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<b>1</b>	<b>OBJECTIVE AND METHOD.....</b>	<b>3</b>
1.1	Objective of the research.....	3
1.2	Method of the research.....	3
<b>2</b>	<b>FINDINGS.....</b>	<b>5</b>
2.1	SUMMARY .....	5
2.1.1	Business environment in the Czech Republic.....	5
2.1.2	Adherence to ethical rules .....	5
2.1.3	Attitudes to unethical conduct.....	6
2.1.4	Ethical rules and codes .....	7
2.2	ANALYSIS.....	8
2.2.1	Business environment in the Czech Republic.....	8
2.2.2	Internal business ethical rules .....	16
2.2.3	Next possible ethical measures to be taken by companies .....	18
2.2.4	Attitudes of managers to unethical conduct.....	20

**ATTACHMENTS:**

- Graphs
- Tables
- Questionnaire



## 1 OBJECTIVE AND METHOD

### 1.1 Objective of the research

The research project reported was carried out by GfK Praha, which was commissioned by a non-governmental, non-profit organization Transparency International, Czech Republic. The main objective of this research was to map anti-corruption measures, actions taken by businesses, companies and corporations operating in the Czech market and to find out the level of ethical principles application inside the businesses, i.e., in their internal business processes and towards the world outside – external business processes.

The next objective was to find out opinions of managers about the current situation in the Czech Republic regarding corruption, their assessment of development and possible changes, if applicable, in these issues and attitudes to corruption and ethical behaviour in business/entrepreneurial activity.

### 1.2 Method of the research

The research was conducted as a quanti-survey via a combined method. The data were collected through the method of telephone interviewing CATI (Computer Assisted Telephone Interviewing) and online interviewing CAWI (Computer Assisted Web Interviewing).

#### Breakdown of the complete questionnaires by the method used

METHOD	CQ	PROPORTION
CAWI	120	47.20%
CATI	134	52.80%
<b>Total</b>	<b>254</b>	<b>100.00%</b>

CATI interviewing took place in the CATI studio GfK Praha through the team of fully trained interviewers, and CAWI interviewing through an online questionnaire sent to respondents on the basis of the prior telephone conversation to their e-mail addresses as a unique link.

The survey worked with the structured questionnaire identical for both the methods used.

The target person: individuals in the middle management positions from companies and corporations with the turnover/revenues over CZK 100 mil annually (including).

### Actual sample structure

<b>Region of company domicile</b>	Prague	28	11,0%
	Central Bohemia	24	9,4%
	Southern Bohemia	18	7,1%
	Western Bohemia	25	9,8%
	Northern Bohemia	23	9,1%
	Eastern Bohemia	39	15,4%
	Southern Moravia	48	18,9%
	Northern Moravia	43	16,9%
	Not stated	6	2,4%
	<b>Total</b>	<b>254</b>	<b>100,0%</b>
<b>Main business line/industry</b>	Mineral resources mining	1	0,4%
	Food processing industry	20	7,9%
	Other production and manufacturing	97	38,2%
	Publishing, printing	4	1,6%
	Power and water industry, recycling	11	4,3%
	Construction industry	27	10,6%
	Wholesale, retail trade	29	11,4%
	Transportation and telecommunications	4	1,6%
	Financial services and real estate	1	0,4%
	Computing industry (computers)	7	2,8%
	Other	47	18,5%
	Not stated	6	2,4%
	<b>Total</b>	<b>254</b>	<b>100,0%</b>
<b>Number of employees</b>	less than 50	53	20,9%
	50 - 99	57	22,4%
	100 - 499	118	46,5%
	500 - 999	18	7,1%
	1000 - 1999	2	0,8%
	2000 and more	1	0,4%
	Not stated	5	2,0%
<b>Total</b>	<b>254</b>	<b>100,0%</b>	
<b>Roční obrát firmy</b>	100 - 299 mil. CZK	132	52,0%
	300 - 499 mil. CZK	49	19,3%
	500 - 999 mil. CZK	28	11,0%
	1000 - 1999 mil. CZK	14	5,5%
	2000 a více mil. CZK	16	6,3%
	Don't know	3	1,2%
	Not stated	12	4,7%
<b>Total</b>	<b>254</b>	<b>100,0%</b>	

In total, 254 complete questionnaires collected.

**The fieldwork was conducted** from the 1st of September to the 5th of October 2005.

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## 2 FINDINGS

### 2.1 SUMMARY

#### 2.1.1 Business environment in the Czech Republic

The environment in the Czech Republic is more likely to **make the business ethics more difficult** – at least according to almost half the respondents. However, a great many of them – more than one third – believe that our business environment allows business ethics.

Managers are **positive about the media discussion** about the issue business ethics. Most respondents also feel that the **general appeal to business ethics** is welcomed and **useful**.

The representatives of companies show big differences in their perception of the current situation in business ethics. A relatively highest percentage of managers (39 %) perceive some **improvement** against the year 2000, but one third of managers from the companies operating in the Czech market are certain that the situation **has not changed at all**, and one fifth of them even insist that the situation in business ethics is worse than 5 years ago.

**The old EU countries** enjoy a relatively **good image in the sense of business ethics**. They were very well evaluated as the countries, where the **level of business ethics is better than in our country**, and the **companies from the old EU countries** are perceived as those that also in our market **more often behave ethically** in their business relations.

**The new EU countries** are **worse** perceived. Half the managers think that the situation in our country and in these countries is comparable when it comes to business ethics, and one quarter believe that our republic is performing **better in the level of business ethics than the other new EU countries**. Managers also share a belief that the companies from the new EU countries are more likely **not to behave ethically** in our market.

Overall, the **Czech Republic** (and the Czech companies likewise) happens to be somewhere in between – it is still better in the old EU countries, but in comparison with the other new EU countries the Czech Republic is slightly better.

The **private sector** environment in our country is seen as **more ethical** than that of the public sector. According to our managers, private companies more often behave ethically than those with the state and public participation.

#### 2.1.2 Adherence to ethical rules

As above mentioned, **private companies** are more often perceived as those **rather respecting the rules of ethical conduct** in business relations.

The opinions of managers vary when asked whether it is or it is not advantageous to rely on unethical conduct in business in the Czech Republic. Half of them believe that it is **not advantageous in the**

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**long run**, but more than one third (38.2 %) are certain it is the opposite - **advantageous**. For that the use of unethical conduct is still relatively advantageous for doing business in our country speaks also the fact that most of our managers **regard unethical conduct concerning the procurement decisions, i.e., acquiring and executing their own contracts as a competitive advantage**. One third of them also believe that to **breach the ethical rules of business is an important precondition for success** in business activities in the Czech Republic

**The key, ultimate condition for success** in business activities in the Czech Republic is the **quality of products and services**, very closely followed by the client portfolio – **the personal network of contacts and connections**. Third place is taken by **obeying the law**.

