

# CODES AND CULTURE: QUALITY COUNTS

**Institute of Business Ethics and  
Queen Mary University of London**

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# About the IBE

The Institute of Business Ethics (IBE) is a non-profit dedicated to championing the highest standards of ethical behaviour in business. Established nearly 40 years ago, we develop insights and best practice on ethical leadership, ethical culture and values-based decision-making.

- Networking and collaboration to support and develop leaders in ethics
- Tailored webinars + events
- Insights + research
- Training + leadership development
- Advisory services

# Advisory, Research and Training

## Advisory and training services

- Code development and implementation
- Code reviews and benchmark
- Code engagement
- Share best practice

## Research and publications

- Guidance on codes
- Surveys of adoption
- Assessing quality
- Researching effectiveness

# CODES AND CULTURE: QUALITY COUNTS

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Associate, IBE



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# 25 years of IBE research on codes

- Nine triennial surveys of ethics policies and programmes, 1995-2020
- Gradually expanded geographically and covered more topics
- Two points to highlight:
  - a) In 2020, **creating a shared and consistent culture** was the most commonly cited primary purpose of a code of ethics, taking over from **providing guidance to staff**
  - b) Complementary desk research showed most very large companies in UK had a publicly available code of ethics.

# Relationship between codes and culture

- Whether codes ‘work’ will depend on how they fit into the bigger picture – the ‘enabling environment for ethics’
- Codes are ‘**necessary** but not **sufficient**’
- Not all codes are created equal: some are better than others.

# Exploring the question of quality

- Better quality codes will reflect the nature of the company, its industry sector, its ethical risks etc – i.e. not generic
- But there are also factors related to ‘best practice’
- How might we construct a measure of quality to compare companies and ‘take the overall temperature’?



# Assessing code quality: 4 dimensions; marked out of 10

Nature, language and tone (3)	User friendliness (2)	Speak Up (3)	Leadership (2)
Rules or guidance?	Accessible and engaging visual design?	Explains how people can raise concerns?	Senior leadership endorsement?
Natural language or 'legalese'?	Provides tools that help employees make good choices and decisions (e.g., ethical decision-making models)?	Sets out what they can expect to happen when they do so?	Commitment and expectations of managers - expected to act as role models?
Values-based approach that provides real guidance		Includes a commitment to non-retaliation?	

# Codes of FTSE companies

- **2021** report on **FTSE 100** companies was well received, including by companies that wanted to discuss their code's score
- So, we decided to repeat the exercise in **2023...**  
but this time for **FTSE 350**.



