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Business codes in Sweden - a serious attempt to influence employee behaviour?

The prevalence, content and integration of codes in the top 50 Swedish listed firms

Abstract

The trend towards flatter organizations has resulted in an increased need for controlling the culture in organizations. A business code is a document that states company specific rules, values and guidelines. The code can - if properly integrated in the organization - be used as a management tool for influencing employee behaviour and consequently result in cultural control. The aim of this paper is to investigate the integration of business codes in the 50 largest firms listed on the Stockholm stock exchange. Code integration is explored through examining a number of supporting functions of a business code. The results indicate that certain supporting functions of a business code, such as code distribution and ethics training, are relatively common. Other supporting functions, such as advisory- and reporting channels and internal monitoring systems, are however less developed. Swedish firms need to improve parts of the supporting structure around their business codes, in order to fully capture the potential in using the codes as tools for influencing employee behaviour.

Key words: Business code, Employee behaviour, Cultural control, Integration, Ethics training, Ethics hotline, Ethics officer, Sanctions, Top management engagement

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1. Introduction

1.1 Introduction

Literature on business codes has long been interested in the codes' role in influencing employee behaviour. During the last decade the discussion around ethical questions and responsible business practice has steadily increased. Stakeholders are putting pressure on companies to address ethical issues and companies are also themselves acknowledging the importance of responsible business conduct (Kaptein 2004). In parallel, the tendency towards flatter organizations is creating an increased need for commonly shared organizational norms and values. In these flatter and more complex organizations traditional forms of control are often not sufficient, which in turn has created a need for more informal ways of control. As a consequence, the international prevalence of so called business codes has increased over the last 20 years (Business Codes of the Global 200, 2008).

A business code is a distinct and formal document containing a set of prescriptions developed by and for a company. It aims at guiding behaviour of the managers and employees on multiple issues toward one another, the company, external stakeholders and/or society in general. [1] But could a business code actually work as to guide employee behaviour? Research points towards that *if* such document is to be used to influence employee behaviour, it must be integrated in the organization.

Also in Sweden there is a trend towards an increased prevalence of business codes. However, the prevalence as such does not say much about if and how firms are integrating their codes in the organization. Are the business codes of Swedish firms being integrated at all? Or do Swedish firms consider merely having a business code sufficient? This thesis seeks to investigate how large Swedish firms work as to integrate their business codes in the organization and to discuss how the firms exploit the potential of using their business code as a management tool for influencing employee behaviour.

1.2 Background

This thesis is partly based on empirical material collected by the authors in connection to a larger study. In October 2008 the Audit and Consulting firm KPMG announced the intention to perform a study regarding business codes within large Swedish listed firms. The study was to be conducted together with Law Firm Delphi and in collaboration with students writing their master thesis. The study, upon which this thesis is based, was conducted between November 2008 and March 2009, and resulted in the whitepaper *Business Codes in Swedish listed firms (Uppförandekoder i Svenska börsbolag),* which was presented on a seminar at KPMG Stockholm headquarters on the 29th of April 2009. [2] The seminar attracted some 120 attendants from a large number of Swedish firms.[3] The high attendance indicates an interest in corporate Sweden regarding ethical issues in general and the usage of business codes in particular. The study for KPMG, upon which this thesis is based, has contributed to an

[1] For a more elaborate discussion on the definition of a business code please refer to the methodology chapter 3, section 3.3.1.

[2] Available at http://www.kpmg.se/pages/108324.html

[3] For more information, see http://www.kpmg.se/pages/108340.html

understanding of the area of subject as well as provided access to knowledge and valuable contacts in the investigated firms.

1.3 Aim and research question

This thesis aims at exploring how Swedish firms work as to integrate their business codes in the organization. By investigating the usage of a number of supporting functions of the code, it seeks to discuss how Swedish firms utilize the potential of using their business code as a management tool for influencing employee behaviour. With this aim in mind the research question can be formulated as follows:

How do Swedish firms integrate their business codes in the organization?

