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A Survey of Managers' Perceptions of Corporate Ethics and Social Responsibility and Actions that may Affect Companies' Success

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ABSTRACT. This exploratory study examines how managers and professionals regard the ethical and social responsibility reputations of 60 well-known Australian and International companies, and how this in turn influences their attitudes and behaviour towards these organisations. More than 350 MBA, other postgraduate business students, and participants in Australian Institute of Management (Western Australia) management education programmes were surveyed to evaluate how ethical and socially responsible they believed the 60 organisations to be. The survey sought to determine what these participants considered 'ethical' and 'socially responsible' behaviour in organisations to be. The survey also examined how the participants' beliefs influenced their attitudes and intended behaviours towards these organisations. The results of this survey indicate that many managers and professionals have clear views about the ethical and social responsibility reputations of companies. This affects their attitudes towards these organisations which in turn has an impact on their intended behaviour towards them. These findings support the view in other research studies that well-educated managers and professionals are, to some extent, taking into account the ethical and social responsibility reputations of companies when deciding whether to work for them, use their services or buy shares in their companies.

KEY WORDS: corporate ethics, ethical consumers, perceptions, social responsibility

Introduction

> We now understand that ethics and economic advantage often go hand in hand. As research is beginning to document, companies that bring ethical discipline to bear on their activities and tap into the moral capabilities of their people start to reap a variety of economic benefits from doing so. Many of these benefits follow from the very simple fact that given a choice, most people prefer to work for and do business with companies that are honest, fair, reliable and considerate.
>
> (Paine, 2003, p. x)

Since the beginning of industrial capitalism in the late eighteenth century, there have been debates about the ethical and social responsibilities of business organisations, and these have continued to the present day. The recent spate of corporate scandals in the USA, Europe, South-East Asia and Australia have demonstrated that unethical and immoral behaviour by business organisations can have significant negative consequences for shareholders, employees, pension investment funds, customers and the many small businesses that had been trading with these companies. While ethical and socially responsible behaviour has become a more widely discussed issue in recent years, few studies have systematically evaluated organisations in relation to how 'ethical' or 'socially responsible' they are considered to be. Concurrently, several studies have examined how consumers and investors evaluate companies with regard to their reputation for being ethical and socially responsible before dealing with them (see, for example, Social Investment Forum, 2003; Vershoor, 2000; Webey et al., 2001), but there has been little research that has looked specifically at how the *perceptions* that managers and professionals have about the ethical and social responsibility reputations of companies might influence their attitudes and behaviour towards those companies.

The genesis of this survey emerged during a leadership development programme for a major Australian business organisation in 2001. A project on ethical investment conducted by the participating managers of the company showed that, according to the literature, ethical investment and social responsibility were two different concepts.

Further research was conducted to test the differences between the concepts by surveying a group of managers and professionals who had completed, or were completing, a graduate business degree. Since these people were current or potential leaders in companies, they were seen as important and knowledgeable sources of information about how ethical or socially responsible well-known companies are and whether 'being ethical' is seen as a different concept to 'being socially responsible'.

This article begins by examining the concepts of 'ethical' and 'social responsibility' in the literature, and evaluates the degree to which these ideas are different or similar. This is followed by an analysis of ways in which companies are rated as being ethical and socially responsible. Next, the literature is reviewed to look at the consequences of a company being seen as ethical and socially responsible versus the consequences of people perceiving it as unethical and socially irresponsible. The survey of business graduates and management students examines their rating of well-known local and international companies in regard to ethical and social responsibility, their understanding of what it means for a company to be 'ethical' and 'socially responsible' and the behavioural consequences of their ratings of a company as being unethical or socially irresponsible. Finally, conclusions are drawn as to whether a company should take ethical investment factors into consideration when it is making strategic decisions for the company.

Ethical companies

'Ethic' is derived from the Greek word *ethikos*, meaning 'ideal' or 'excellence'. Ethics can include a sense of honesty and fairness, prudence, respect for and service to others, keeping promises, being truthful and developing business relationships based on trust and integrity. The study of ethics is concerned with disciplined inquiry into the basis of morality and law. Ethics has been defined as the conception of what is right and fair conduct or behaviour (Carroll, 1991; Freeman and Gilbert, 1988). Ethics are also closely linked to moral frameworks which provide the structure for one's ability to choose between right and wrong, good and bad and acceptable and unacceptable courses of action (Joyner et al., 2002). DeGeorge (1999) defined business ethics as a field of 'special' ethics, dealing specifically with dilemmas arising in the context of doing business. Business ethics is defined here in the conventional sense as that which constitutes acceptable behaviour in organisational, commercial and business contexts. When a company is described as being ethical, then, this is usually referring to the degree to which it behaves in a moral or fair way. Cox (2005, p. 8) describes ethical organisations as those that 'conscientiously take into account the needs of all the stakeholders within their objectives and seek to do no harm or minimise the effects on the less powerful'.

In recent years, the need for companies to become more ethical has been dramatically underlined in the public mind by the numerous highly publicised collapses of US-based companies such as Enron, WorldCom and Tyco; in Australia, companies such as HIH, Onetel, Westpoint and UMP and Parmelat in Italy. The recent scandal involving dozens of companies paying bribes to the regime of Saddam Hussein has also added to this negative impression. While these are well-known corporate scandals, there are many other lesser publicised examples of corporate executives who have breached acceptable ethical practice in recent times. For example:

- Mitsubishi Motors' former president and 10 other senior executives were sent to jail on charges related to systematic suppression of wide spread vehicle defects. Five of those were charged with negligence related to a fatal accident caused by a known defect in one of its automobile models.
- Former Adelphia Communications CEO, John Riggs and his son Timothy were convicted of hiding more than $2 billion in debt while embezzling cash for numerous extravagances.
- The Securities and Exchange Commission has charged Lucent Technologies with fraudulently

and improperly recognising more than \$1 billion in revenues and \$470 million in pre-tax income during fiscal 2000.

- Richard Scrushy, former chairman and CEO of health-care services provider, HealthSouth Corporation, is on trial for \$2.5 billion in accounting frauds. More than a dozen HealthSouth executives have already pleaded guilty to these charges.
- In Australia, television entrepreneur, Steve Vizard, was found guilty of insider trading.

These events have also raised questions about the role played by unethical organisational cultures in corporate scandals (Mak et al., 2005). For example, the documentary, *The Corporation* (2003), argues that the way that the corporation behaves in its pursuit of power and profit closely fits the profile of a psychopath. All of these events have raised questions about the way that companies behave and have heightened the movement to push for greater transparency and a higher standard of corporate ethical behaviour.