In relation to how highly evaluated is the unethical conduct as a competitive advantage, the **use of unethical conduct is relatively risky for the company in case it is proven as such**. The loss/harm of reputation as a consequence of proven unethical conduct took **fourth place** among the risks for business prosperity, following economic destabilization, drastic slump in demand and war in the country. War was seen as the most serious risk for business prosperity.

Yet, **many companies still take this risk**. The absolute majority of managers know about companies, which do not think that the rules of ethical conduct are important.

Managers can see the causes for ethical conduct breach in business contact on both the parties involved, when the **cause more often occurs on the party of the buyer** - submitter. Not only would the buyer be blamed more often, but also their guilt is also **more serious**. Submitters cause this unethical conduct in the bigger - two fifths – majority.

Asked what would most help in improving, upgrading the business ethics in the Czech Republic, the managers asked agreed on the **introduction of rules, standards and laws** that would treat this area of business contact. One fifth of them answer that the rules, standards and laws should be **strictly adhered to**, and businesses should act really transparently. A third important change named was to **better enforce the law and punish corruption**.

### **2.1.3 Attitudes to unethical conduct**

**Unethical conduct is differently perceived in relation to disadvantage or advantage of one's own company**. Managers absolutely agree that the unethical conduct that **disadvantages one's own company** should be **punished**. However, when employees behave unethically and thus actually **advantage** their own company in the market, the reactions are contradictory. One third of managers are not sure whether this kind of conduct should or should not be sanctioned, more than one third of company representatives declare that it should **not be punished**. Merely the last third of managers believe that also this kind of conduct should be punished.

Suppose the breach of ethical rules is to be sanctioned, then it should apply to all cases, but with **respect to the seriousness of the offence**.

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### 2.1.4 Ethical rules and codes

**Generally**, internal business ethical rules and codes are perceived as **useful and meaningful**, but **not vitally important** for the effective operation of the company.

Internal business ethical rules nebo codes or any other measures **exist in three fifths of companies** – i.e., in 150 companies of the total sample. One quarter of them have **written** ethical rules, in two fifths of them the code of ethics is an integral part of the internal guidelines/regulations. In other words, **two thirds of the companies** with internal business ethical rules use one or another **form of a written document** to introduce these rules. The institute of corporate ombudsman is a totally marginal matter in our country.

When companies have their internal business rules, **most employees are informed**, know these rules and most companies inform their new employees about them via some **standard procedure**. **One third** of the companies with internal business rules have them in place as an **integral part of job contract** – and in this case typically across-the-board, **for all employees**. The respondents alone know their own company ethical rules very well and these documents or not written regulations are very straightforward, understandable.

Ethical rules often state, at least, generally, **possible actions in the case the ethical rule is breached**. However, only **half** the companies reckon with the method of resolving specific, problematic cases through some authorized, appointed person or committee. When the rules contain such measures, they typically refer to the **competent person**. Merely one tenth of rules introduce a committee.

Managers largely believe that the internal business rules are respected, obeyed in their company.

The companies with **no internal business ethical rules** are usually **not planning** their introduction, either.

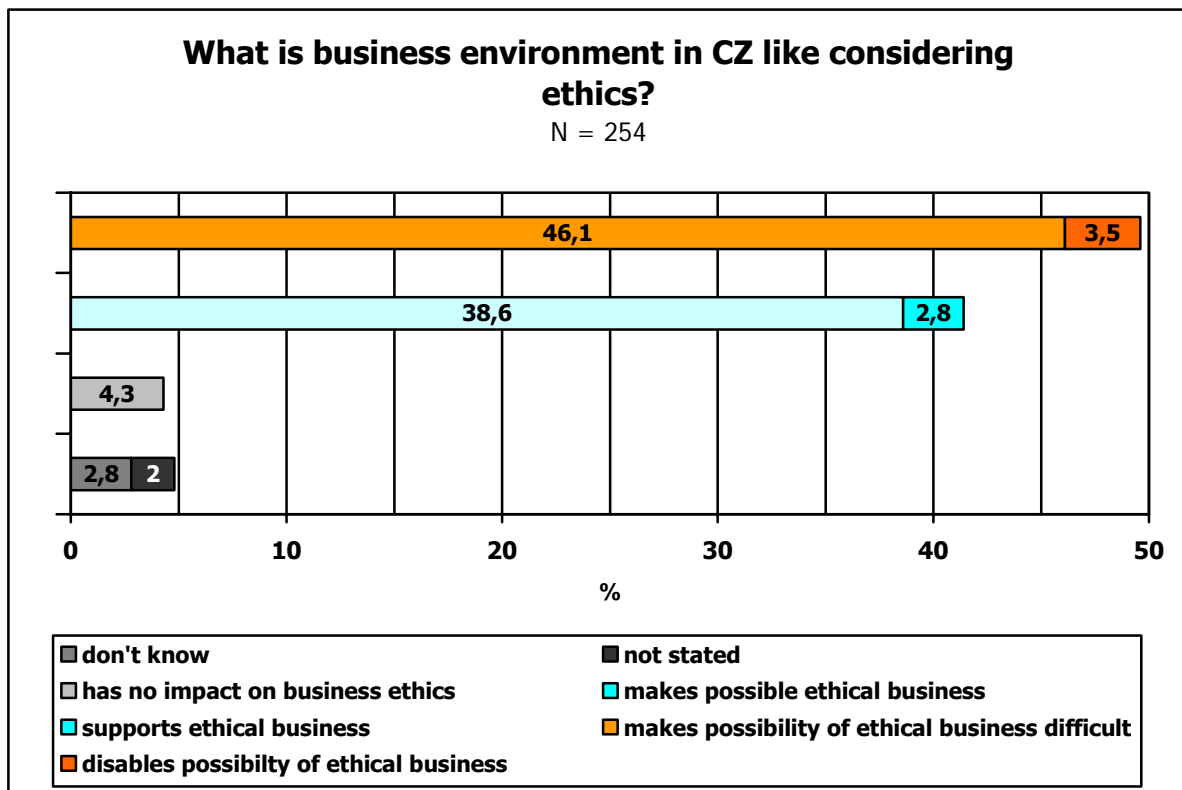
Most of the companies with **no appointed person or committee** that should watch the ethics adherence are **not planning** their introduction, either.