In answering the above stated research question, the following sub-questions have been formulated:

- What does the business codes of Swedish firms contain?
- What kind of supporting functions of a business code do Swedish firms use?

The first sub-question aims at giving the reader an understanding of what kind of rules and guidelines are included in the business codes – and thus what kind of behaviour is to be integrated in the organization. The second sub-question is more directly tied to the main question. It investigates a number of supporting functions of a business code, in order to shed light on how the codes are being integrated in the organization.

1.4 Delimitation

This thesis has been limited to investigate the 50 largest Swedish firms listed at NASDAQ OMX Stockholm. The top 50 Swedish firms were set per stock market value the 20th of January 2009.

Furthermore, this thesis focuses solely on the internal aspect of code integration. This refers to integrating the code within the company that has adopted it. The potential responsibilities that are put on external stakeholders - for instance on suppliers - and how the company's code is integrated with regards to such external parties, are outside the scope of this research.

Additionally, this research is in no way concerned with investigating the efficiency of business codes, nor the quality of the supporting functions around it. Rather, it focuses solely on reviewing the situation regarding the prevalence and usage of business codes and supporting functions of the codes. Based on this an indication of how Swedish firms are integrating their codes will be given.

1.5 Disposition

In short, this thesis is structured as follows:

Chapter 2 presents the theoretical framework which will later be used when analyzing the empirical findings. Chapter 3 describes the methodology used when collecting and analyzing the empirical material. Chapter 4 presents the empirical data. The empirics are divided into two parts. The first part describes the prevalence and content of business codes in Swedish firms. The second part describes how the firms integrate their business codes in the

organization. Chapter 5 contains the analysis of the empirical findings. The analysis is structured according to six supporting functions outlined in the theoretical framework. Chapter 6 presents the conclusions of the analysis and relates back to the research question. Chapter 7 contains a discussion, where the results are placed in a wider context. Furthermore, chapter 7 contains limitations, reflections and suggestions for further research.

Chapter 2 to 6 each begins with an introductory text, which outlines the content of the chapter. With this structure we hope to facilitate the understanding for the reader.

1.6 Terminology

This section presents a number of central terms used in this thesis.

Business code: A business code is a distinct and formal document containing a set of prescriptions developed by and for a company to guide present and future behaviour on multiple issues of at least its managers and employees toward one another, the company, external stakeholders and/or society in general (Kaptein & Schwarz, 2008 p. 113).

Board adoption: Board adoption referrers to an explicit statement in the business code that the board of directors has adopted/endorsed/approved the business code of the firm.

Code: The word is used as an abbreviation for business code.

Cultural control: Cultural control is defined as controls that exist to shape organizational behavioural norms and to encourage employees to monitor and influence each other's behaviours (Merchant & Van der Stede, 2007 p. 76).

Documents/Business code documents: The documents refer to the 33 business code documents that, after having reviewed all documents from the 50 firms, qualified into the definition of a business code adopted in this study. (See 'Business code' above)

Integration: The Integration of a business code in the organization is defined as making the business code part of the organization in such a way that it has a potential to influence employee behaviour.

Misconduct/Code violations: Misconduct and code violations refer to when employees act in conflict with the rules and guidelines stated in the business code.

Other employees: Other employees refer to all employees within a firm except top and mid management.

Recent ethics training: Recent ethics training refers to ethics training given during 2008.

Supporting functions: Supporting functions refer to functions that are put to place in the organization in order to support the integration process of the business code. Such a function can refer to a certain process, position or tool.

Survey sample: The survey sample refers to the answers of the 20 respondents from the survey (61%).

2. Theory

The following section describes the theory which will be used to analyze the empirical findings. Firstly, the concept of management control will be presented. Thereafter a description of different types of control will follow, with a particular focus on cultural control. The document business code will then be described, followed by a discussion around the role of business codes in exercising cultural control. The reader will then be presented to a number of supporting functions of a business code, which can be used to integrate the code in the organization. To facilitate the understanding of the reader, these supporting functions will be presented in an illustration.