Corporate  
governance

Top UK  
companies  
warned over  
ethics codes

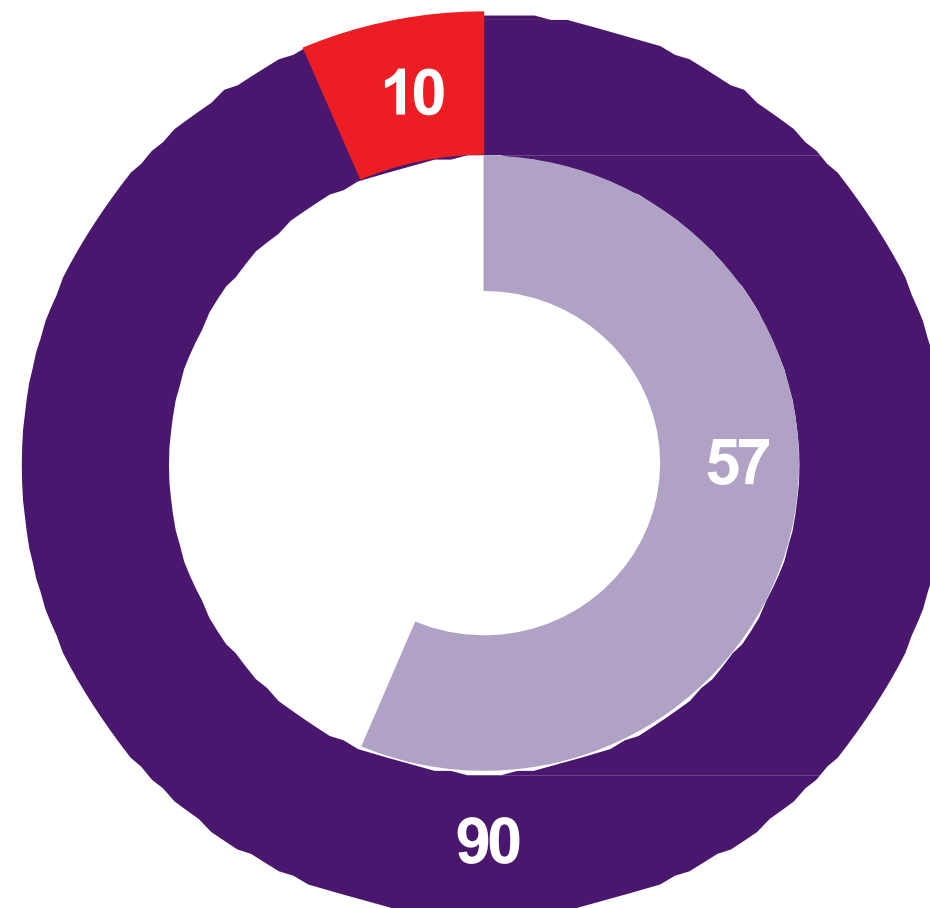


# Overview of 2023 findings

- **90% of FTSE 100** companies had a publicly available code (up from 81%), but only **40% of FTSE 250** companies did
- On average, FTSE 100 codes (mean = 6.9) were better than FTSE 250 codes (mean = 6.3)
  - **63% of FTSE 100 codes were rated as *good*** (score  $\geq 7$ )
  - **52% of FTSE 250 codes were rated as *good***