**Half the companies** out of the total sample have some formally communicated **rules to limit the chance their managers could abuse their powers**. Two thirds of companies in our country have no such rules and it is irrespective of whether these companies have or do not have their internal business ethical rules.

## 2.2 ANALYSIS

### 2.2.1 Business environment in the Czech Republic

Half the managers asked (49.6 %) believe the environment in CZ makes the possibility to do business ethically *difficult*. On the other hand, two fifths of respondents (38.6 %) are certain that the environment in our country *makes it possible* to do business ethically. Merely 11 managers (4.3 %) think that environment has *no impact* at all on business ethics.



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### **2.2.1.1 General evaluation of appeal to business ethics**

Almost three quarters (72.8 %) of respondents have seen, noticed in the media some form of discussion about business ethics. Most of those asked believe this kind of discussion is useful – in total 83.3 %. Only 12.1 % of respondents think the media discussion about business ethics is not useful.

The overwhelming majority of respondents – 92.9 % - agreed the general appeal to business ethics is useful. 62.2 % of those even say that such an appeal in business is *definitely* useful.

### **2.2.1.2 Current situation in the Czech Republic in the sense of business ethics**

#### **2.2.1.2.1 Level of business ethics in comparisons**

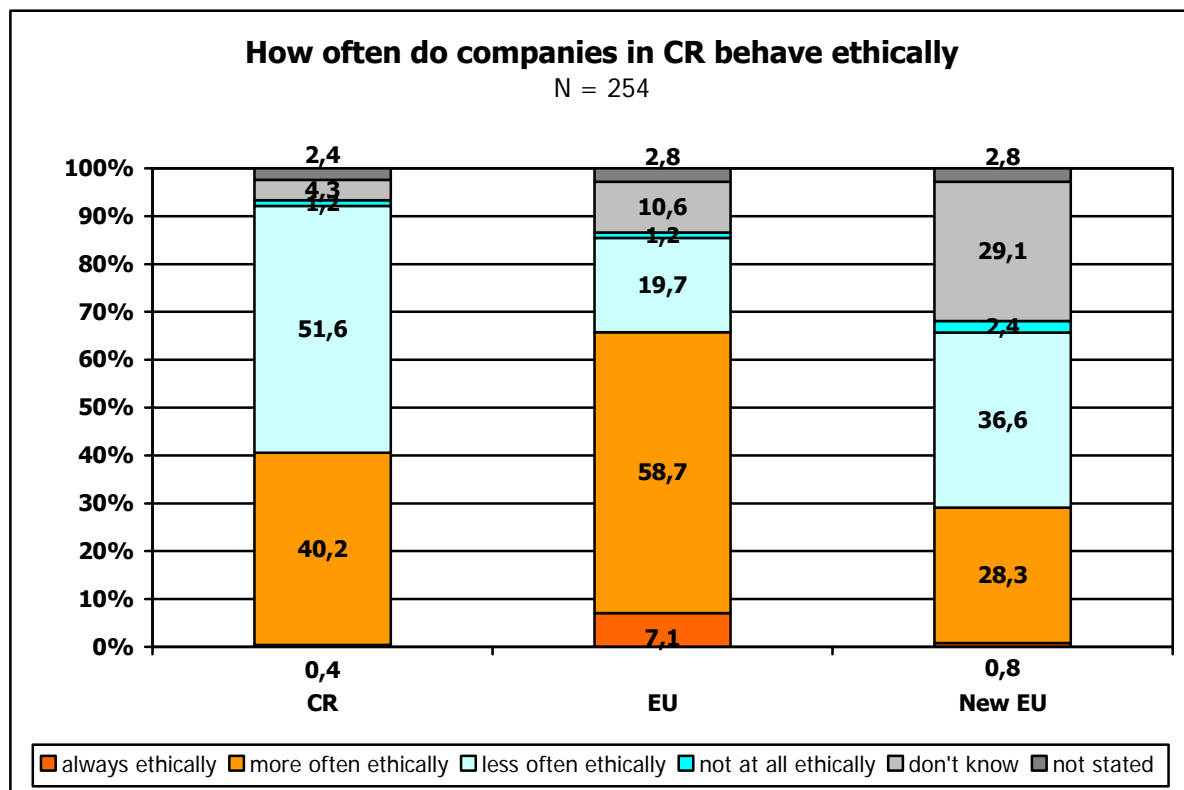
The current situation in CZ in the sense of business ethics was studied through the subjective comparison of development in the country in time, through the comparison with the situation abroad, through comparing Czech and foreign subjects operating in the Czech environment and companies from the private and public sector.

Asked to compare the situation in CZ in the sense of business ethics with that five years ago (in the year 2000), one third of the managers asked (35 %) believe the situation stayed the same. The biggest percentage of those addressed, however, perceives improvement in business ethics – in total 39 % of managers. One fifth (20.8 %) of those asked can see the worsened situation in business ethics today against the year 2000.

In the comparison of the situation in CZ and that abroad, the old EU countries turned out best. 70.1 % of respondents are certain that the situation in CZK in the sense of business ethics is worse than that in the old EU countries. One sixth of managers (15.7 %) think that the situation in our country is comparable to that in the old EU countries. Only 4.3 % of respondents perceive the situation in CZ as better, and in total 9.9 % of respondents did not answer.

By contrast, in the comparison with the new EU countries, the Czech Republic is doing well. For half of our respondents (51.2 %) the situation in CZ and in the new EU countries is comparable. One quarter of those asked even think (24.4 %) that the situation in our country is better than that in the new EU countries. 18.5 % of the managers addressed, however, felt they could not make such comparison.

The next section asked respondents to compare Czech companies, foreign companies from the old EU countries and foreign companies from the new EU countries. Again, the companies from the old EU countries were best evaluated in this comparison. Asked to evaluate foreign companies from the old EU countries, 13.4 % of our managers could not do so. Two thirds (65.8 %) of those asked believe that the companies from the old EU countries *more often or every time* behave *ethically*. One fifth of respondents (20.9 %) think that these foreign companies behave *less often ethically* in our country. Czech companies are controversially evaluated. According to half (52.8 %) the managers they behave *ethically less often*, but on the other hand, 40.6 % of those addressed think Czech companies behave *ethically more often*. Almost one third (31.9 %) of those asked did not evaluate foreign companies from the new EU countries. Two fifths - 39 % of managers think the companies from the new EU countries behave ethically *less often*, and another not the full third (29.1 %) of those asked guess they behave ethically *more often*.



