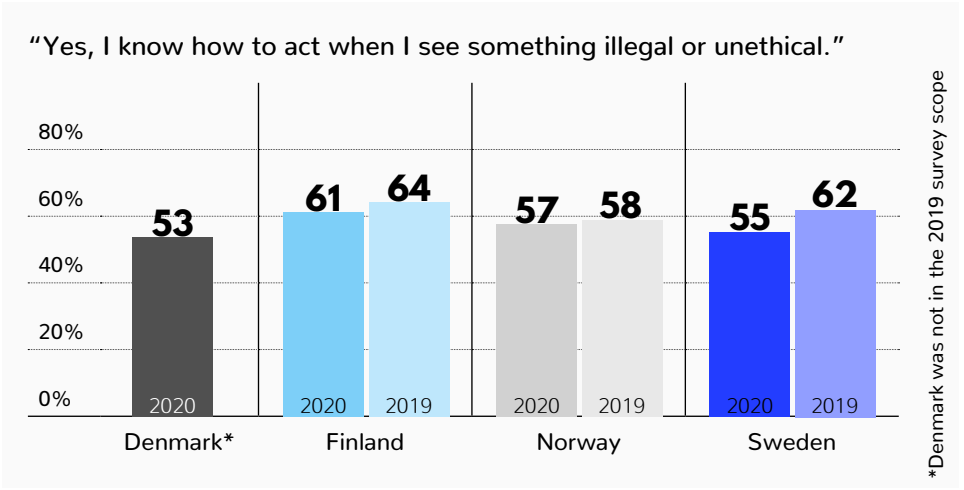
KEY TAKE AWAYS

- Web-based whistleblowing channels, which enables anonymous reporting, is most common in Sweden (23%) and Norway (20%), while only 14% of respondents in Denmark and 7% in Finland have access to such a channel.
- Employees feel most comfortable raising concerns to their line manager or union representative.
- Only 1 respondent out of 4 receives regular training about ethical workplace behaviour.
- There is a significant increase – on top manager level – with regards to considering issues of right and wrong in decision making.

FORMAL STANDARDS

What is the organizational awareness of business ethics principles?

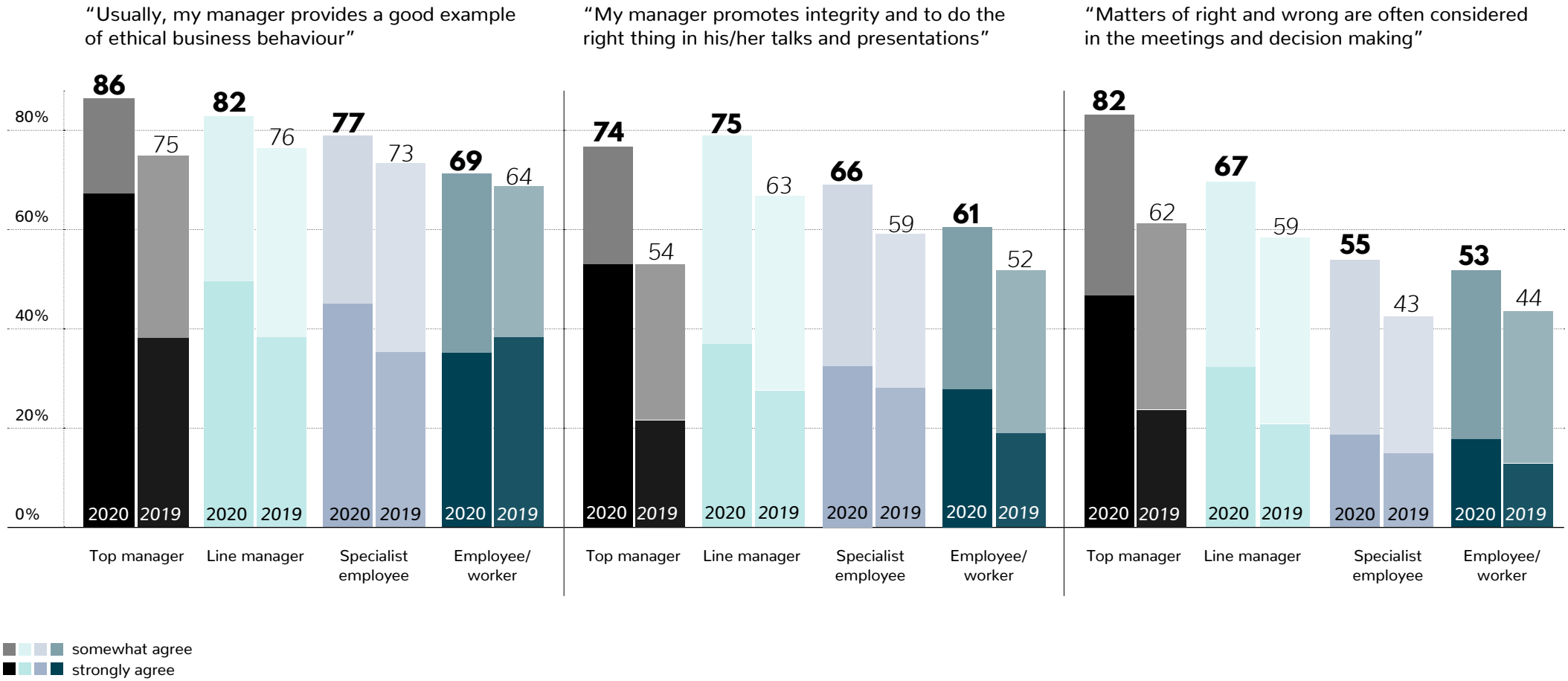




(Figures from 2019)
*The question was formulated in 2019 as: "My organization has nominated a function or a person to whom ethical concerns can be adressed"