Socially responsible companies

Companies that are seen as 'socially responsible' tend to act in accord with the recommendations described in the Corporate Social Responsibility (CSR) literature. CSR is defined as 'achieving commercial success in ways that honour ethical values and respect people, communities and the natural environment' (Business for Social Responsibility, 2003, para 1). In a similar vein, the World Business Council for Sustainable Development defines CSR as "the commitment of business to contribute to sustainable economic development, working with employees, their families, the local community and society at large to improve their quality of life" (Holme and Watts, 2000, p. 10).

The concept and practice of CSR has been evolving for at least 100 years. At the beginning of the 20th century, the concept of business responsibility was frequently associated with philanthropy, often as a result of wealthy individuals retiring from the corporate arena and setting up foundations and trusts to help social causes (Windsor, 2001). Carnegie's *richesse oblige* (1900) provided the rationale for responsibility exercised under the philanthropy banner. In the second half of the century, business and literature gradually developed a philosophical approach to a business's responsibilities to society. For example, Jones (1980) defined CSR as "the notion that corporations have an *obligation* to constituent groups in society other than [share]holders *and beyond that prescribed by law or union contract*" (pp. 59–60, emphases added). Carroll (1991) conceived of CSR as a pyramid of economic, legal, ethical and charitable responsibilities where the base economic and legal responsibilities were required, ethical responsibilities were expected and charitable responsiveness was desired.

Business organisations often claimed that this understanding of social responsibility was too vague and, potentially, too costly. For example, Friedman (1970) argued against managers exercising discretionary social responsibility because of their fiduciary responsibilities to shareholders. Such influences have led some organisations to take the approach that it is up to the organisation to decide on the level of its response and to give greater priority to economic criteria than social criteria in weighing up CSR decisions. For example, an athletic footwear company may decide that it is in their long-term economic interests to have a positive profile in the community for the way that the workers who produce their products are treated, particularly in the light of activist attention in this area. Paying for a programme that delivers this social benefit to shoe workers can then be justified because of the anticipated economic benefits, especially if their reputation is well marketed. This approach argues that such socially responsible initiatives need to be supported by a positive business case (Windsor, 2001).

Recent developments in CSR include a global corporate citizen philosophy and a stakeholder management approach. In an era where transnational companies have more economic and political power than many smaller nation–states, one way of encouraging such corporations to take CSR into account in their decision-making is to encourage them to be good corporate citizens. By gaining a reputation for being a good citizen in each country in which it does business, the corporation enhances its long-term business prospects (Vidal, 1999). The stakeholder management approach presents the challenge to management of achieving an equitable and workable balance between the claims on the organisation from its key stakeholders: shareholders, employees, customers, society at large and the nation-states in which it operates. This approach encourages managers to listen to the needs of these stakeholders and to balance their partially conflicting interests (Windsor, 2001). Some companies have redefined their purpose so that their core business delivers something that is worthwhile and socially responsible. The intention behind CSR decisions and actions can vary enormously, from organisations dishonestly attempting to manipulate public opinion to acting out of a felt conviction to do the socially responsible action.

Ray Anderson, the Chairman and former CEO of Interface, a multinational carpet company, provides an example of the latter. In the film, *The Corporation* (2003), Anderson tells the story of how he was asked to speak to a company task force which was being assembled to assess Interface's world-wide environmental position and present his environmental vision. In the process of preparing his talk, he happened upon Paul Hawken's book, *The Ecology of Commerce*. This book radically changed his worldview as he realised how destructive his company was in relation to the environment. Ray Anderson subsequently led Interface to commit to a vision of becoming the world's first environmentally restorative company by 2020. In the meantime Interface is pioneering management and manufacturing processes to achieve this goal (Interface, Inc., 2004).

In summary, the CSR literature suggests that socially responsible companies not only try to be economically sustainable and profitable, but also endeavour to work with their employees, families, local communities and nation–states to improve the quality of life in ways that are both ethical and sustainable in relation to society and the environment. The ethical dimension of a company is a key aspect of social responsibility, and while the terms 'ethical' and 'socially responsible' have distinct meanings, the ethical dimension is common to both. Using Carroll's pyramid of economic, legal, ethical and charitable responsibilities, social responsibility could be described as a wider field that includes ethical behaviour as well as social and environmental dimensions (Diagram 1).

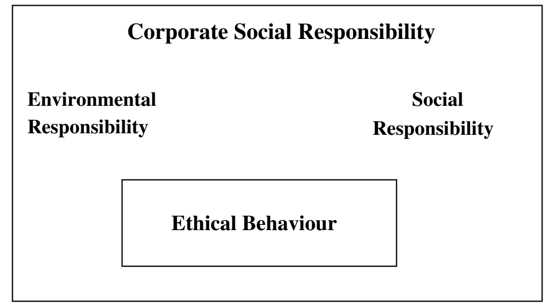

Diagram 1. Corporate social responsibility is wider than ethical behaviour.

Consequences of being seen as ethical and socially responsible

To gain a greater appreciation of the forces which are acting on organisations to move them to act in more ethical ways, it is worth considering some of the studies that have been undertaken in relation to the impact of ethical and socially responsible behaviour on employees and leaders within organisations and the impact of ethical customers and ethical investors on organisational success. These studies give some sense of the potential influence that these perceptions can have on organisations' success. This is especially relevant to the behaviour of the managers and professionals in this study, in relation to their actions as employees and also on their behaviour as organisational customers and investors.

Employees and leadership

Two main factors in an ethically sound climate are that the organisation is "doing the right thing" and that its leaders are good role models (Vershoor, 2000). Strong moral leadership has been suggested to have a major impact on the ethical behaviour of employees and managers (Hegarty and Simms, 1978; Pary and Proctor-Thompson, 2002; Vershoor, 2000). However, studies show that there is a disparity between the espoused values and actions of managers and employees. Vershoor's study reports that employee perceptions and key ethical outcomes are more positive when employees see ethical values like honesty, respect and trust being applied at work, and also that ethical behaviour by organisational leaders, supervisors and co-workers increases favourable ethical outcomes. Similarly, Parry and Proctor-Thompson (2002) found in their research of 1354 managers a moderate to strong positive relationship between perceived integrity and the demonstration of transformational leadership behaviours.

Other studies have shown that there is a perceptual gap between espoused ethical values and behaviours in organisations, especially in the higher-level executive and leadership levels. Islamabad's (2001) study of more than 800 directors, managers and partners showed that many people in senior positions are comfortable with conduct that may amount to serious crimes. The research found that less than one in five respondents were prepared to say that charging personal entertainment to expenses was totally unacceptable. Similarly, only 60% were prepared to say that minor fiddling of business expenses was totally unacceptable.