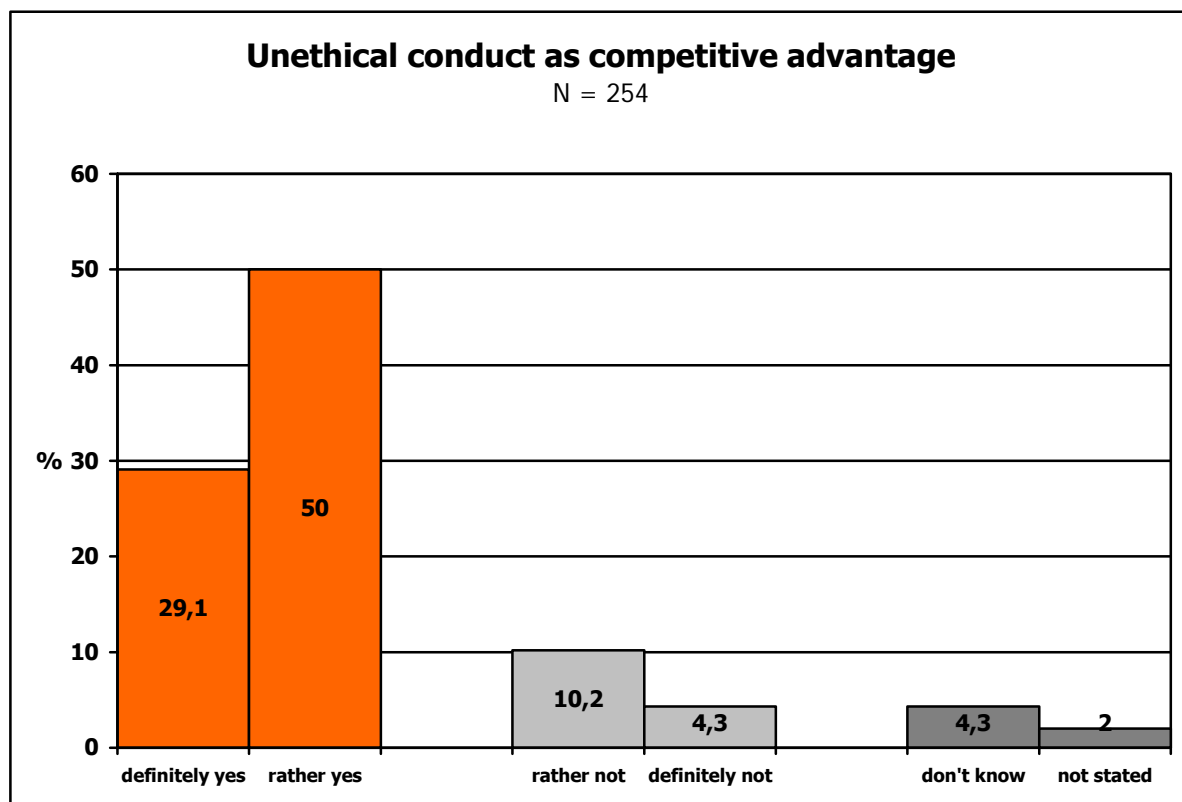
Comparison between the public and private sector turned out absolutely better for the private sector. The comparison comes out of two types of question - the former asked our respondents to use a scale and evaluate companies with state and public participation according to how often they act ethically, and the latter asked them to select which of these two types of companies more respect, adhere to the ethical rules of business. Evaluating on the scale in total half the respondents (51.6 %) answered that companies with state and public participation act *less often or not at all ethically*. On third of those asked (34.7 %) believe that these companies behave *ethically more often*. 13.8 % of all

asked did not evaluate companies with state and public participation, or, answered „don´t know“. Half the respondents (55.9 %) believe that private companies do the opposite - act *ethically more often*. Slightly more than one third (35.8 %) of managers perceive the behaviour of private companies as *ethical less often*, and 8.3 % of those addressed did not give an answer.

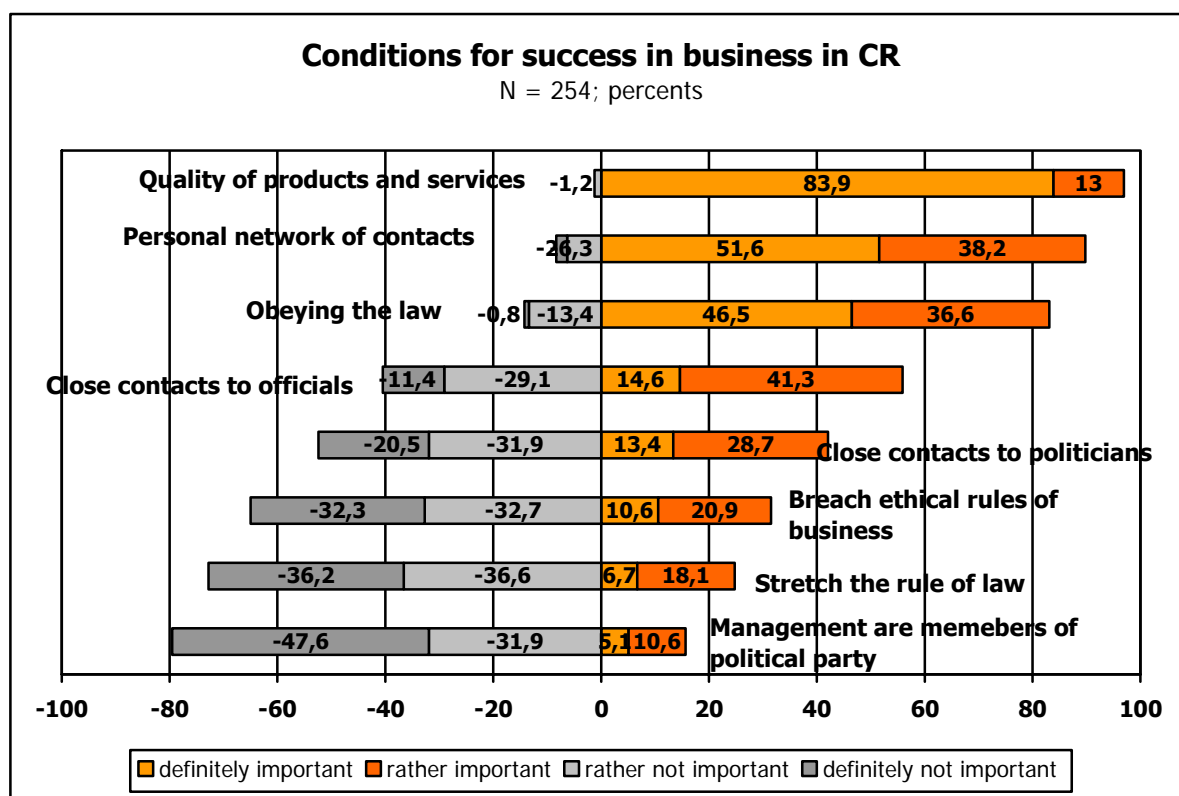
### 2.2.1.2 Unethical conduct – a risk or an advantage