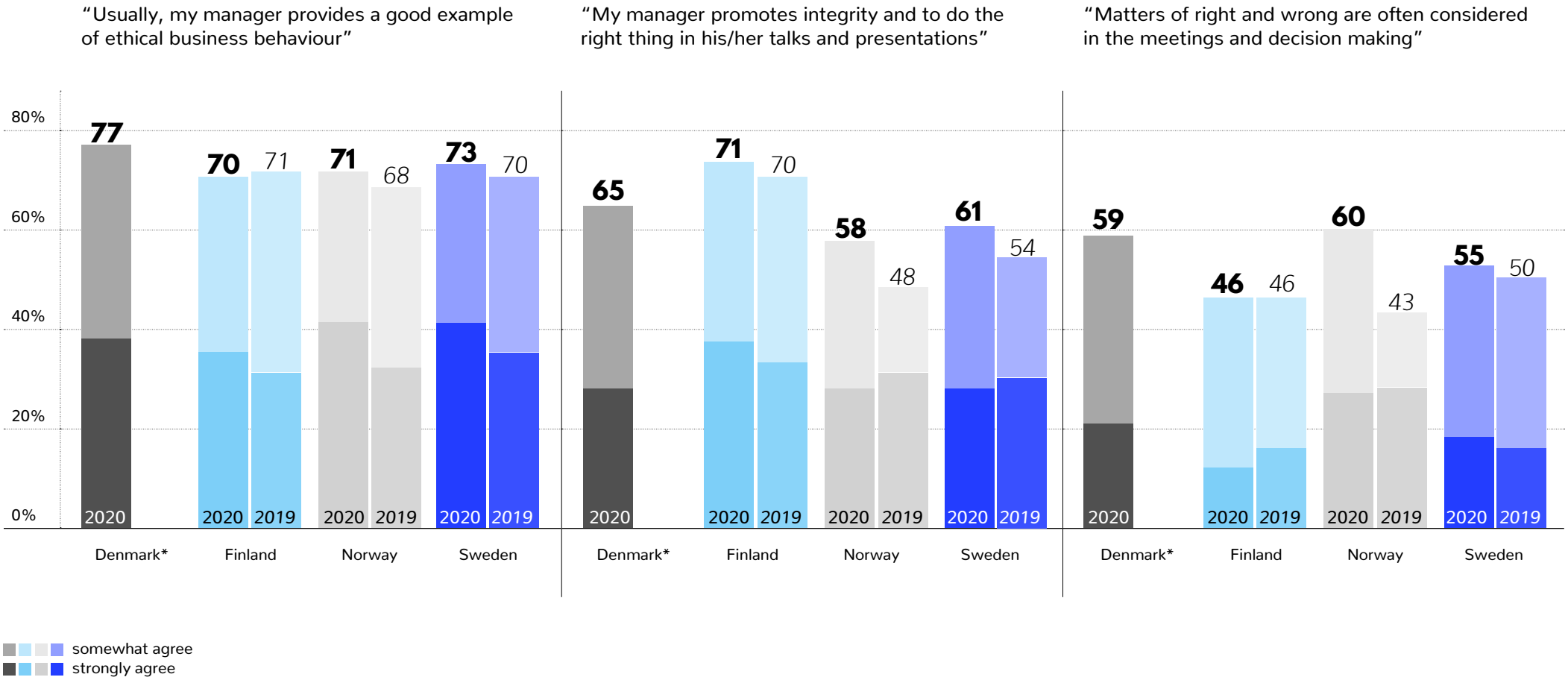
WALKING THE TALK

% of respondents who strongly agreed or somewhat agreed in these statements



WALKING THE TALK

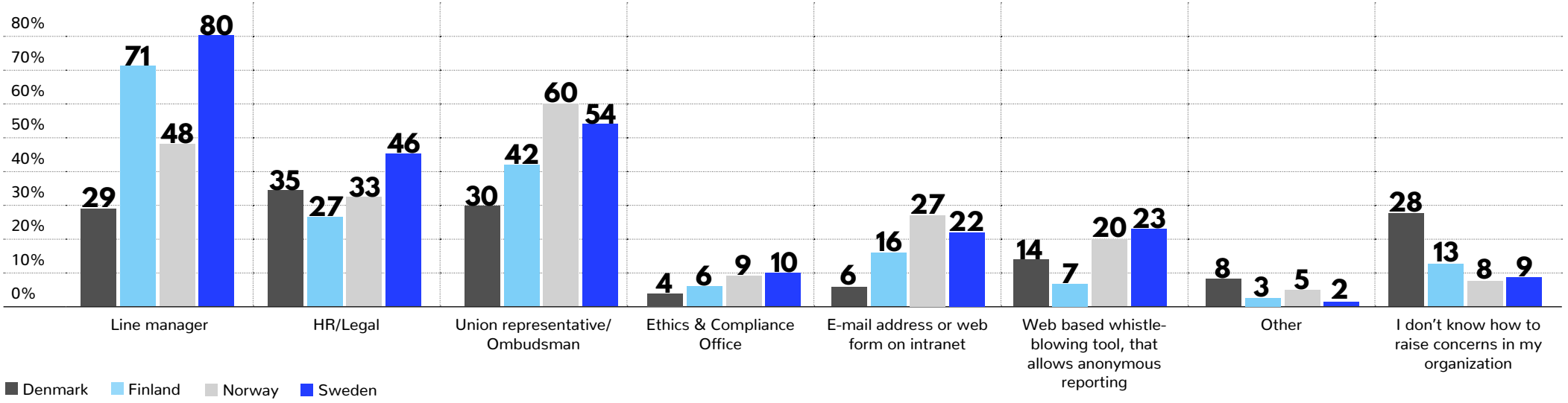
% of respondents who strongly agreed or somewhat agreed in these statements