Roozen et al. (2001) examined 270 employees at two national department stores and found that employees' perceptions of the ethical component of their work climate was related to whether they believed they had a 'covenant' with their employer. For instance, employers whose work climates emphasise egoism (self-interest) might have a difficult time developing and maintaining trust and ethical relationship with their employees. Egoistic climates with their emphasis on self-interest and/or economic efficiency are not consistent with relationships based on commitment to mutual welfare and shared values. Employers who create an ethical climate based on consideration of the welfare of other employees, customers and the community will find that employees are more likely to 'buy in' and be committed to ethical behaviour and tempering their self-interest for a greater organisation and communal good.

The results of employee perceptions of ethical behaviour suggest that the ethical climate of an organisation has a direct effect on the ethical behaviour of employees and managers and that this climate is influenced a great deal by the ethical attitudes and behaviours of the senior leadership of an organisation. A clear understanding or covenant between an employer and an employee of what constitutes ethical behaviour can be a powerful way of gaining commitment to ethical behaviour within organisations.

Ethical customers

Maignan (2001) has identified some industry surveys (e.g. Business Wire, 1997; Jones, 1997; Lorge, 1999) and research studies (e.g. Brown and Dacin, 1997; Handelman and Arnold, 1999), which indicate that corporate social responsibility may induce consumer goodwill towards the organisation. Research on ethical consumers has highlighted their growing significance as a group in relation to influencing corporate behaviour (Matthews, 1994; Vaughan, 1993). Roddick (2002, p. 5), for example, has identified a "new kind of customer who is acting more like an ethical watchdog than a hungry consumer". Such customers form part of a growing movement of people who are choosing not to buy products made in sweatshops or from child labour. For instance, Roddick chooses not to buy from The Gap and she will not break bread with any of her friends who buy from Walmart, because this organisation is, "...the most heinous company on the planet" (p. 5). Roddick warns that "no company can afford to underestimate the power of the vigilante consumer. [They] are joining the animal and human rights movement, the ranks of the ethical investors, consumer boycotters and the direct action specialists, all of whom are spotting the so called business practices and making business not the government a target of protest" (p. 5).

However, much of the consumerist literature assumes a linear understanding of consumers' motivations where ethical and social awareness directly translates to action (Tallontire et al., 2001). Shaw and Clarke (1999) argue that the relationship between awareness and action is a complex one, and believe that a model to predict consumer behaviour needs to recognize the constraints surrounding the link between thought and action (1999, p.117). Similarly, Carrigan and Attalla (2001) note that idealism in intent differs from the resulting actions of the consumer. They explore how marketing ethics and social responsibility are inherently controversial. Their research examined whether or not consumers care about ethical behaviour, and investigated the effect of good and bad ethical conduct on consumer purchase behaviour. Through focus group discussions it became clear that although we are more sophisticated as consumers today, this does not necessarily translate into behaviour which favours ethical companies and punishes unethical firms. They suggest that years of research continue to present conflicts and challenges for marketers on the value of a socially responsible approach to marketing activities.

Shaw and Clarke (1999) in their exploration of belief formation in ethical consumer groups noted that, like other consumers, ethical consumers often have inconsistencies which cause uncertainty in putting values into action. This comes down to a conflict between what one would like to support for ethical reasons, and what one can afford to support because of cost. Shaw and Clarke found that ''where price and ethical concerns conflicted a decision was often made to purchase a restricted number of ethical products'' (1999, p. 115). Such pricing problems arise particularly when there is a perception that ethical products are more expensive. However, this is not always the case as Collis (1997) demonstrated by highlighting the often-comparable price tags of 'ethical' and 'non-ethical' alternatives.

Another key issue for the ethical consumer identified by Shaw and Clarke was the lack of availability of ethical alternatives in mainstream shopping outlets. For example, they highlighted the paucity of fair trade and other ethical products in most supermarkets and shopping centres. It seemed that supermarkets were uninterested in the ethical consumer. Shaw and Clarke also noted the difficulty that consumers faced in getting accurate information to guide them in making ethical purchases. Such difficulties led to the pursuit of two different strategies by ethical consumers who wished to enact change. Some consumers purchased ethical products from supermarkets (when they were available there) in the hope of them becoming more mainstream. Others would choose not to buy fair trade goods such as Café direct from supermarkets because they would prefer to make the purchase from a group such as Oxfam to demonstrate their support for the group's fair trade initiatives.

Carrigan and Atalla (2001) explored the practical significance of the ethical consumer. They cited surveys and studies indicating that the ethical consumer should not be ignored. For example, they cited a MORI poll commissioned by the Cooperative Bank in the UK which suggested that one-third of consumers were seriously concerned with ethical issues. This poll indicated that over half of the respondents had bought a product or recommended a company based on the ethical reputation of the company concerned. Further, they outline the results of a study by Cone and Roper (Simon, 1995) which showed that 15% of respondents were prepared to pay more for a product or service that was associated with a cause that was important to them. Similarly, consumers shun companies they disapprove of. A survey conducted in 1999 of US consumers found that nearly one quarter of respondents said they had either boycotted a company or urged others to do so in the previous year because they disapproved of its policies and actions (Alsop, 1999). Some consumers prefer to purchase from ethical outlets rather than supermarket chains which they consider to be 'unethical' in the way they operate and some consumers take their role as ethical watchdogs very seriously.

On the other hand, Carrigan and Atalla (2001) have drawn attention to the slippage between the desire to be an ethical consumer and the actual purchasing behaviour of consumers. They also highlight the point that consumers, although they may be cynical about differentiating among companies on ethical grounds, are open to being persuaded that their purchasing behaviour can make a difference in ethical terms. In summary, it appears that a significant number of consumers have a desire to purchase ethical products, but price, availability and lack of information may limit their willingness and/or ability to do this.

Ethical investors

Increasingly, investors are not only expecting competitive returns on their investments, but also transparency, timely information, fair treatment and reliable forecasting (Paine, 2003, p. 112). Investors are becoming more interested in corporate issues and show an active interest in the management of the companies in which they invest.