Speaking from the long-term perspective, managers think it is relatively not advantageous for companies operating in CZ to rely on unethical business ethics. This opinion is shared by half (54.3 %) of those addressed. But, according to two fifths of respondents (38.2 %) it is *fairly advantageous*. Those who are inclined to believe that unethical conduct is not advantageous are stronger, more clear-cut in their opinion against the others: almost one quarter of respondents (23.6 %) answer that to rely on unethical conduct in your business is *definitely* not advantageous in a long run.

On the other hand, more than three quarters of managers (79.1 %) think that in our republic unethical conduct concerning the procurement decisions (when acquiring and executing one´s own contracts, commissioning jobs or placing orders) represents a competitive advantage for the company concerned. Only 14.5 % of respondents believe the opposite, i.e., that this type of conduct is not any competitive advantage in our country.



Asked to evaluate some selected factors likely to influence business success in CZ, respondents attached most importance to the quality of products and services – it is a factor important for success according to 96.9 % of respondents. Second place takes the personal network of contacts and connections, which is important for business success in CZ according to 89.8 % of those asked. And number three important conditions for success is to respect, obey the law – according to 83.1 % of the addressed managers. Half of our respondents (52.4 %) think that close contacts to politicians are rather or definitely not important. But a considerable number of those asked – 42.1 % believe they are fairly or definitely important. By contrast, half the respondents (55.9 %) perceive close contacts to officials as relatively important, and again, a comparable number of respondents – 40,5 % think they are rather or definitely not important.

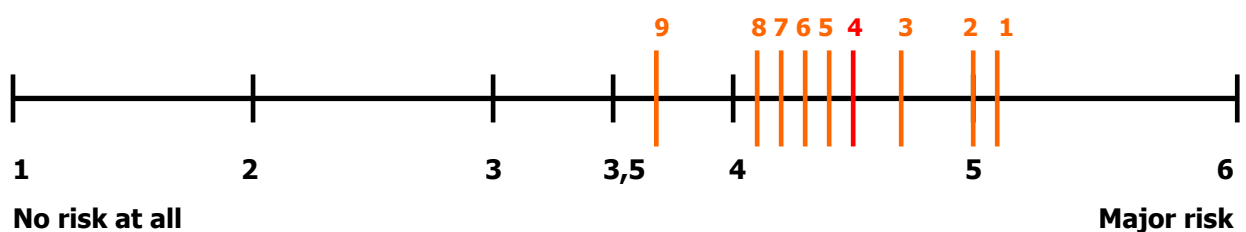


Almost one quarter of respondents - 24.8 % think that for business success in CZ it is important to stretch or disobey the rule of law, and also to breach ethical rules seems relatively important in this respect – at least according to not the full third of managers from the sample (31.5 %).

### 2.2.1.3 Comparing the loss of reputation due to unethical conduct as a risk for business prosperity

Unethical conduct is perceived as a competitive advantage, yet the companies using it take a serious risk in the case their conduct is exposed. The loss of company reputation due to the proven unethical conduct is a major risk for business prosperity according to the asked managers. The question asked respondents to assess the selected factors influencing business prosperity in terms of their risk, and 1 meant no risk, and 6 major risk. First three positions were taken by: war in the country, drastic fall in demand for goods or services in the business line/industry of the company and economic destabilisation of the country. The loss of reputation due to the proven unethical conduct is number four with the weight 4.42.

#### Risks threatening prosperity of company on scale



#### Explanatory:

- 9** Political lack of stability in the country
- 8** Flooded offices of the company
- 7** Epidemic of an illness among employees
- 6** Currency devaluation by 30% - 50%
- 5** To lose the lawsuit for 20% of company turnover
- 4** Losing reputation due to the established use of not ethical procedures
- 3** Economical lack of stability in the country
- 2** Drastic (30-50% year on year) drop in demand in the category of products or services the company is business with
- 1** War in the country

#### Order of risks threatening prosperity of company

Order	Risk	Weight
<b>1</b>	War in the country	5,16
<b>2</b>	Drastic drop in demand in the category of products or services	5,01
<b>3</b>	Economical lack of stability in the country	4,63
<b>4</b>	<b>Losing reputation due to the established use of not ethical procedures</b>	<b>4,42</b>
5	To lose the lawsuit for 20% of company turnover	4,31
6	Currency devaluation by 30% - 50%	4,17
7	Epidemic of an illness among employees	4,12
8	Flooded offices of the company	4,07
9	Political lack of stability in the country	3,73

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#### 2.2.1.4 Adherence to ethical rules

Asked to select which type of companies more respects the ethical rules of business, one quarter of respondents (25.6 %) avoided giving the direct answer and said *don't know*, or, refused to answer. Half (49.6 %) of all respondents, however, picked private companies as the ones more adhering to the ethical rules of business. One quarter (24.8 %) of those asked selected companies with state and public participation.

Those more often referring to companies with state and public participation as the ethical ones are managers from businesses operating in power and water industry and secondary materials recycling, from construction and transportation and telecommunications. The representatives of trading companies, manufacturing enterprises and companies in computer business more often see private companies as ethical. However, considering the size of sample in each business industry we should bear in mind that the differences are not statistically significant.

The overwhelming majority of respondents answered that they knew about companies, which would *not regard the rules of ethical conduct as important*. This majority is made by 87.9 % of the asked managers, who mentioned they had heard or known about minimally one company, where those rules of business contact/g relations were not important. More than half of the addressed (59.1 %) answered that there were *several* such companies and about one quarter of respondents (26.3 %) believed that there were *many* such companies in fact. 9.1 % of those asked say they do not know about any companies, where the rules of ethical conduct would not be seen as important.