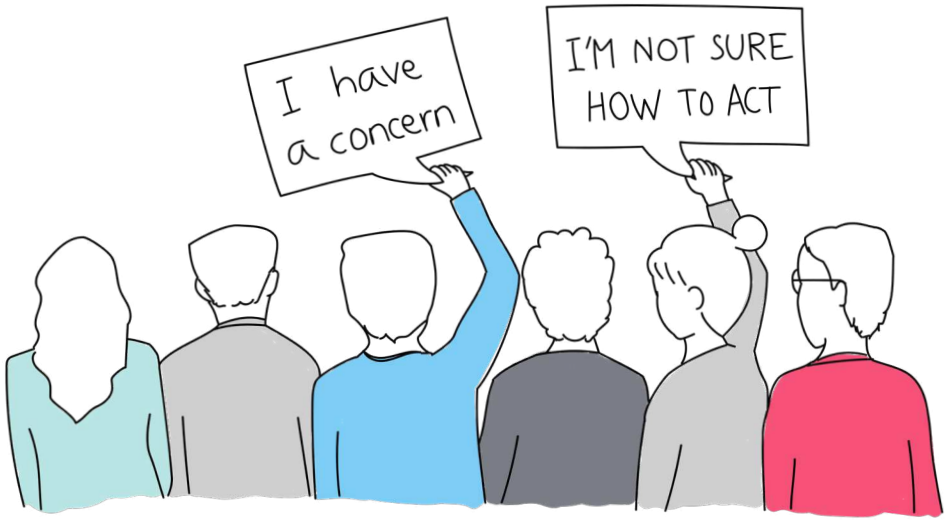


*Denmark was not in the 2019 survey scope

SPEAKING UP

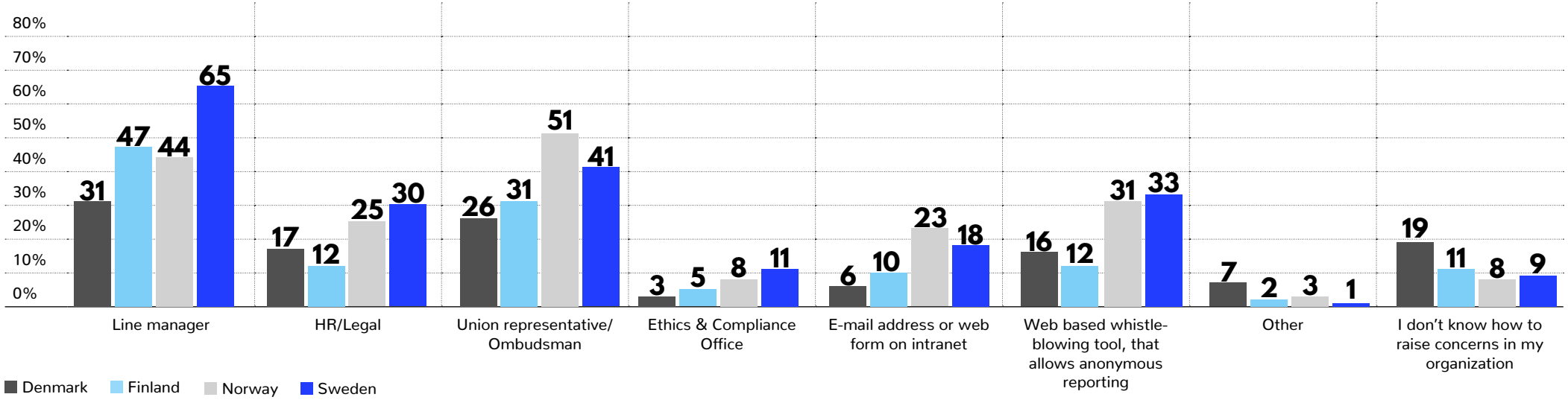
What channels does your organization have for raising ethical concerns? ...% of respondents