Etzioni (1988) argued that people are motivated in the economic realm by self-interest as well as moral considerations, and they are routinely engaged in an internal dialogue provoked by these mixed motives. A study by Lewis and Mackenzie (2000), based on a survey of 1146 ethical investors in the

UK, reported that ethical investors were found to hold both ethical and not so ethical investments at the same time. The authors suggested that people are prepared to put their money where their morals are, although there is no straightforward trade-off between principles and money. Webley et al. (2001) cite an earlier study by Lewis and Webley (1994) of 100 'ordinary' investors and simulations of hypothetical investment decisions. They were able to show that people exhibiting 'green' attitudes revealed a greater enthusiasm for green ethical investments. They also showed that those who would hypothetically ethically invest a windfall were highly price-elastic, reducing their ethical investment rapidly as comparative returns fell. According to Webley et al. (2001), this research is suggestive rather than conclusive as the questionnaires were completed by 'ordinary' investors – not ethical investors – and the simulations involved relatively 'unsophisticated' undergraduates. Another study carried out by Mackenzie and Lewis (1999), in the form of telephone interviews with ethical investors, suggested that they may combine 'unethical', 'neutral' and 'ethical' investments in their portfolio, although a quantitative analysis of the relative proportions has not yet been undertaken at the time of this study.

Ethical investors have already put their principles into practice in a number of ways. These individuals are neither cranks nor saints: they are commonly middle-income professionals mixing ethical investments with not so ethical ones. Tippet and Leung's (2001) study of 300 Australian Shareholders' Association members, and members of the equity-investing Australian public, indicated that while the principles of applying ethical criteria to the selection of investment stocks appears reasonable, the practical application of these can be difficult. A major aspect is the relative importance and subsequent actions of the investor when a company departs from ethical criteria.

Selecting an ethical portfolio is difficult because many companies are not 'pure'; that is, they are involved in some small way in 'unethical' behaviour that causes them to fail one or more ethical investment screening processes. Lee and Main (2005) describe how investors use positive or negative screening on companies when constructing their ethical portfolios. For example, a negative screening excludes companies involved in uranium mining, gaming and alcohol. Some then apply a positive screen that favours investments in companies which 'do the right thing'. This might include companies with sound environmental and staffing policies. However, this screening process is complicated when companies buy into other companies, such as when BHP Billiton bought WMC and all its uranium mining assets. Another example is where companies may practice animal testing, but for the purpose of extending human life or finding cures to debilitating diseases. In these cases, the positives are seen to outweigh the negatives (Lee and Main, 2005, p. 30). The question then arises, given that almost all companies are 'impure', about the extent to which an impurity is permitted before it leads to the company being screened out of an ethical portfolio. Manchanda (1989) illustrates this problem by defining 'an impurity' as a percentage of profits. He concludes that an imposition by the ethical investor of a zero tolerance level would lead to the imposition of severe restrictions on the availability of acceptable investment stocks.

In another approach, the Accountability Rating method has been devised to rate companies' sustainability policies (Demos, 2005, p. 70). This process considers whether a company is accountable for its actions, which includes knowing who the stakeholders are, making sure management listens to them, and providing public disclosure. This rating system cannot be read as an index of how much good the company does, but it does measure the extent to which companies' decision-making processes and strategic thinking take non-financial factors into consideration.

However, research suggests that many investors do shy away from companies implicated in serious wrong doing or injurious activities (Paine, 2003, p.114), and that such misconduct can undermine investor confidence and lead to substantial losses in market value (Karpoff and Lott, 1993). Other research has found that stock prices react favourably when companies win affirmative action awards and negatively when they settle employment discrimination suits (Wright et al., 1998). Studies on ethical investors indicate that while many investors may want to invest in accord with their ethical attitudes and beliefs, their actual choice of investments is shaped by a complex mixture of motives, including a desire to get a good return on their investments as well as doing well by supporting companies with reasonably 'pure' track records. This pragmatic reality, combined with the judgement that no company is completely ethical, suggests that investors must make difficult choices in determining ethical investment portfolios. Nevertheless, the growing trend towards ethical and socially responsible investments over the last decade, suggests that this is becoming a more powerful force for organisational change.

Consequences of corporate social responsibility

The benefits that organisations frequently find in adopting a socially responsible stance to their business include the following: an increase in their bottom line, greater access to capital, an enhanced brand image and corporate reputation leading to greater customer loyalty and the ability to attract and retain a quality workforce.

Contributes to a positive bottom line

CSR programmes have the capability to strengthen financial performance. An extensive analysis of the literature by Margolis and Walsh (2001) involved analysing 95 studies on the link between CSR and financial performance. Their conclusion was that the majority of these studies pointed to a positive correlation between a company's CSR and its financial performance. A similar result emerges from a comparison of the Domini Social Index (DSI), an early socially responsible index, with the Standard and Poor 500 Index. "As of March 2003, the 10 year annualised return on investment for the DSI was 9.13%, compared to 8.54% for the S & P 500" (Abbey et al., 2004, p. 23). In addition, Frooman's analysis of 27 event studies in which socially irresponsible behaviour occurred, showed that companies that engaged in such behaviour and were found out suffered from immediate and permanent loss of wealth (1997).

Greater access to capital

CSR involvement has been linked to the ability to secure greater access to capital funds. The Social Investment Forum (2003) reported that in the United States U.S. $2.16 trillion in assets in 2003 were managed in portfolios that screen for ethical, environmental and other socially responsible practices. This represents 11.3% of the $19.2 trillion in funds under professional management in the US. In Australia during the 2003 financial year $21.3 billion was invested in funds with Socially Responsible Investment guidelines (SRI), and this form of investment grew 625% over the 3 years from 2000 to 2003 (Ethical Investment Association, 2003). These figures suggest that companies that address ethical, social and environmental responsibilities will have access to a rapidly growing pool of capital that might not otherwise be available.

Improves brand image and corporate reputation

Rising community expectations have contributed to the shift in focus towards CSR activities (Skotnickki, 2000) when organisations look to improve their brand image and corporate reputation. In an age where the customer is viewed by the organisation as judge and jury for the ongoing success of its products and services, an increasing number of consumers are demanding the participation of corporations in genuine CSR efforts. Issues that are likely to be significant for customers in assessing an organisation's CSR are whether its products are 'sweat shop free' and 'child labour free', whether the organisation has a low environmental impact, and the degree to which its products are free of genetically modified ingredients. Wilson (2000) notes that when price and quality are equal, 61% of consumers would likely switch to a retailer that was associated with a good cause and 68% would pay more for a product from a company linked to a good cause. Increasingly, consumers are factoring companies' general business practices, including community involvement and philanthropic activities, into purchasing decisions (BSR Staff, 2003). Companies associated with philanthropic behaviour and ethical business practices are perceived by consumers to be good corporate citizens, and are thus able to differentiate themselves from competitors and attract customer loyalty.