Respondents typically see the cause for ethical conduct breach in the procurement decisions (i.e., when awarding, acquiring and executing contracts, jobs and orders) on the party of the *buyer*, i.e., the one awarding the procurement. Two thirds of respondents (63.4 %) are certain about it. However, also the bidder, i.e., the one that wants to be awarded the procurement is often the cause for breaching the ethical rules of trading relations – at least according to two fifths (43.3 %). The next factors playing a role in this sense: legislation in the country, political situation, general atmosphere and broader conditions, circumstances in society and personal characteristics and individual motivation of the persons involved – however, these are rather individual answers of the persons asked. 17.3 % of respondents say they do not know where could be the cause for ethical conduct breach in business contact. The question was formulated to allow more answers.

The fact that more of the blame for breach of ethics is on the party of the buyer is confirmed by the ***guilt weight ratio*** for unethical conduct between the buyer and bidder of procurement. Two thirds of respondents, i.e., 161 persons who believe the main culprit is the buyer put on the weighing scales

*more than half* – three fifths of guilt – 59.28 %. Two fifths of respondents, i.e., 110 persons who think the culprit is the bidder, feel the bidder is half guilty – 49.73 %.

The questionnaire asked respondents to think about one workable change that would most contribute to improving ethical conduct in business in CR. One third of those asked (33.1 %) would be for *introducing clear, straightforward rules, standards and laws* – e.g., the law on public procurement – and better legislation. One fifth of respondents (21.3 %) think that it is necessary to particularly *respect the rules, standards and laws of transparency*, to be guided by the ethical rules of conduct and follow them. 15.4 % of managers believe that what would primarily help is to *punish corruption and better, more intensely enforce the law. Change in thinking, change in political culture and education* would most help according to one tenth of respondents (11.8 %).

1.	Introducing clear, straightforward rules, standards and laws	33,1%
2.	Obeying rules, standards and laws of transparency	21,3%
3.	Punish of corruption, enforcement of law	15,4%
4.	Change of thinking, political culture, education	11,8%

The next suggested improvements:

- Consistent checks, inspection and control (e.g., when making procurement decisions and execute these contracts)
- To publish information about corrupt behaviour, to inform the public about corruption
- To minimize decisions with the influence of the state/government, to limit the influence the state/government

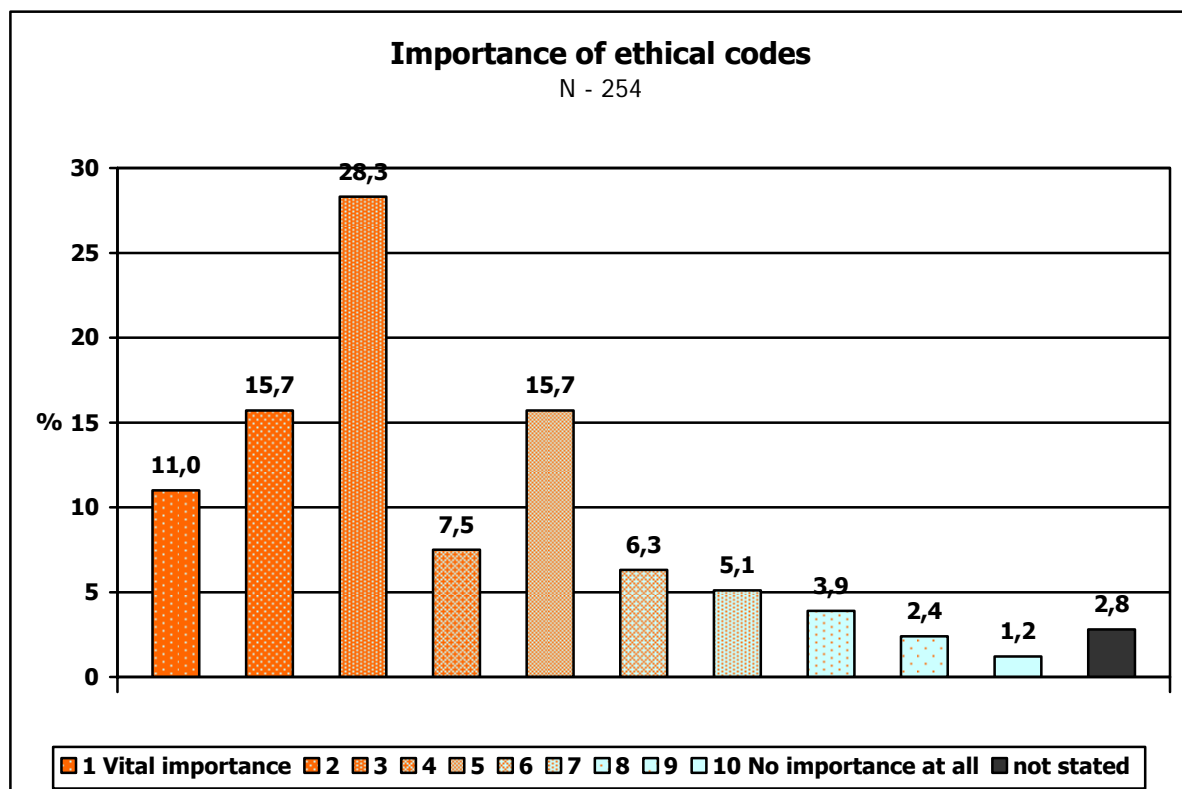
Several respondents also feel that the process of improving ethical conduct in business contact/trading relations needs primarily time and incremental changes.

This question was impossible to resolve by 17.3 % of respondents who answered they did not know.

## 2.2.2 Internal business ethical rules

Most of respondents (77.9 %) generally regard internal business ethical rules and codes as useful. Only 12.6 % of the asked managers say these guidelines or regulations are generally not useful.

Respondents were then asked to what extent they believed those rules were important, meaningful for the effective run, operation of the company. Overall, respondents feel these ethical rules are slightly important. The average answer on the scale from one to ten, where 1 means „Ethical rules are vitally important for the effective run, operation of the company“ and 10 means „Ethical rules do not have any importance at all for the effective run, operation of the company“ was **3.85** – in other words, they are not regarded as absolutely essential, vital, but as fairly important. Almost two thirds (62.5 %) of respondents gave their answer in the range from 1 to 4 – the rules are *fairly important*, and not the full fifth (18.9 %) of respondents gave their answer in the range from 6 to 10 – i.e., the rules are *rather unimportant*. The most frequent score on the 10-point scale was 3 – and so 28.3 % of the asked managers indicated ethical rules as effective for the effective run, operation of the company. One sixth of respondents (15.7 %) believe these rules are very important – score 2. Another sixth (15.7 %) think ethical rules are neither important nor unimportant.