SPEAKING UP

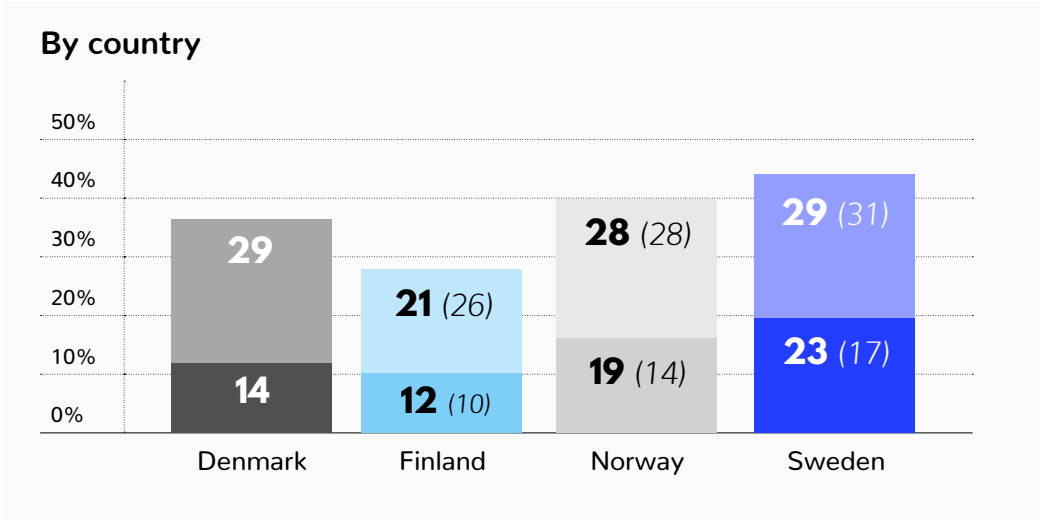
Which of the following reporting channels would you feel comfortable using if you observed unethical conduct? ...% of respondents



ACCOUNTABILITY

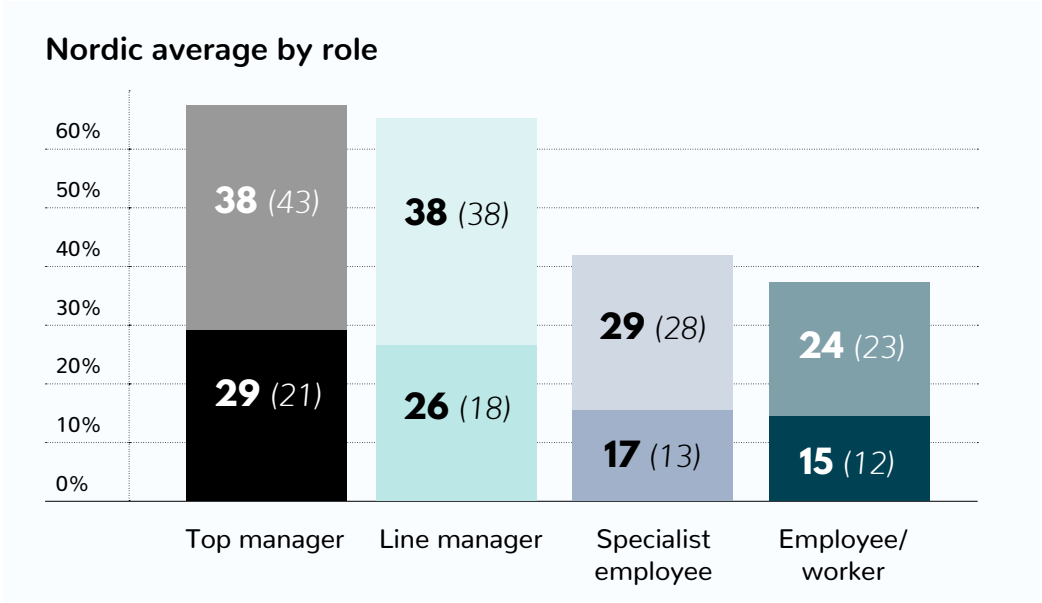
"Unethical behaviour is disciplined in my organization"