The flip-side of building the organisation's brand image and reputation through sound CSR practices is that the organisation dramatically reduces its exposure to risk and potential loss of business. In her book, *No Logo*, Klein (2001) outlined the loss of reputation that Nike suffered from rolling 'swoosh' protests as a result of its employing sweatshop labour in the production of its footwear and garments. She described the effect that it had on Nike's revenues and future orders which, in 1999, were down for the second year in a row such that the only way that Nike was able to boost its profits was to cut its workforce and contractors.

Attraction and retention of a quality workforce

Organisations who have a reputation of being committed to CSR often find that they can attract and retain quality employees because the organisations' values and practices are more closely aligned to the values that such individuals hold. This leads to productivity benefits from quality employees as well as a reduction in turnover and associated recruitment and training costs (Business for Social Responsibility, 2003). In today's highly competitive business environment, it is the commitment, loyalty and motivation of employees that is a critical element of organisational success (Dessler et al., 1999). CSR involvement can strengthen loyalty and commitment. For example, Wilson (2000) found that 90% of employees surveyed at companies with community programmes said they were proud of their companies' values, compared with 56% at firms not committed to a community cause and 87% reported a strong sense of loyalty to companies with such programmes.

Development of leadership skills

Organisations that adopt a CSR stance find that this leads to the development of leadership skills and a high level of motivation among employees who are inspired to become involved in CSR programmes. This might be an internal programme to reduce the environmental footprint of the organisation, or it might be a volunteer initiative focused on assisting people in the local community. Both internal CSR programmes and CSR volunteer initiatives provide opportunities for employees to engage in activities that may differ from their normal tasks such that employees can develop and demonstrate their ability to take charge in new and challenging situations. Several companies have found that their volunteer efforts in the community have enabled them to identify leadership skills among employees that had not surfaced during daily operations (Business for Social Responsibility, 2003).

Rationale for this study

The genesis of this survey emerged during a leadership development programme for a major Australian business organisation. A project on ethical investment conducted by the participating managers of the company showed that, according to the literature, ethical investment and social responsibility were two different concepts. This was surprising to participants and raised debate regarding the impact and importance of each of these concepts for organisations. The authors of this article wished to test this understanding by surveying a group of managers and professionals who had completed, or were completing, a management development programme or a graduate business degree. Since these people were current or potential leaders in companies, they were seen as important and knowledgeable sources of information about how ethical or socially responsible well-known companies are and whether being ethical is seen as a different concept to being socially responsible. They were also seen as important players when companies are trying to evaluate the consequences of being seen as unethical and socially irresponsible. Examining the actions that these managers and professionals would undertake if they rated a company as unethical or socially irresponsible would provide a useful litmus test so that companies can evaluate the importance of ethical considerations in enhancing shareholder value.

In addition, while there has been a considerable amount written on the need for companies to be ethical and socially responsible, few studies have examined perceptions of which companies are considered to be ethical and socially responsible and which are not. Ratings of individual companies can be a sensitive topic that business school academics, economists or financial consultants might prefer to avoid. While studies have focused on customers and investors, no studies have examined the ratings of managers and professionals as a group. Managers and professionals are the 'operators' of companies and their views about what constitutes appropriate ethical and CSR behaviour will have an effect on how they manage and lead organisations in the future. Furthermore, while there are several indices on ethical companies such as the FTSE4Good and the ASX Corporate Sustainability Index, few studies have asked participants what actions they would consider taking if they rated a company as lacking in ethical or socially responsible behaviour.

Methodology

A pilot survey was designed and distributed to 20 MBA students at the Graduate School, University of Western Australia in 2002. They were asked to comment on the design of the survey, the selection of organisations and the components of the rating scales used to evaluate perceptions of the ethical and social responsibility track records of these companies. The survey was modified on the basis of the feedback received. More international companies and open ended questions were added and the instructions were made clearer.

In Part 1 of the survey, informants were asked to rate the level of ethics and social responsibility of 30 Australian and 30 international organisations (refer to Table 1 for a list of the organisations used in the study). The Australian organisations were selected from the Sydney Morning Herald's *Good Reputation Index 2001* and the international companies from the *Fortune 500* 2002 list. In Part 1 (Qs. 1–60), each question had two parts. In Part A, respondents were asked to rate how ethical they believed each organisation was. In Part B, respondents were asked to rate each organisation's perceived level of social responsibility. A standard five-point Likert scale was devised for each question (where 0 = Don't know; 1 = None; 2 = Slightly; 3 = Moderately; 4 = Highly and 5 = very).

Part 2 provided respondents with ten characteristics (from the literature and pilot study) and asked them to rate each one with regard to the importance of each when evaluating whether a company is ethical or not (Q61–70). Respondents were then asked to rate each of eleven characteristics (from the literature and pilot study) with regard to its importance in enabling them to consider a company as being 'socially responsible' (Q72–82). A 1 to 5 Likert scale was devised where 1 = Not At all Important; 2 = Slightly Important; 3 = Moderately Important; 4 = Very Important; 5 = Extremely Important. The characteristics rated for considering a company as ethical were: how they treat the environment; the types of social and community events they conduct or sponsor; how they deal with their employees in Australia; how they deal with their employees in third world countries; how responsive they are to community concerns; whether the company or its employees break the law; the types of products they sell; the quality of the products they sell; the extent to which they put their employees and customers before profits and how they are portrayed by the media. The characteristics rated for considering a company as socially responsible included all the previous ten characteristics plus one more i.e. the value for money of their products. Question 71 was open-ended and asked respondents to indicate what other characteristics they considered important for a company to be regarded as ethical while Question 83 asked respondents to indicate other characteristics they considered important for a company to be regarded as socially responsible.

In Part 3, respondents were asked to rate the likelihood of their taking nine possible actions if they perceived that a company was unethical or not socially responsible. The actions were: 'not apply for a job with that company'; 'not buy their stock even if I made money out of it'; 'criticize that company and its employees whenever I had the chance'; 'not buy their products'; 'write a letter to the CEO of that organisation expressing my views'; 'discourage people I know from working with that company'; 'try to convince people not to buy their products'; 'if the price and quality of two products are the same ... buy from the company that has an ethical and or socially responsible reputation'; 'encourage government to make them pay higher taxes'. Q93 was an open-ended question asking what other actions respondents might take if they considered a company to be unethical or not socially responsible. Q94 asked respondents if they had any further comments about corporate ethics and social responsibility.

Part 4 (Q95–102) asked informants to provide the following demographic information: age group; gender; organisation; position; highest education level; area of study; type of business study and whether they had undertaken courses in ethics or social responsibility.