2.1 Management control and management control systems

The concept of management control was first presented in 1965 under the definition "the process by which managers assure that resources are obtained and used effectively and efficiently in the accomplishment of the organization's goals" (Anthony, 1965). Ever since the concept was introduced, a large number of perspectives and definitions of management control have occurred (Otley & Berry, 1980; Merchant, 1985; Emmanuel et al., 1990 etc.).

A great deal of contemporary management control literature takes a relatively broad view of the concept. Such a broad perspective is presented by Merchant & Van der Stede, stating that management control includes "all the devises or systems managers use to ensure that the behaviour and decisions of their employees are consistent with the organization's objectives and strategies" (Merchant & Van der Stede, 2007, p. 5). The systems themselves are commonly referred to as management control systems. The primary aim of management control systems is to influence employees' behaviours in desirable ways, and consequently, increase the probability that the organization will achieve its goals (ibid).

2.1.1 Types of control based on the object controlled

According to Merchant & Van der Stede, one way of classifying different types of control is to take a starting point in the object being controlled. With such an approach, tree main types of control can be identified: *result control*, *action control*, and *personnel & cultural control*.

- *Result control* is, as the name indicates, focused on the results produced. It refers to formulating goals, and rewarding people for achieving these goals.
- *Action control* on the other hand, focuses on the action itself rather than the result of it, making sure that employees perform (do not perform) certain actions that are known to be beneficial (non-beneficial) for the firm. Examples of action controls are computer passwords and access cards, directly limiting the acting space of the employee.
- *Personnel & cultural control*, often referred to as soft controls, is a third and more informal type of control. Personnel control builds upon an employee's natural tendency to control and motivate him/her self. Cultural control in turn, aims at affecting the behaviour of employees as a group in order to influence the behaviour of the individual (Merchant & Van der Stede, 2007).

2.1.2 Cultural control

During the past few years, cultural control has become more common, as the development towards organizations becoming flatter has led managers to try to adopt wider spans of control. As a result, shared organizational values have become increasingly important in order

to ensure that everyone is acting in the best interest of the organization (Merchant & Van der Stede, 2007).

Even though culture may constitute the context for an organization and at times be beyond the control of the managers (Clegg et al., 2005), culture is nonetheless a control system when it is used to regulate behaviour (Malmi & Brown, 2008). As stressed by Merchant & Van der Stede, cultural control aims at affecting the behaviour of employees as a group (2007). By exercising cultural control, the organization seeks to affect the moral perceptions of the employees, so that it corresponds to the norms and values of the company. Employee behaviour should then be affected accordingly (Kaptein, 2008).

To introduce a business code in the organization is one of the primary ways to shape culture. Hence, a business code has the potential of influencing employee behaviour and become a tool for exercising cultural control (Merchant & Van der Stede, 2007).

2.2 Business codes

Business codes are nothing new. The first textbook on the topic, named "Codes of Ethics", appeared as early as in the 1920´s (Heermance, 1924). Generally, a business code can be said to provide broad, general statements of organizational values, intended to guide employee behaviour also in the absence of a specific rule (Merchant & Van der Stede, 2007). The document business code can vary in length as well as in number and depth of the topics covered (Singh et. al., 2005).

A number of stakeholders, such as for example customers, owners and investors, have in recent years put more and more pressure on companies to pay greater attention to norms, values and principles (Waddock et. Al., 2002). Likewise, companies themselves have, to a greater extent, started to acknowledge the importance of responsible business practices (Kaptein, 2004). Consequently, the prevalence of codes has become more common over the last years (Business codes of the global 200, 2008).

There is however still some confusion regarding the precise nature of a business code. One reason for this is the large variety of names used in literature to refer to it, including Code of Ethics (Kaptein & Wempe, 1998; Schwartz, 2005), Code of Conduct (Healy & Iles, 2002), Business Principles (Sen, 1997), Code of Practice (Schlegelmilch & Houston, 1989), Business Code (Kaptein, 2008), Corporate Code of Ethics (Cressey & Moore, 1983) etc.