...% of respondents who strongly agreed or somewhat agreed



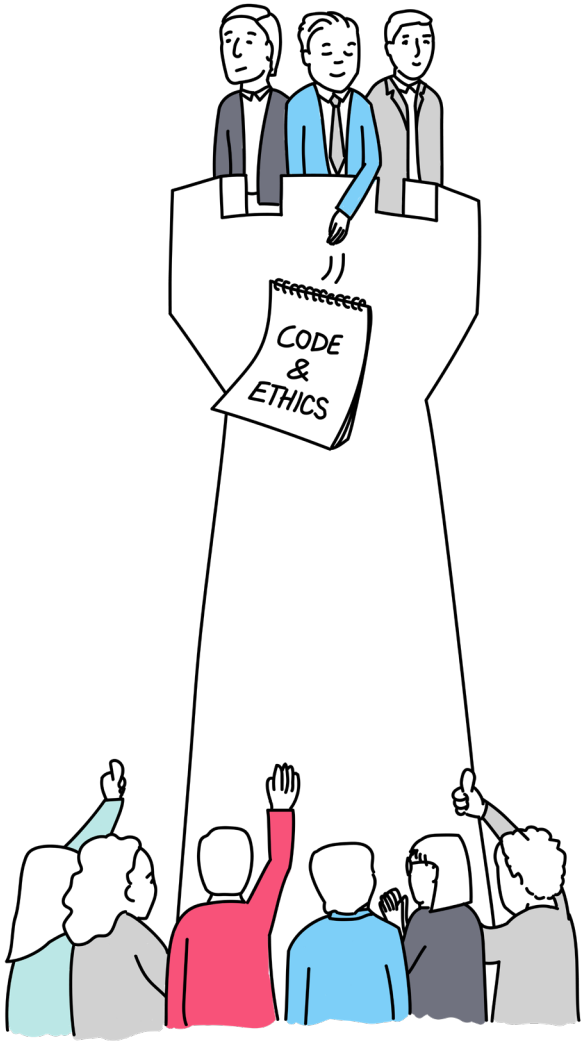
somewhat agree
strongly agree

(Figures from 2019)



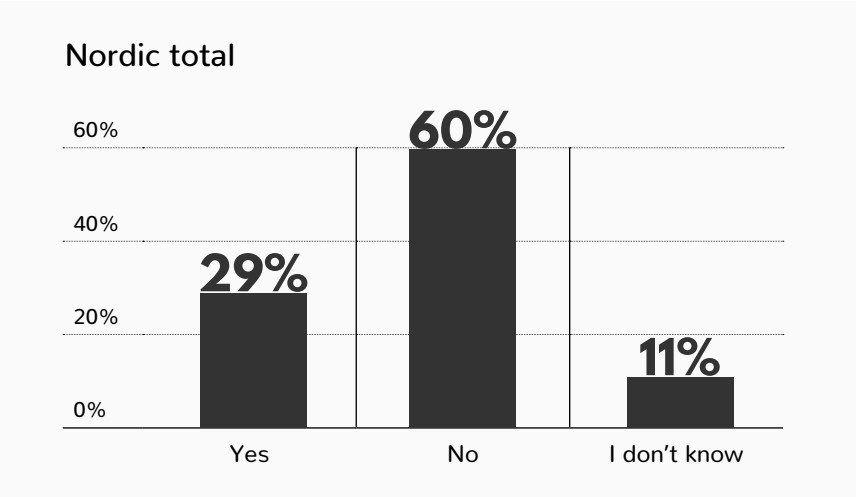
somewhat agree
strongly agree

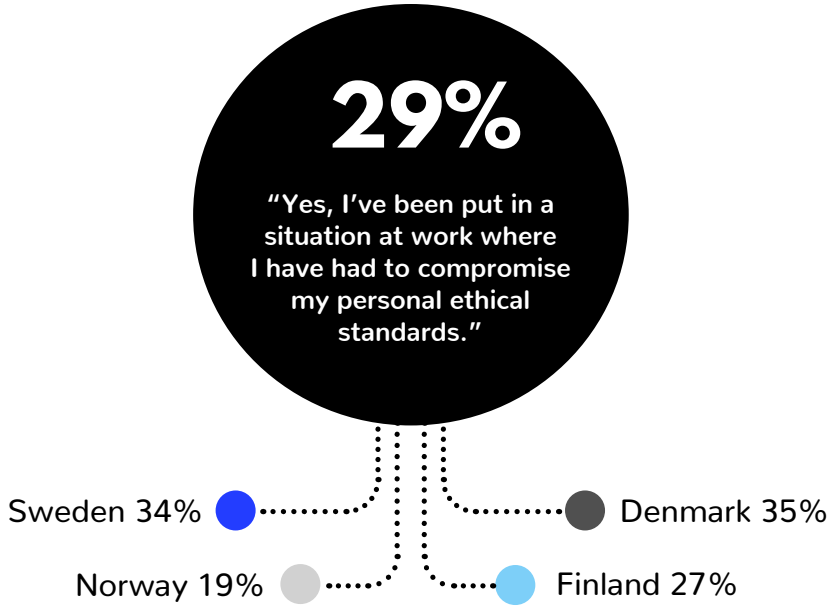
(Figures from 2019)



WALKING THE TALK

Have you ever been subject to a situation at work where you had to compromise your personal ethical standards?