Sample and procedure

The revised questionnaire was administered via a mail out to three different groups. The first consisted of 1500 graduands identified from the Graduate Management Association's database of MBAs. The second consisted of participants and graduates from the Masters in Leadership and Management (MLM) course at Curtin University. The third group comprised more than 500 Master of Business Administration (MBA) students enrolled on the Graduate School of Management (GSM) MBA Programme during 2002. Questionnaires were also distributed to participants of several Executive Development courses at the Australian Institute of Management conducted by the AIM/GSM Leadership Centre. From these four distribution processes, a total of 2200 questionnaires were posted and 353 questionnaires were returned, giving a response rate of 16%.

The median age of participants was 36–45 with over 85% of respondents between the ages of 26 and 55 years. A majority of the participants were male (78.8%). About 80.5% had at least a bachelor's degree and 51.7% held a Masters or higher degree. About 62% worked in the private sector, 19% in the government sector, 7% in not-for profit organisations and 12% worked in other settings.

Participants came from a variety of management and professional positions. Twenty-nine percent were Senior Executives, 35% Middle Managers, 21% Professionals or Technicians and 15% were engaged in supervisory, administrative or other roles. The majority of participants had completed, or were enrolled in, a Masters Programme in business with 82% having completed, or were currently enrolled in, an MBA or an MLM program. About 12% of informants were completing or had a Graduate Diploma in Business or a Graduate Management Qualification.

Results

The 60 companies that participants were asked to rate according to perceptions of their ethical track records and social responsibility are listed in Tables I and II in rank order in each category.

It is notable that nine out of the top ten ethical companies were also rated in the top ten for social responsibility. The only two international companies that featured in the top ten ratings were The Body Shop, which has received much attention over its strong ethical and environmental claims in recent years, and Ben & Jerry's, which also has a strong reputation in this area but does not have a commercial presence in Australia. The other companies in the top ten are all local companies. It is interesting to note that Wesfarmers, a national Australian conglomerate that has been very successful over the last 15 years, is rated fifth as an ethical company but ninth with regard to its social responsibility. This may be due to Wesfarmer's environmental record at the time when it was associated in the public's mind with the logging of old growth forests (Wesfarmers was ending its involvement with logging at the time of this survey), and with the volume of greenhouse gases associated with its coal business.

The companies that respondents rated as being least ethical or socially responsible are shown at the bottom of Tables I and II. Once again there was a high degree of correlation between the ten least ethical and the least socially responsible companies. Seven companies were common to the bottom ten of both tables.

While there is a high correlation between a company's reputation for being unethical and its reputation for not being socially responsible, respondents did often differentiate between the two. For example, the International Olympic Committee (IOC) was number 3 among the ten least ethical companies (because of a variety of scandals that had emerged in relation to Sydney's original Olympic venue bid and the awarding of clothing and equipment contracts to companies), whereas it did not feature in the ten least socially responsible companies. Similarly, Coca Cola Amatil was seen as tenth among the ten least socially responsible companies (possibly because its products are not seen as being very healthy or because of the way the company targets children in its advertising campaigns), but had a score of 1.65 for its mean ethical rating, which put it well outside the ten 'least ethical' companies.

Correlation coefficient analyses were conducted in order to assess the degree of association between

TABLE I

Ethical ranking of companies

Rank	Companies	n	Mean rating
1	The Body Shop	307	2.78
2	Royal Automobile Club	301	2.72
3	Australian Institute of Management	266	2.71
4	University of Western Australia	311	2.62
5	Wesfarmers	309	2.60
6	Australia Post	310	2.59
7	Lotteries Commission of Australia	297	2.47
8	Ben & Jerry's	72	2.42
9	Alinta	290	2.37
10	Curtin University	284	2.33
11	Woodside Petroleum	283	2.31
12	Water Corporation	295	2.30
13	Southwest Airlines	144	2.28
14	Virgin Airlines	304	2.27
15	Woolworths	309	2.27
16	Hewlett Packard	245	2.24
17	Western Power	295	2.22
18	Johnson & Johnson	238	2.18
19	Sony	241	2.17
20	Clough Engineering	239	2.08
21	IBM	255	2.04
22	Bunnings	314	2.03
23	Disney	278	2.01
24	General Electric	236	1.98
25	Cisco Systems	143	1.93
26	Qantas Airlines	322	1.92
27	BankWest	287	1.88
28	Du Pont	211	1.86
29	BHP Billiton	308	1.86
30	Intel	193	1.84
31	Alcoa	292	1.82
32	WMC Resources	269	1.80
33	Proctor & Gamble	165	1.79
34	St George Bank	252	1.78
35	Rio Tinto	273	1.73
36	Starbucks	178	1.73
37	WA Police Service	316	1.72
38	Cable & Wireless Optus	238	1.72
39	BP Australia	304	1.71
40	AT & T	134	1.68
41	Telstra	329	1.65
42	Coca Cola Amatil	310	1.65
43	Shell Australia	300	1.64
44	Coles Myer	308	1.64
45	Pfizer	162	1.64
46	ANZ Bank	308	1.59

TABLE I

continued

Rank	Companies	*n*	Mean rating
47	Lend Lease	195	1.58
48	Commonwealth Bank	312	1.58
49	McDonalds	326	1.56
50	Dollar General	30	1.50
51	City of Perth Council	268	1.46
52	AOL Time Warner	202	1.42
53	Burswood Resort	295	1.34
54	Exxon Mobil	249	1.20
55	Microsoft	320	1.19
56	Reebok	263	1.17
57	News Corporation	283	1.13
58	International Olympic Committee	313	1.11
59	Nike	317	0.98
60	British American Tobacco	298	0.35

TABLE II

Socially responsible ranking of companies

Rank	Companies	*n*	Mean rating
1	The Body Shop	306	3.0
2	Royal Automobile Club	301	2.79
3	Lotteries Commission of Australia	307	2.68
4	Australia Post	316	2.59
5	University of Western Australia	311	2.57
6	Ben & Jerry's	67	2.51
7	Australian Institute of Management	271	2.45
8	Water Corporation	302	2.40
9	Wesfarmers	309	2.39
10	Alinta	291	2.33
11	Virgin Airlines	298	2.33
12	Curtin University	283	2.31
13	WA Police Service	314	2.27
14	Southwest Airlines	145	2.23
15	Western Power	301	2.21
16	Johnson & Johnson	243	2.14
17	Woolworths	321	2.14
18	Woodside Petroleum	288	2.13
19	Hewlett Packard	243	2.06
20	Disney	284	2.05
21	Clough Engineering	233	2.00
22	IBM	258	1.96
23	Sony	240	1.95
24	Cisco Systems	145	1.89
25	Qantas Airlines	322	1.86
26	General Electric	232	1.85