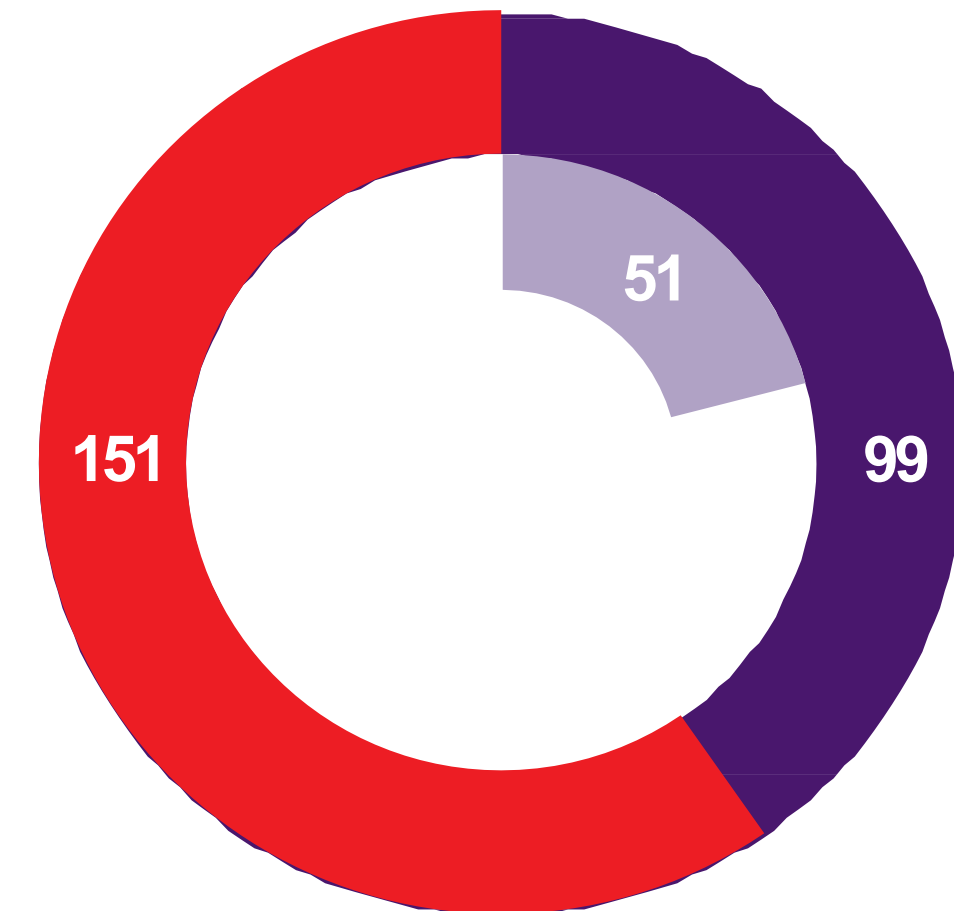
## FTSE 100

- Have a publicly available code
- Have a code that reaches a good standard
- Don't have a publicly available code



## FTSE 250

- Have a publicly available code
- Have a code that reaches a good standard
- Don't have a publicly available code



# \$64,000 question in 2025

We've now re-analysed the FTSE 350 data,  
along with other data,  
to answer the question:

**Do codes make a difference?**

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# Does the existence of codes, or their quality, make a difference?

- Company performance?
- Ethical leadership?
- Company reputation?
- Employee satisfaction?
- Organisational culture?

# Positive ethical culture

Comments reflecting strong ethical standards, good values, and pride in the company's ethical practices.

## Examples:

- *"Great company with great ethics."*
- *"Ethical company, lots of benefits."*
- *"Truly an ethical company, proud to work."*
- *"Ethical and sustainable business."*
- *"Strong ethics and good work culture."*

Source: [Glassdoor.co.uk](https://www.glassdoor.co.uk)







# Good work ethics

Comments emphasising employee or team work ethics and professionalism.

## Examples:

- *"Great work ethic and culture."*
- *"Strong work ethics."*

*Source: Glassdoor.co.uk*



# Leadership ethics

Comments linking ethics to leadership style.

## Examples:

- *"Ethical and caring leadership."*
- *"Fair and ethical board."*

Source: [Glassdoor.co.uk](https://www.glassdoor.co.uk)





# Negative or unethical practices

Comments mentioning unethical behaviour, bad leadership, or failure to follow ethical standards.

## Examples:

- *"Unethical company."*
- *"Horrible, completely unethical."*
- *"No ethics in business."*
- *"Shady, unethical, and fake leadership."*
- *"Code of conduct and policies are a joke."*

Source: [Glassdoor.co.uk](https://www.glassdoor.co.uk)

## Research Aim

To understand the relationship between

- (a) the existence and quality of codes of ethics, and
- (b) employee satisfaction and culture.

## Sample

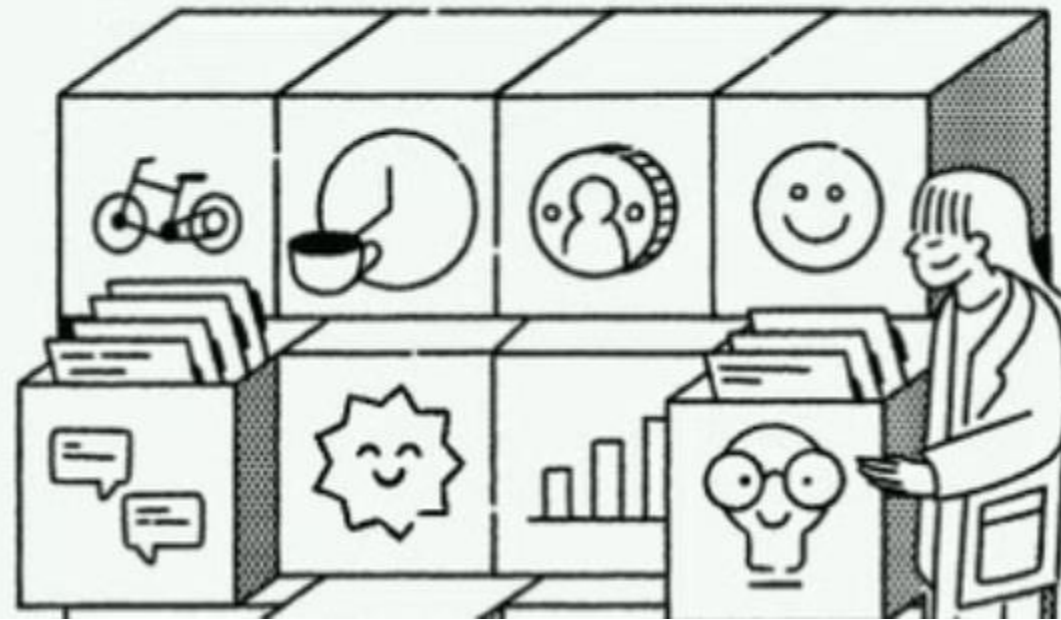
The sample consists of FTSE 350 firms with available Glassdoor employee reviews.