Another reason for the confusion is the use of different definitions. According to Stevens, codes are "written documents which presume to state the major philosophical principles of an organization" (1996, p. 72). Nijhof et. al. on the other hand describes a code as "a document including open guidelines describing desirable behaviours and closed guidelines prohibiting certain behaviours" (2003, p. 66). Yet another definition is put forward by Merchant & Van der Stede, stating that codes are "formal written documents providing broad, general statements of organizational values, commitments to stakeholders, and the ways in which management would like the organization to function"(2007, p. 85).

2.2.1 The definition of a business code adopted in this thesis

Due to the large amount of names and various definitions used in literature to refer to codes, it is essential to determine what definition of a code should serve as a basis for this thesis. After reviewing various alternatives, the definition formulated by Kaptein & Schwarz was

considered most appropriate. This definition takes the challenge regarding various definitions into consideration, and is formulated as follows:

A business code is a distinct and formal document containing a set of prescriptions developed by and for a company to guide present and future behaviour on multiple issues of at least its managers and employees toward one another, the company, external stakeholders and/or society in general. (Kaptein & Schwarz, 2008 p. 113)[4]

The above stated definition implies that a business code is a document that should guide managers and employees of a company in the following areas: 1) How to behave towards the company, 2) how to behave towards one another and 3) how to behave towards external stakeholders and society in general. Codes for only one department or one stakeholder group can hence not be regarded as a business code (Kaptein & Schwarz, 2008).

2.3 The role of business codes in exercising cultural control

There have been an extensive amount of studies conducted in the area of business codes. While some have focused mainly on general content analysis, (Brytting, 1997; Carasco & Singh, 2003; Kaptein, 2004 etc), a number of researchers have tried to answer the question of whether or not business codes can influence employee behaviour (Lindsay, 1996; Kaptein, 2008; Stansbury & Berry, 2007 etc.). The conclusions differ among scholars, and results have ranged from ”ineffective” (Healy & Iles, 2002) and ”not possible to tell” (Helin & Sandström, 2007), to ”likely to be successful” (Stevens, 2008) and “one of the most important parts in exercising cultural control” (Merchant & Van der Stede, 2007). Despite widespread results there are a number of studies indicating that a key factor, in order for a business code to work as a tool for influencing and controlling employee behaviour, is that the code is integrated in the organization (Stevens, 2008; Kaptein & Wempe, 1998; Schwartz, 2004 etc).

Merely having a code is thus not enough, and it is of little use if not distributed to the employees of the firm (Weaver et. al., 1999). However, solely distributing the code is also not enough, as employee behaviour can be influenced by a business code only when employees fully understand the content (Wotrumba et. al., 2001). One issue is that employees often do not read the code until a morally difficult situation has arisen (Stevens, 2007). Even more, although employees might have read it, it does not guarantee that they have understood it (Wotrumba et. al., 2001).

Following this reasoning, Kaptein & Schwarz points out that even if a business code is indeed a first and important step in shaping the culture of an organization, the processes around the code are of great importance (2008). Thus what is vital is to put emphasis on how to come to an efficient business code, rather than merely having a document describing the code per see. Unless the code is properly integrated in the organization there is a risk that the code ends up being purely window-dressing (Jamal & Bowie, 1995). Implementation and monitoring are key factors if a code is to affect employee behaviour (Sigh J et. al., 2005) and the channels through which communication is carried out and support is given are just as important (Stevens, 2008; McDonald, 2000). Thus, in order for a firm to encourage ethical behaviour through having a code, additional functions around the code need to be in place. In other