TABLE II

continued

Rank	Companies	n	Mean rating
27	Bunnings	321	1.80
28	BankWest	290	1.74
29	City of Perth Council	268	1.72
30	Intel	190	1.72
31	Cable & Wireless Optus	239	1.71
32	BP Australia	303	1.70
33	Telstra	324	1.66
34	BHP Billiton	308	1.66
35	Du Pont	215	1.64
36	Proctor & Gamble	171	1.63
37	WMC Resources	273	1.61
38	Coles Myer	318	1.61
39	Pfizer	162	1.60
40	Dollar General	25	1.60
41	St George Bank	253	1.60
42	Shell Australia	306	1.59
43	AT & T	126	1.59
44	Alcoa	300	1.58
45	International Olympic Committee	305	1.54
46	Rio Tinto	272	1.54
47	Starbucks	183	1.53
48	Lend Lease	186	1.50
49	Microsoft	305	1.50
50	Commonwealth Bank	308	1.44
51	Coca Cola Amatil	313	1.42
52	AOL Time Warner	204	1.40
53	ANZ Bank	307	1.37
54	McDonalds	332	1.33
55	Burswood Resort	299	1.09
56	News Corporation	280	1.06
57	Reebok	262	1.00
58	Exxon Mobil	255	0.96
59	Nike	321	0.83
60	British American Tobacco	299	0.21

the ratings given for being ethical/unethical and social responsibility. The results of these analyses showed a significant degree of correlation between the two scales ($r = 0.71$, $p < 0.01$), suggesting that these two dimensions were very closely associated in the minds of our respondents. The commonality between these dimensions accounts for 50% of the variance in responses. We noted earlier that that CSR is defined at least partly in terms of the ethical behaviour of companies (BSR Staff, 2003; Carroll, 1991). These results confirm that there is a strong association between these two dimensions, and that a company will not be seen as socially responsible unless it has a solid ethical/moral basis underpinning its commercial actions.

Respondents were also asked to identify what were the most important characteristics for a company to exhibit in order to be considered ethical. These are displayed in Table III.

The most important characteristics for a company to be considered socially responsible are contained in Table IV.

TABLE III

Top six characteristics of ethical companies

Characteristics	*n*	Mean	SD
Whether the company or its employees break the law	349	4.64	0.67
How they deal with their employees in Australia	350	4.32	0.72
How they deal with their employees in third world countries	350	4.30	0.84
The extent to which they put their employees and customers before profits	347	3.90	1.03
How responsive they are to community concerns	350	3.87	1.00
How they treat the environment	348	3.81	1.06

TABLE IV

Top six characteristics of socially responsible companies

Characteristics	*n*	Mean	SD
How they treat the environment	350	4.47	0.81
How they deal with their employees in third world countries	350	4.24	0.90
How responsive they are to community concerns	348	4.22	0.73
Whether the company or its employees break the law	349	4.13	1.02
How they deal with their employees in Australia	350	4.11	0.89
The types of products they sell	346	3.77	0.99

In comparing these two tables, it is striking that five of the top characteristics were common to both. Nevertheless, there was a difference in emphasis in the priority associated with each item. For a company to be considered ethical, the three top characteristics for respondents were the need to obey the law, treat their Australian staff well and also look after their employees in developing countries. For social responsibility, looking after the environment, treating employees in developing countries well and being responsive to community concerns were the most important factors.

The perceptions of participants regarding the actions they would take if they considered a company to be unethical or socially irresponsible are summarised in Table V.

The first response to a company they considered to be unethical or socially irresponsible was the one that had the least cost associated with it (i.e. to buy from the company with the socially responsible reputation, other things being equal). However, the third most popular response shows that many respondents were prepared to go further and not to purchase the suspect company's products even if it meant some cost to them. As noted earlier, this indicates some movement towards the new kind of customer identified by Roddick, who acts "more like an ethical watchdog than [a] hungry consumer" (p. 5).

The response that might be a cause of some concern to unethical and socially irresponsible companies is the high proportion of business students and management professionals who would not apply for jobs with these organisations. This suggests that managers and professionals who consider ethical/CSR behaviour as being important, would not consider working for companies with poor reputations in these areas. It also indicates that such companies are likely to employ managers and professionals whose ethical standards are lower. This may have serious consequences for some companies and the societies in which they operate, as has been well demonstrated by events in Enron, Worldcom, Global Crossing, Healthsouth, Adelphia, Parmelat, One.tel, HIH and many other companies in recent years (Mak et al., 2005).

TABLE V

Actions that would be taken in response to unethical or socially irresponsible companies

Actions	*n*	Mean	SD
If the price and quality of two products are the same, I would buy from the company that has an ethical and or socially responsible reputation	349	4.59	0.80
Not apply for a job with that company	349	4.06	1.18
Not buy their products	348	3.75	1.14
Not buy their stock even if I made money out of it.	349	3.61	1.25

TABLE VI

Mean scores of items compared to University education

Item	University-educated Mean (SD)	Non-University-educated Mean (SD)	*t*	*df*	*Sig*
92. Encourage government to make them pay higher taxes	2.59 (1.40)	2.19 (1.28)	−2.135	344	0.033
89. Discourage people I know from working with that company	2.77 (1.27)	2.16 (1.12)	−3.555	343	0
75. How they deal with their employees in 3rd world countries	4.29 (0.87)	4.03 (1.03)	−2.092	345	0.037

The fourth response indicates that these managers and professionals (and potential business leaders of the future) have reservations about buying shares/stocks in companies they consider to be unethical or socially irresponsible – even if they made money by doing this. This may reduce the future capacity of such companies to raise capital from ethically aware managers and professionals as well as from ethical investment organisations that screen out companies with a poor CSR reputation (Abbey et al., 2004). As we will see in the discussion section, there is clear evidence that not only are many more investors making investment decisions that include ethical, CSR and environmental considerations, more banks and insurance houses are also factoring these into their risk-assessment and investment decisions.

Another finding of this survey is some differences in the way men and women are likely to respond to companies they consider being unethical or socially irresponsible. In the 'would not buy their products' category, female participants reported higher ratings (M = 2.92, SD = 1.22), when compared to males (M = 2.57, SD = 1.20) [$t(345) = -2.29$, $p < 0.05$]. They also reported higher ratings (M = 4.77, SD = 0.51) compared to men (M = 4.53, SD = 0.85) in relation to buying from the company with an ethical or socially responsible reputation if the price and quality of two products were the same [$t(194.86) = -2.99$, $p < 0.05$].