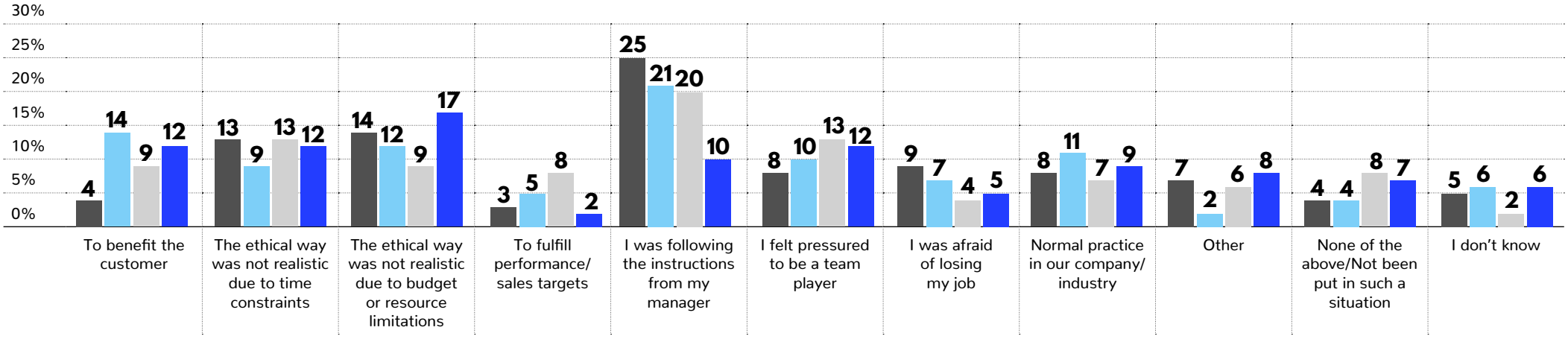




WALKING THE TALK

What was the main reason for having to compromise your personal ethical standards?

...% of respondents – one option was allowed



19%

"Following the instructions from my manager" was the main reason to compromise personal ethical standards

Denmark 25%

Finland 21%

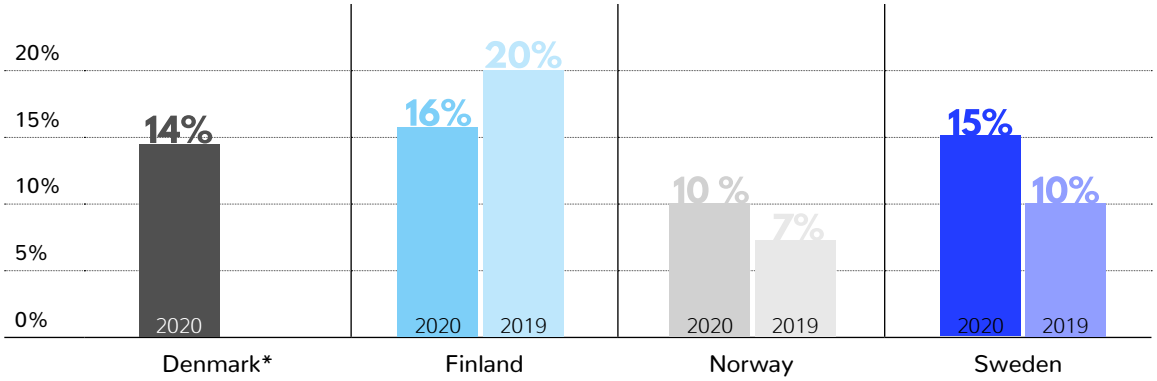
Norway 20%

Sweden 10%

WALKING THE TALK

“Yes, I have been put to a situation at work where I had to compromise the ethical standards of my organisation.”

By country



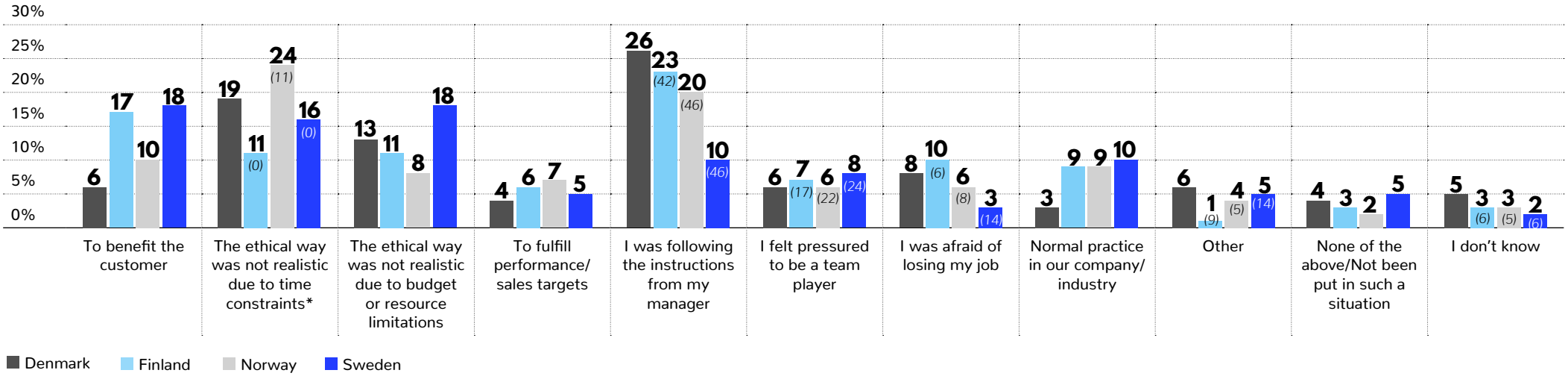
*Denmark was not in the 2019 survey scope