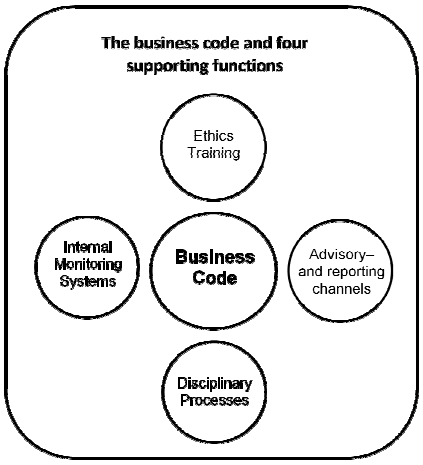
[4] For a more detailed discussion regarding the choice of definition, please refer to the methodology, chapter 3, section 3.3.1

words; ”*A code is nothing, coding is everything*”. (Kaptein 1991; referred in Kaptein & Wempe, 1998, p. 853)

2.4 The business code supported by a number of functions

A business code can be seen as the first step in gaining control of ethics in an organization (Kaptein, 2008; Svensson et. al., 2006). In a recent study conducted by Kaptein, a number of supporting functions of a code, that had a significant positive relationship with the ethical behaviour in an organization, were identified. These included *Ethics Training, Advisory- & Reporting Channels, Disciplinary Processes* and an *Internal Monitoring System* (Kaptein, 2008).

The code and the supporting functions together constitutes what can be defined as “the formal or tangible organizational control systems designed to create an ethical culture, to impede unethical conduct and promote ethical conduct” (Berenbeim, 1992; Trevino & Weaver, 2003; Weaver et. al., 1999; Greenberg, 2002; Jacksson, 1997; referred in Kaptein 2008 p. 7). The business code and these supporting functions are illustrated in Figure I:



The study by Kaptein suggests that a business code, when supported by the illustrated functions, can become properly integrated in the organization and work as to influence employee behaviour. The more supporting functions an organization is using, the bigger the likelihood that the organization will succeed in affecting employee behaviour the way they are aiming at (Kaptein, 2008).

Figure I. An illustration of the business code and the four identified supporting functions.[5]

2.5 The four supporting functions more in detail

In this section each of the four supporting functions will be presented.

2.5.1. Ethics training

Ethics training refers to training on the business code, provided to employees and/or management of a firm. If an organization suffers from poor ethical behaviour this can be due to that the code in itself is not clear enough. However, it can also be a symptom of poor ethics training. A business code cannot be enacted by organizational members if they are unaware of, or unfamiliar with, the content of the code (Stevens, 2007).

Rules and guidelines stated in a business code do not cover every situation. Instead, the codes are often written in a way that leaves room for individual interpretations. When employees are faced with moral difficulties, each individual interpret the rules and guidelines in their own way. This in turn implies that they might not necessarily act in line with what the organization

[5] The illustration is made by the authors of the thesis, and is based on the research presented in Kaptein, 2008.

aimed at, when formulating the guideline (Stevens, 2007). When the message in the code is not clear, the vagueness can lead to misunderstandings and incorrect interpretations (Nitsch et al., 2005).

Delaney & Sockel suggests that communication of ethical policies in the organization is facilitated if ethics training that promotes an understanding and acceptance of code content is put to place (1992). Likewise, Merchant & Van der Stede stress that in order for a code to work as a tool for exercising cultural control, the message in the code needs to be reinforced through ethics training and/or discussions among employees and their superiors (2007). The more effort companies put into providing ethics training, the greater the possibility that employees become aware of the code. Additionally, having more than one type of ethics training increases the possibility to influence employee behaviour since individuals are different in the way they best absorb and embrace information (Clark & Leonard, 1998).

It is a good idea to educate employees on the ethical values and rules of a company already when they start their employment. When employees are new is the "perfect time to try to mould the employees into the company's culture" (Wood, 2002, p. 66). Ethics training at introduction of employment can however not be considered sufficient. Kaptein & Wempe stresses that as circumstances inside and outside the organization are constantly changing, the code must continuously be put to the test under new circumstances (Kaptein & Wempe, 1998). Thus, in order for employees to understand how to behave in such a changing environment, they need to receive ethics training on a regular basis.