# Code of ethics measures

1. **Dummy variable** indicating whether a company has a code of ethics  
(1 = has a code, 0 = does not)
2. **Code of ethics quality score from** the IBE's FTSE 350 code quality research.

The quality measure captures:

- Nature, language and tone (3)
- User-friendliness (2)
- Speak up (3)
- Leadership commitment (2)



## Find a workplace that works for you New

Discover what an employer is really like before you make your next move. Search reviews and ratings, and filter companies based on the qualities that matter most to your job search.

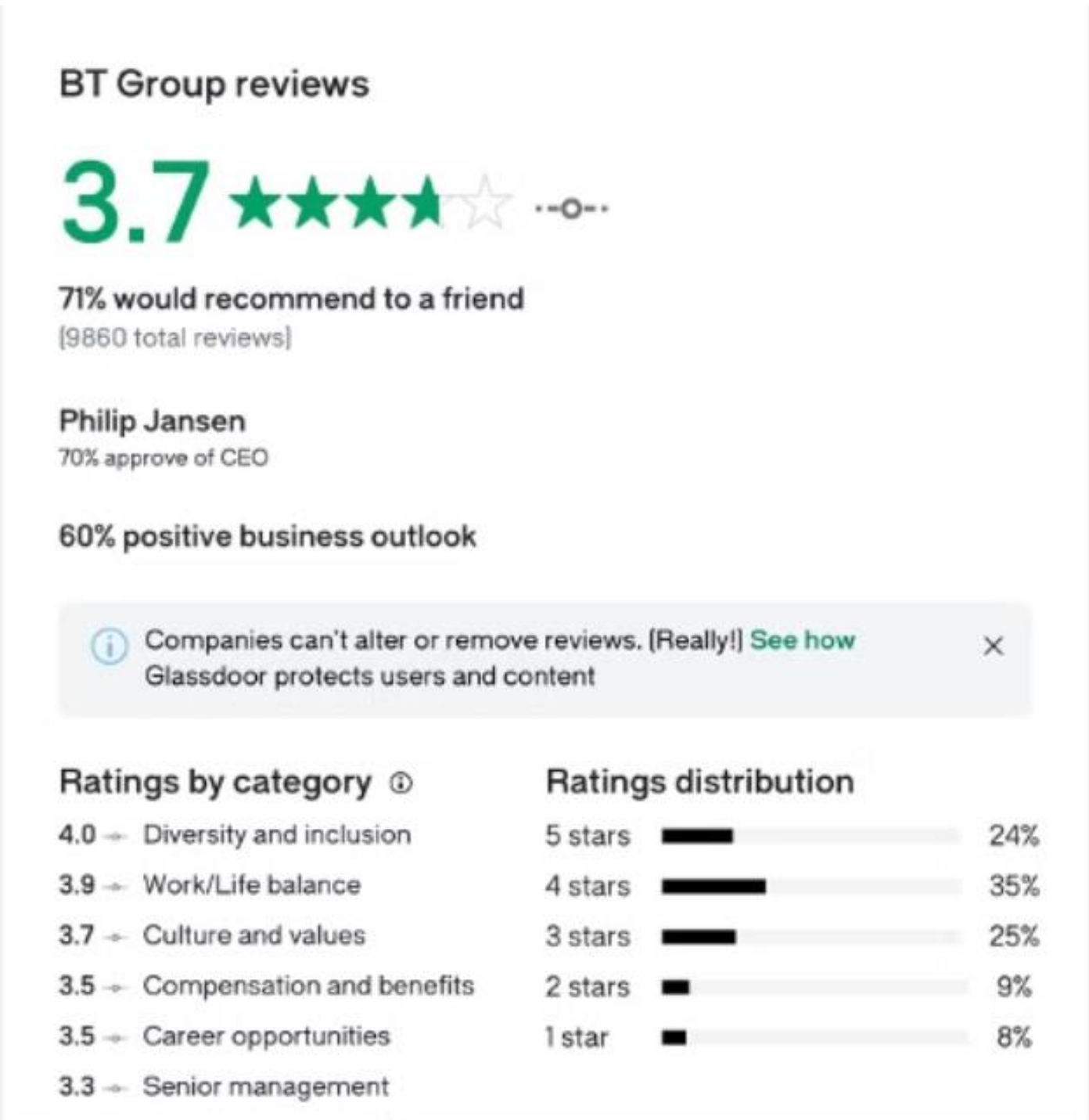
[Work/life balance](#)[Diversity and inclusion](#)

