Codes of Ethics in Australian Business Corporations

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ABSTRACT. Current debate on business ethics in Australia continues apace as the excesses of the 1980s are exposed. Codes of Ethics have been a high profile instrument in the American business scene. A survey of Australia's largest business corporations reveals a different situation. Codes are not as commonly used, tend to refer to legal requirements and do not have as high a profile within the corporation. Given the changing legal framework in Australia a greater role for Codes of Ethics may emerge.

"The word *unethical* is in danger of joining fascist, racist and sexist as a term of such generalised and illiterate abuse that thinking people should use it with care." So writes Henry Bosch, former chairman of the Australian National Companies and Securities Commission in his recent book "The Workings of a Watchdog." Henry Bosch was chairman of the National regulatory authority from 1985 to 1990. It was, on any reckoning, a remarkable period in corporate life in Australia. In discussing business ethics, Henry Bosch draws a distinction between illegal and unethical behaviour and suggests that there are a number of considerations which contribute to the emergence of unethical behaviour at various times: cyclical factors, the decline of the old morality whether it be of religion, class or club, uncertainties in regulation and internationalisation,

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and the impact of competitive pressures. He concludes, "In the mid 1980's, the new competitive pressures combined with the weakening of the traditional moral forces and the breakdown of the accepted certainties to produce a significant change in corporate and professional behaviour. That change was, by no means, universal, being concentrated in a small part of the business community."[1]

In the United States of America, a similarly turbulent period in the middle 1970s brought the question of business ethics to the fore in a dramatic way. In 1976, in response to a variety of business scandals, IBM placed a full-page advertisement in Time magazine calling for a clean-up of American business and a setting of its house in order with an ethical dimension. The advertisement called for the establishment of business codes of ethics as an instrument in the revitalization of the ethical character and image of American business.

Henry Bosch makes no reference to codes of ethics in business of the kind which became popular in the United States of America during the 1970s and 80s. During the 1980s, codes of ethics of a similar kind began to be adopted by Australian business corporations.

In 1989 and 1990, the New College Institute for Values Research conducted a survey of the 50 largest companies, according to the *Business Review Weekly* list, of the role of codes of ethics in those business corporations. The results of that survey have now been collated and are presented for public discussion. Because the American model was already before Australian business corporations and there has undoubtedly been some influence upon the Australian environment by the American experience, it will be helpful to summarise the results of a similar survey conducted by the Opinion Research Corporation of Princeton, New Jersey in August 1980 of the imple-

(7) How has Code been promulgated?

Distribution to employees	1	—
Company Manual for Employees	11	1
Company Reports	—	—
Newsletter and reports to shareholders	—	—
Newsletter and reports to clients	—	—
On recruitment of Senior Executives	1	1

(8) Who has ultimate responsibility for enforcement of the Code?

C E O	2	2
G.M. Human Research	1	—
Head of Business Unit	1	—

(9) Are there sanctions imposed?

Yes	3	1
No	1	1

(10) Type of sanctions imposed

Written reprimand	2	—
Temporary Censore	1	—
Demotion	1	—
Termination	4	1
Transfer	—	—
Fine	—	—

(11) Is there a periodic re-commitement of the Code?

Yes	2	—
No	2	1

(12) By whom is this re-commitment made?

Managing Director	1	—
All staff	1 (every 2 years)	—

(13) Permission to quote from survey or your enclosures

Yes	4	2
No	3	4

Notes

[1] Bosch, H.: 1990, *The Workings of a Watchdog* (Heinemann, Port Melbourne), p. 38.

[2] Opinion Research Corporation: 1980, *Implementation and Enforcement of Codes of Ethics in Corporations and Associations.*

[3] Mr. Peter Bentley, a research assistant at the institute, supervised the collection and collation of responses from these surveys.

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