2.5.2 Advisory and reporting channels

Advisory and reporting channels refer to channels through which employees can receive guidance, and file reports, with regards to ethical issues. In order to secure that the code is in fact being followed; employees must be able receive guidance and report misconduct (Svensson et. al., 2006). An organization should seek to institutionalize the ways in which they provide such advisory- and reporting channels and they should make sure that the channels are accessible to all employees concerned (Brooks, 1989).

One type of channel is an ethics officer. The work of an ethics officer is to provide consultancy on ethical matters (Brooks, 1989). Research shows that when a business code is accompanied by an ethics officer and ethics training, the code has a positive effect on employee behaviour (Kaptein, 2008). The existence of a person especially devoted to ethical matters in an organization seems to foster employees to volunteer on reporting ethical misconduct (Svensson et. al., 2006). Firms in the US generally emphasize the role of an ethics officer. In European firms the prevalence of ethics officers are often much lower (Enderle, 1996; referred in Guillén et. al. 2002).

Another type of advisory- and reporting channel is a so called ethics hotline. An ethics hotline is a dedicated channel that employees can reach through phone, email or regular post, to discuss ethical dilemmas, receive guidance in difficult situations and report misconduct (Kaptein, 2008). Nitsch identified four important factors for increasing the likelihood of employees reporting observations of misconduct. Except for written standards and training on these standards, an ethics officer or advice line and the possibility to report misconduct anonymously were identified (Nitsch et. al., 2005). An ethics hotline combines the two last components, as it is both an advice line and a channel for filing reports anonymously.

In addition to an ethics officer and an ethics hotline, there are other instances that could serve as advisory- and reporting channels. For example, a special division in the company could be responsible for the code (Kaptein, 2008). The responsibility could also be assigned to a certain level within the firm, such as mid management or the board of directors (Schwartz et al., 2005).

Since many organizations rely on employees to report on misconduct (Nitsch et. al., 2005), advisory- and reporting channels are important. Without a formal reporting procedure, the probability that employees will report misconduct decrease. If employees do not report misconduct, the code looses much of its potential to influence employee behaviour (Kaptein, 2008).

2.5.3 Disciplinary processes

The function disciplinary processes refers to assuring code compliance in the organization by meeting misconduct with appropriate sanctions (Kaptein, 2008). Such a supporting function needs to be in place in order for the company to be able to exercise cultural control (Sigh et. al., 2005).

Individuals in an organization are likely to behave differently depending on how their actions are perceived. They will most likely behave more ethical if being held responsible for their actions. Following up on the conduct among employees is a mean to ensure compliance, and reduce the possibility of employees hiding behind the organization (Van Sandt, 2003). It is of foremost importance that managers make employees aware of that there is a high probability that they will get caught, and held responsible, if they act in violation with the code (Merchant & Van der Stede, 2007).

Following this reasoning, the degree to which misconduct is appropriately sanctioned is important (Stevens, 2007). According to Stevens, employees respond to visible justice. Therefore violations need to be addressed and the implications needs to be communicated. If organizational leaders ensure that justice prevails, and that the code is followed, employees' commitment to the code will be strengthened (Stevens, 2007).

2.5.4 Internal monitoring system

An internal monitoring system refers to a formal system where misconduct and sanctions are registered and stored. Nitsch et al. emphasizes that in order for code violations to be effectively dealt with, they must be registered and recorded in an administrative system established to handle them (2005). Such a system is crucial for an organization to be able to properly assess their ethical performance (Kaptein, 2008).