# Measure for employee satisfaction



# Measure for employee satisfaction cont'd

Glassdoor ratings provide a unique and reliable measure of how employees perceive their firm's code of ethics and culture, offering independent insights that complement traditional corporate disclosures.



The rating for BT GROUP (a British multinational telecommunications holding company headquartered in London) on [www.glassdoor.co.uk](http://www.glassdoor.co.uk) as of 16th Feb 2025.

The employee satisfaction rating is 3.7 out of 5.

The ratings for ‘workplace factors’ are displayed if you click on “Show more insights”:

- Diversity and inclusion (4.0)
- Work/Life balance (3.9)
- Culture and values (3.7)
- Career opportunities (3.5)
- Compensation and benefits (3.5)
- Senior management (3.3)

# Why our research is important

1

Ethics is central to a healthy workplace:

A code of ethics helps define the values and behavioural expectations within an organisation, shaping a healthy and trustworthy culture.

2

Employee satisfaction affects performance:

Satisfied employees are more committed, productive, and loyal — making employee satisfaction a critical business performance indicator.

3

Offers actionable insights for leaders and ethics & compliance practitioners to measure and improve their code quality and culture; and insights for investors too.

This research provides evidence-based recommendations for improving the quality of codes and their real-world impact.

# Our finding on association between the existence of code of ethics and employee satisfaction

When we held other factors constant, we found there is **no** statistically significant relationship between the existence of code of ethics and Glassdoor employee rating



# Our finding on association between ethics code quality and employee satisfaction

When we held other factors constant, we found there is a statistically significant **positive** relationship between ethics code quality and Glassdoor employee rating.

# Key takeaways

- The mere presence of a code of ethics is not enough to influence employee satisfaction and foster a positive ethical culture.
- However, the quality of the code of ethics can play a positive role.

# Code quality and Glassdoor workplace factors

In decreasing order of effect size:	Statistical significance
Compensation and benefits	1%
<u>Culture and values</u>	1%
Senior management	5%
Diversity and inclusion	1%
Work/Life balance	None
Career opportunities	None

# Key takeaways

Firms with higher quality codes are more likely to:

- Foster a values-based corporate culture
- Promote diversity and inclusion among employees
- Offer better compensation and benefits
- Receive higher employee ratings of their senior leadership.



# THANK YOU



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