Nordic average by role

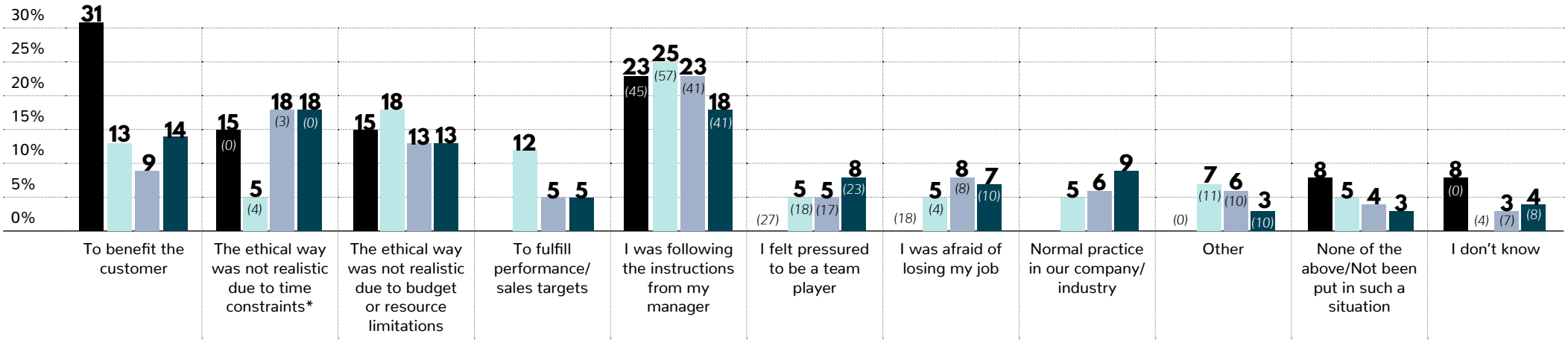
WALKING THE TALK

What was the main reason for having to compromise the ethical standards of your organization?

By country



Nordic average by role



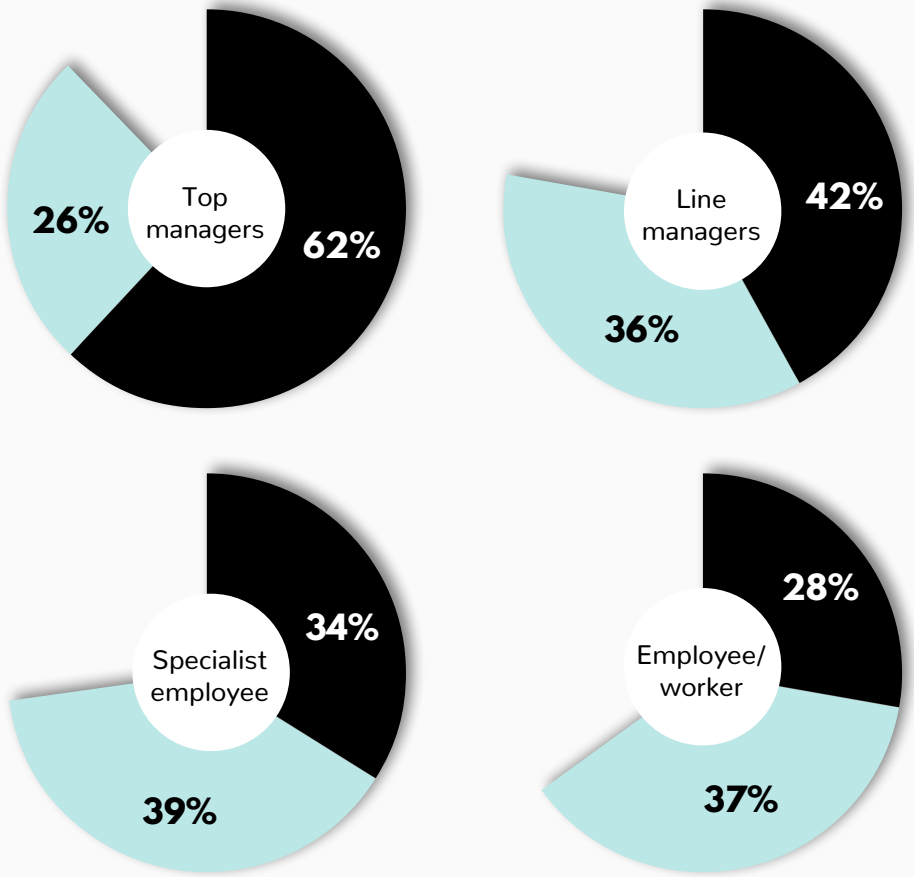
(Figures from 2019)

**The answer was formulated in 2019 as: "My targets/schedules were unrealistic"*

WALKING THE TALK

"What my organisation says publicly about ethics and responsible business conduct is in line with actual practices"

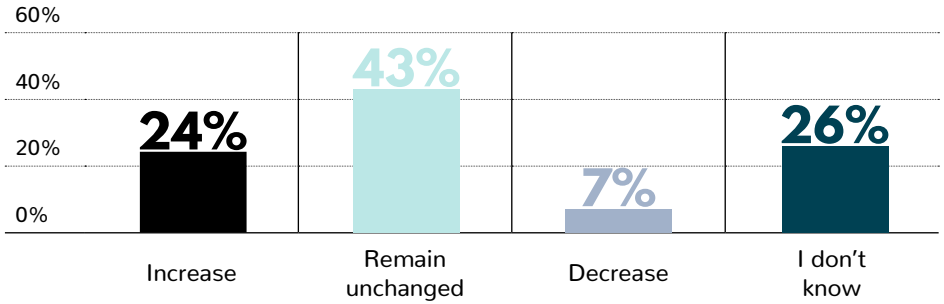
...% of respondents by roles who strongly or somewhat agree