2.6 Two additional supporting functions of a business code

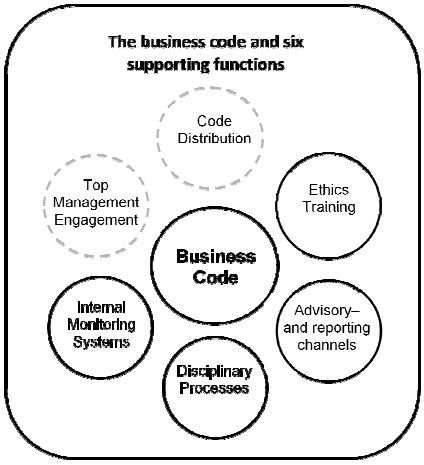
As discussed, if a business code is accompanied by a number of supporting functions, the potential that it will work as a "control system(s) designed to create an ethical culture to impede unethical conduct and promote ethical conduct..." (Kaptein, 2008. p. 7) increase. The more supporting functions an organization has established, the higher the probability that the code can work as a tool for exercising control (ibid). Except from the four supporting functions mentioned in section 2.5, two additional functions have been identified in literature as important for code integration.

2.6.1 Code distribution

Except for the four supporting functions outlined by Kaptein, code distribution matters. If an organization has a business code, yet few employees are aware of its existence, it is difficult for the firm to ensure that the ethical policies in the code has been communicated (Stevens, 1994). Hence, the code is of little use if it is not distributed to the employees of the firm (Weaver et al., 1999), and if it is not other supporting functions to the code become of little use as well.

2.6.2 Top management engagement

Top management engagement is another condition mentioned in literature as important for code integration. Scholars have shown that the involvement of management is a key issue when integrating a business code in an organization (Stevens, 2007; McDonald, 2000; Higgs & Kapelianis, 1999). The directors have the overall responsibility for the ethical climate in an organization and the tone they set at the top affects the overall ethical environment (Schwartz, 2005). Research shows that strong leaders, who share their values with others, affect the organization and the business code positively (Trevino et. al., 1999; referred in Stevens 2007). Moreover, studies indicate that management frequently discussing topics on the code, and debating the trouble spots of the organization, is essential for code integration (Stevens, 2007). According to McDonald the examples set by management is one of the most important aspects for the code to be accepted and embraced by the employees (2000). Business codes that include a letter from the president/CEO or the board of directors signal to the employees that the code is a point of attention for management. This in turn has a positive effect on employee behaviour (Singh et. al., 2005).



Code distribution and top management engagement can be seen as two additional supporting functions for integrating the business code in the organization. Figure II illustrates the business code with the four previously mentioned supporting functions, as well as the two additional ones.

Figure II. An illustration of the business code and a total of six supporting functions

2.7 Prior studies on business codes in Swedish firms

Before moving further into exploring how Swedish firms integrate their business codes, attention will be directed towards what research have previously been carried out on business codes in Swedish organizations.[6]

In 1992, Nylén published what has been viewed as the very first study that included any research on codes of ethics in Swedish organizations (Brytting, 1997). In the study a survey was performed, including only one question about codes of ethics. The answers from this one

[6] This includes studies which refer to the business codes in different ways, including "Codes of Conduct", "Codes of Ethics", "Code of practice" etc.

question indicated that in the beginning of the 1990s, 15% of the Swedish companies had a code of ethics (Nylén, 1992).

The research by Brytting in 1997 can in turn be viewed as the first large study regarding moral support structures, including code of ethics, in Swedish firms. The study was performed through a telephone survey (incl. over 2700 companies) and a postal survey (including a somewhat smaller sample). Among others, it investigated the prevalence and usage of codes of ethics within these firms.

In 2005 Singh et al. performed a comparative study of the content of corporate codes of ethics in Swedish, Australian and Canadian firms. Due to similarities between the countries regarding a number of factors, such a comparison was considered reasonable. The results showed that codes of ethics differed between the firms in the countries and that much of the differences were related to national and cultural differences.

The most recent study on business codes in Swedish firms was conducted by Svensson et al. in early 2006. The study investigated the 100 largest companies operating in the Swedish corporate sector. A three stage research procedure was used, and the article "Codes of Ethics in Corporate Sweden" presents the findings from the first stage.[7] In this first stage a questionnaire was sent to all 100 companies. The questionnaire focused on six areas: 1. how common are codes of ethics? 2. Who are involved in the development of these codes? 3. What are the reasons for having a code? 4. How are they implemented? 5. Do companies inform internal and external publics of the codes? 6. What are the prescribed benefits of the codes?