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Ethical rules in one form or another, or any other measures contributing to ethical conduct in the procurement *exist* in 59.1 % of the addressed companies. By contrast, two fifths of companies (36.6 %) *do not have* any such rules or measures in place.

In other words, 150 companies out of the total sample *have* their internal business ethical rules. Two fifths (44 %) of these 150 companies have their code of ethics in a *not written form*, and almost two fifths (37.3 %) of these 150 companies have their code of ethics as an *integral part of their internal business guidelines or regulations*. One quarter (24.7 %) of these companies have their ethical rules in writing. 4.7 % of companies have other forms of ethical rules. Merely 4 companies out of the total sample have their corporate ombudsman in their company. The representatives of the companies having any ethical rules also to a higher extent believe these rules are useful. 88.7 % of these respondents are positive about the useful make-up of such rules and only 8 % think they are not useful.

Out of 104 companies with no internal business ethical rules would only 9.6 % plan their introduction. 24 % of respondents from these companies, however, do not know whether their company is or is not planning to introduce such ethical rules. Not the full two thirds (61.5%) of the companies with no such rules in place are *not planning* to do so.

### **2.2.2.1 How ethical rules work in companies**

The following analysis applies to the companies that *have* their internal business ethical rules in place, i.e., to 150 companies out of the total sample.

In the companies where they have their internal business ethical rules in place, *most employees* are informed, familiar with them. One third (34.7 %) of respondents say that *all employees must be familiar* with these ethical rules; another third (30.7 %) believe that all employees but exceptions know them, and 22.7 % say that most of their employees know them. So, in total 88.1 % of respondents answer that all or most employees are familiar with the internal business ethical rules. Only 6.7 % of companies have internal business ethical rules in place, which *only the company management* knows and a similar percentage of companies (5.3 %) have their ethical rules just for employees in *some departments* (besides the company management).

The newly hired employees of most companies – 86 % are informed about the ethical rules through some *standard procedure*. Only not the full third (29.3 %) have the information defining the rules of ethical conduct an *integral part of job contract*. To these 44 companies apply that the information is usually (in 68.2 %) part of job contract across-the-board for all employees. One fifth (20.5 %) of

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them have this information as part of contract only for the employees who represent the company towards the outside world, and 6.8 % of companies have their ethical rules written in the contract only for the employees with decision powers (decision-makers).

Our respondents alone are typically very well informed about the internal business ethical rules – half of them (52.7 %) say they know these regulations *very much in detail*, another third (34.7%) *relatively well*. Only one tenth of managers (10 %) say their knowledge of this regulation is shallow, general, or none at all. Those of the managers, who know these rules believe they are formulated in an easy to understand manner – 93.3 % of them believe it.

Only half the internal business rules (51 %) think about how to settle disputes regarding ethical conduct adherence by appointing a concrete person or committee. Of this half, most cases – 76.3 % - refer to a *concrete person* in whose competency it is to settle, resolve unclear matters concerning ethical rules adherence in trading relations. Only one tenth of all internal business regulations (12.1 %) set a *committee* to resolve this kind of matters.

At the same time almost two thirds (61.8 %) of ethical rules contain at least *general sanctions* that would be applied in the case the rules are proven to be breached. 14.1 % of rules describe these sanctions very precisely. One third of respondents (34.2 %) answered that the internal business rules in their company *did not specify* applicable sanctions for employees who are proven to have breached ethics during business contact.

Most of respondents (81.9 %) believe that ethical rules are respected, obeyed in their company. Half the asked managers (56.4 %) say the internal business ethical rules are *largely respected* in their company, 14.8 % of those addressed even believe that they are *unconditionally respected*. Asked to what extent their ethical rules are obeyed in their company, 10.1 % of respondents refused to answer – it is 15 people out of the total 149 asked (they have ethical rules and are familiar with them).

## **2.2.3 Next possible ethical measures to be taken by companies**

### **2.2.3.1 Setting up the ethical committee or appointing the competent person**

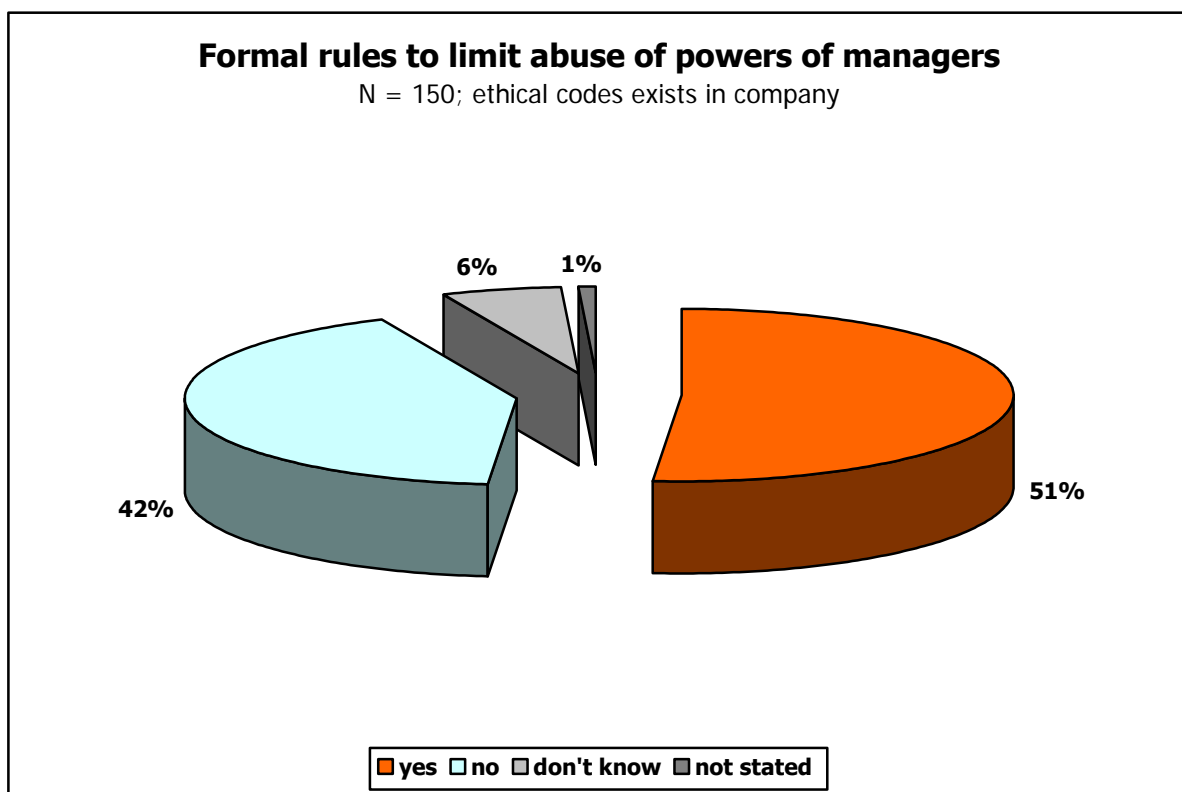
Two fifths (41.3 %) out of the total sample of respondents were asked whether their company is planning setting up a committee, or appointing a person who would be in charge of all matters concerning the adherence to ethical conduct. Of these 105 respondents the majority – 72.4 % - answered that their company was *not planning* any such step. Only one twentieth (5.7 %) of these

105 companies are considering the possibility of such measure. One sixth of respondents (16.2 %) would not know whether their company is or is not planning such step.