As Table VI shows, there were also noticeable differences in the responses of those who had a university education and those who did not.

University-educated respondents' mean ratings are significantly higher than non-university educated respondents' in relation to:

- Encouraging government to make unethical or socially irresponsible companies pay higher taxes [$t(344) = -2.13$, $p < 0.05$]
- Discouraging people they know from working with such companies [$t(343) = -3.55$, $p < 0.001$]
- Taking into account how companies deal with their employees in third world countries in determining whether the companies are considered 'socially responsible' [$t(345) = -2.09$, $p < 0.05$].

The survey results also point to a significant difference between respondents who were enrolled in, or who had completed, an MBA or MLM versus those who were enrolled in other programmes. Non-MBA/MLM participants reported significantly higher ratings (M = 3.41, SD = 0.98) than MBA/MLM participants (M = 2.95, SD = 1.13) in their willingness to consider a company as ethical in relation to the types of social and community events they conduct or sponsor [$t(282) = -2.63$, $p < 0.05$]. These results suggest that MBA/MLM students may be more critical in their stance towards companies that are only involved in community events and are less willing to automatically give companies unqualified credit for their contribution to these activities, particularly as the direct costs to companies are minimal. They also may be more inclined to notice the self-promotional aspects of companies' contributions in these arenas. This suggest that simple *exposure* to the real (and often hidden) effects of the illegal, underhand and unethical behaviour of some companies can have a significant effect on the attitudes that people have towards such organisations.

Discussion and conclusion

As indicated at the beginning of this article, this was an exploratory study and it has some limitations. First, a small selection of mainly US and Australian companies were selected for this study – more reliable results would be obtained from a much larger sample of organisations from different countries. Second, participants were selected mainly from managers and professionals associated with the University of Western Australia, the Australian Institute of Management and Curtin University. There may be bias in their ratings because they were rating organisations with which they are associated as students in university degree programmes or in an AIM program. Further research should include a broader range of managers and professionals who have not been exposed to issues such as CSR, business ethics, corporate governance, triple bottom line reporting and environmental management during postgraduate management courses or professional management development workshops.

A further limitation is created by the way in which events and media publicity affect ratings. For example, documentaries on Walmart, Enron and Worldcom in 2001–2002 may have had a significant negative impact on perceptions of these organisations if they had been included in the survey. In discussions with respondents, it was obvious that some were more interested in, and concerned about, some of the companies that had received considerable media exposure.

Finally, participants indicated what they *might* do as a result of their perceptions of ethical and socially responsible actions of companies (such as not buy their stocks). Women indicate that they are less likely to buy products and services from companies which are unethical or socially irresponsible. A further research study should be carried out to determine if participants have actually *followed through* with these intended behaviours.

Nevertheless, some useful results have been generated by this survey. First, it has shown which organisations, of a group of 60 Australian and Fortune 500 companies, were rated as being ethical and socially responsible by 353 Australian managers and professionals. Second, it showed that participants consider companies breaking the law as being the most important criteria when describing a company as being unethical, while how they treat the environment was the most important factor in determining whether a company is perceived to be socially responsible. Given the growing importance of environmental issues, corporate leaders need to take note of the importance of proper environmental behaviour to their own employees and managers. Third, while ethics and social responsibility are judged to be very similar by our respondents (i.e. how they deal with their employees, responsiveness to the community and so forth), there are some differences (e.g. the extent to which a company puts profits before their employees and customers was seen to be more indicative of how ethical a company is). Also, there is a tendency for more global criteria, such as how a company treats the environment and third world employees, to be more strongly associated with social responsibility while a company's ethical standing has stronger links with behaviours such as whether they break the law or not. This suggests that CSR has a somewhat greater macro focus while ethical behaviour has more of a micro focus. Fourth, while there is considerable overlap in perceptions of ethical and socially responsible behaviour, participants do distinguish between the ethical and socially responsible actions of companies. This was most noticeable in the listings of the top ten least ethical and socially responsible organisations, where organisations like the IOC and Coca Cola Amatil featured in one list but not the other. Fifth, while it is not certain that every person will act on the attitudes and beliefs they have about unethical or socially irresponsible companies, the findings of this exploratory study indicate that at least in principle a significant proportion of managers and professionals want to act on these.

While this study focused on personal perceptions of ethical and socially responsible behaviour, rather than company financial performance, there is growing evidence that these are linked. For example, researchers from the School of Accountancy and MIS of DePaul University compared the financial performance of 100 companies selected by *Business Ethics* magazine as 'Best Corporate Citizens' with the performance of the companies on the Standard and Poor's 500 index (Lennick and Kiel, 2005). Corporate citizenship rankings were based on quantitative measures of corporate service to seven stakeholder groups: stockholders, employees, customers, the community, the environment, overseas stakeholders and women and minorities. The study found that the overall financial performance of 2001 Best Corporate Citizen companies was significantly better than the rest of the S&P 500. The average performance of the Best Citizens, as measured by the 2001 Business Week rankings of total financial performance, was 10 percentile points higher than the mean rankings of the rest of the S&P 500 (Lennick and Kiel, 2005). The DePaul University study showed that being a good corporate citizen does not result in poorer financial performance and shows that ethical and socially responsible behaviour can actually contribute to improved performance.

In a similar vein, both *Australian Ethical Investment* and the *Sustainable Investment Research Institute* have shown strong returns in ethical/CSR investments over the last 3 years, with their 30 core SRI stocks returning average increases of 27% *every year* over the last 11 years (Lee and Main, 2005, p. 30). A growing number of banks and insurance companies such as Swiss Re, Citicorp and ABN Amro are now embedding social, ethical and environmental criteria into their risk-assessment and investment policies. The pro-business US magazine, *Fortune*, announced in September 2005 that it would be factoring CSR and environmental sustainability measures into all future annual rankings of its Global 100 companies, commenting, "It will be interesting to see which corporations get smart first in aligning their business strategies to emerging social and environmental risks and opportunities. One thing is clear: those that will or cannot change their strategies will ultimately not maintain their rankings on the Fortune Global 100" (Demos, 2005, p. 75). While further research is needed, the findings in this study indicate that pressures for change in the way that companies address ethical, social and environmental responsibilities is also coming from a growing number of Australian managers and professionals – a group who will be moving into senior management and leadership positions in both private and public sector organisations over the next 15 years.

> Each of us must learn to work not just for his or her own self, family or nation but for the benefit of all humankind. Universal responsibility is the real key to human survival. (Dalai Lama, 1999)

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