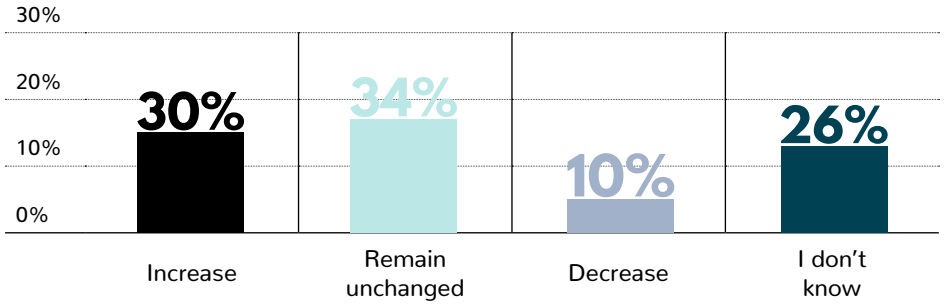
THE FUTURE OF ETHICAL BUSINESS CONDUCT

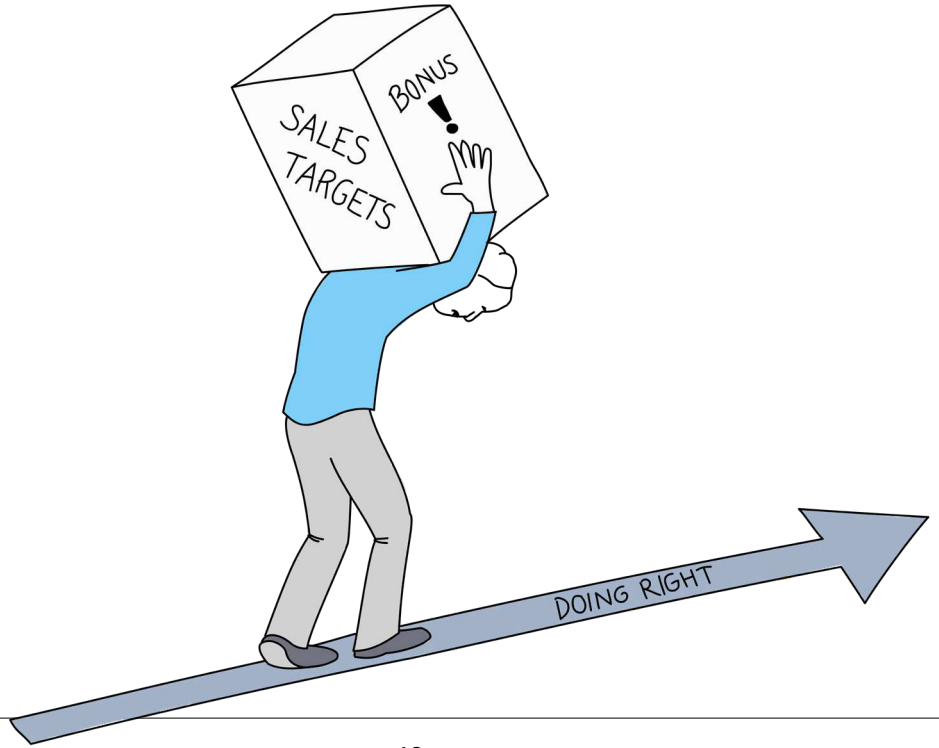
How do you believe that ethical business conduct will develop...

...during the **coming year**?



...during the next five years?





THE BUSINESS ETHICS PROFESSIONALS

behind the survey

NIINA RATSULA
CO-FOUNDER, NORDIC BUSINESS ETHICS

Niina is ethics, integrity and compliance expert with a passion for corporate cultures. Niina is known for "translating codes of conduct and ethical standards from paper into daily actions and decision making". Niina spent 12 years in multinational corporations (Nokia and Kemira) focusing on ethics, compliance, internal controls and audit. After succesfully leading Kemira's Ethics & Compliance function for over 4 years, in 2018 she started her own business Code of Conduct Company and is now supporting organizations in building their ethics and compliance programs, ethical leadership and internal audit functions.

ANNA ROMBERG
CO-FOUNDER, NORDIC BUSINESS ETHICS

Anna is a driven anti-corruption, compliance and corporate governance expert specialising in the prevention, detection and remediation of corporate conduct related compliance issues. She is known for ”making things happen in complex organisations” and was responsible for the well recognized Anti-Bribery and Corruption Remediation program at Telia Company as a part of the settlement negotiations with the US DOJ and SEC as well as the Dutch authorities and has since worked as Vice President of Compliance at Cargotec. Drawing upon her extensive corporate experience, she is now assisting global companies with a wide range of assurance, compliance and governance topics through her own business.

The Nordic Business Ethics Survey is an initiative created by the Nordic Business Ethics, a professional network for individuals who share a mission to promote responsible corporate conduct and integrity in ourworkplaces. Join us at **nordicbusinessethics.com**

Special thanks

We thank Forensic Risk Alliance (FRA) for their support as primary sponsor for this survey.

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www.nordicbusinessethics.com
hello@nordicbusinessethics.com

Nordic Business Ethics Network
@NordicBizEthics
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