This question was answered only by those who before mentioned that there is no ethical committee or competent person in their company.

### 2.2.3.2 Abuse of authority/powers by managers

The formally communicated rules which would limit abuse of powers of managers exist in not the half of companies (46.9 %). At the same time there are two fifths of companies – 40.6 % - where no such rules exist. One tenth of those asked (9.6 %) say they do not know whether such rules exist or not. Looking at the companies, where ethical rules exist in this question reveals that the situation here looks very similar.



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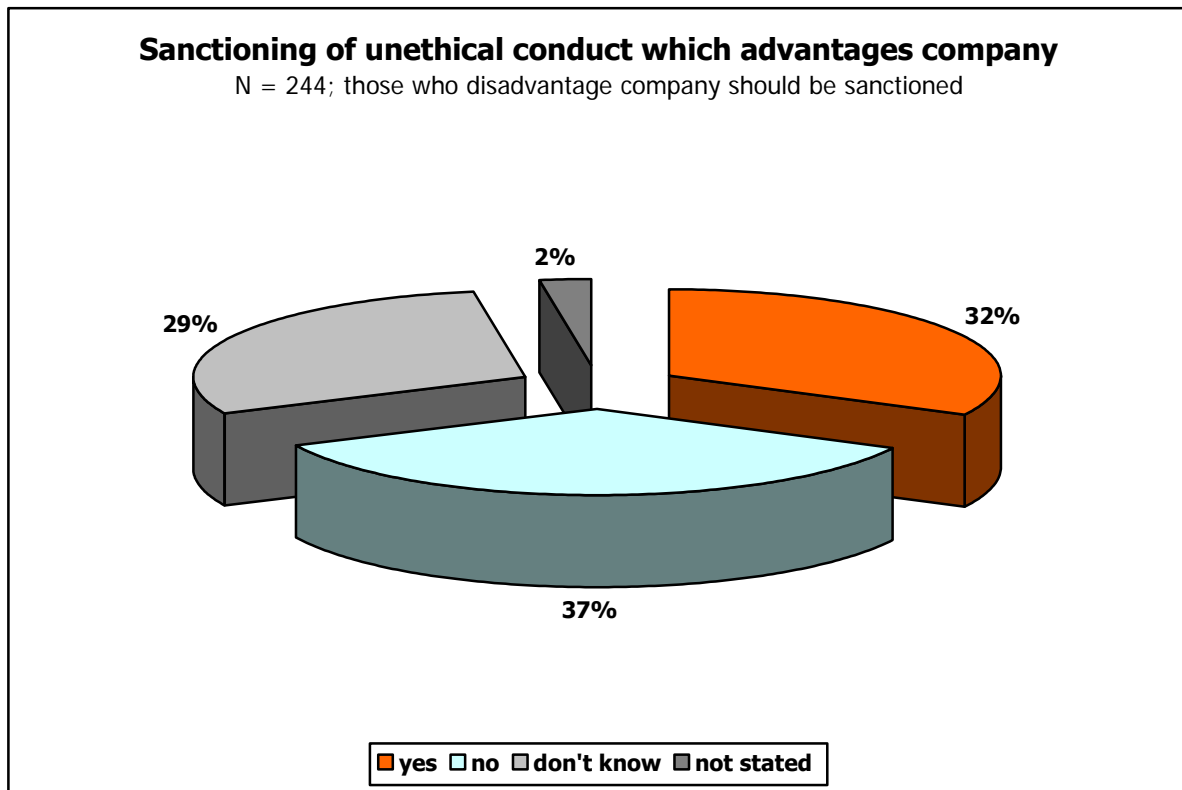
## 2.2.4 Attitudes of managers to unethical conduct

Respondents were asked to tell what would be their reaction in the case they found out that their company had behaved unethically. The finding would make most of the asked to *report unethical conduct to their superiors* – applies to 40.9 % of respondents. The addressed manager would then *inform about it the persons in the company appointed to handle such situations* – 37.8 % of those asked would do exactly that. This finding would prompt one tenth of managers (9.1 %) to consider *changing their job*. Only 4.3 % of respondents would take *real steps* leading to change their job. Only one twentieth (6.3 %) of respondents say they would *not do anything* in the case they would find out that the company they represent behaves unethically. One tenth of respondents (10.6 %) admit they *do not know* what to do in this kind of situation. The question allowed more answers.

The employees who behave unethically and doing so *disadvantage* the company should be sanctioned – according to 96.1 % of the asked managers. Most of those addressed believe that if such employees were to be punished, it should apply to all cases, but with respect to the seriousness of the offence – according to 86.5 % of the managers who are for sanctioning unethical conduct of employees.

But in the case the employee behaves unethically but doing so gives any *advantage* to the company, our managers are not so sure what to do. Almost one third of respondents (28.7 %) say they do not know whether this kind of behaviour should be punished. The opinions about whether to punish or not to punish such employees are split up to both sides identically: roughly one third (31.1 %) of managers would sanction employees who by behaving unethically give advantage to the company, but more than one third (35.8 %) would leave this behaviour without any sanction.

This breakdown of opinions looks similar when looking at the answers of those who in the previous question were for sanctioning employees who damage, disadvantage their company through their unethical conduct.



Those more inclined to punish employees who advantage their company through their unethical conduct are the representatives of the companies *with their internal business ethical rules in place* – it is 40.7 % out of 150 companies where they have their internal business ethical rules.

In total 79 managers want to sanction also the employees who advantage their company through their unethical conduct. Most of these 79 managers (in 86.1 %) ask for punishment in all cases, but with respect to the seriousness of offence.