According to Svensson et al. in 2006, the frequency of codes in the 100 largest Swedish companies where 56%. Other results from Svensson et al which are of interest to highlight is that an ethics training committee was present in 17.5% of the firms, and that ethics training was provided to employees in 55% of the firms. Furthermore Svensson et al acknowledges that there is a lack of use of a range of support measures, including staff training, ethics committees, a possibility to report anonymously, and ombudsman (Svensson et. al., 2006).

The study by Svensson et. al. is particularly relevant with regards to this thesis, as it has many similarities with the main focus of our research. These similarities include the scope of study (large Swedish companies), the area of investigation (examine and describe the use of code of ethics (business codes) and a focus on internal ethical expectations only (excluding external expectations, such as third parties potential obligations towards the code).

[7] Second stage: content analysis of the codes of ethics supplied by survey respondents. Third stage: a more detailed follow-up of a smaller group of firms that appeared to be close to best practice.

3. Methodology

This section presents the empirical data gathering as well as the process of analyzing the material. First, background information regarding the study and the choice of firms included is presented. Thereafter the process of collecting and analyzing the empirical data will be described. This process constitutes of two parts. Firstly, a text analysis of the business codes was performed, focusing on the content and formation of the codes. Secondly, a survey was carried out, focusing on the integration process of the business codes in terms of supporting functions of the code.

3.1 Background and choice of sample

This thesis is partly based on empirical material that the authors have collected in connection to a larger study on business codes in Swedish listed firms. This study was conducted in collaboration with the audit and consulting firm KPMG and in collaboration with Law Firm Delphi.[8]

Together with KPMG and Law Firm Delphi, a decision to focus the study on the top 50 Swedish listed firms was made. The 50 Swedish firms were set per stock market value the 20th of January 2008.[9] The choice of sample was based on two factors. Firstly, focusing on the 50 largest firms in Sweden increased the possibility to end up with a satisfactory amount of codes as a basis for the analysis. In Sweden, having a business code or not is optional. Nevertheless, the larger the organization, the more likely that they have developed a code (Brytting, 1997). Secondly, the chosen sample size was considered big enough to give a fair view of the prevalence and integration process of business codes in corporate Sweden.

3.2 Choice of research method

In examining the research area it was found to be most suitable to combine both a quantitative and qualitative approach. The empirical data collection and analysis has been conducted in two parts. The first step - a text analysis of the business codes – is based on a quantitative method (measuring the amount of codes touching upon a certain issue/parameter, in the code). The second step - a survey focused on the integration of the codes - involves a quantitative method (measuring the amount of companies with a certain answer) as well as a qualitative approach (looking into detail on the comments, if any, attached to a question). Combining both a quantitative and qualitative approach in the survey enables an understanding of both the amount of firms using a certain supporting function, and what kind of reflection is made around a certain survey answer.

3.3 Data collection and analysis

The first step in the data collection was to gather the codes of each firm. This was made through a two step process. Firstly, each firm's webpage was screened. The webpage search resulted in collecting the codes of 32 firms. In the cases where a code was not available at the webpage, or when it was not clear what document the firm referred to as their code, the second step was to contact the firm by phone. The call was directed to what, according to each individual firm, was considered the most suitable division/position to answer questions regarding the business code of the firm. As the document business code can be referred to by

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[8] The study resulted in the report *Business Codes in Swedish listed firms (Uppförandekoder i Svenska börsbolag)* available at www.kpmg.se

[9] For the list of the 50 firms, please refer to the appendix chapter 9 section 9.3

various names and definitions, a thorough description of the content, as well as examples of possible names – including Code of Conduct, Code of Ethics, Business Principles, Business code etc.– was given. If the company stated that they did not have a business code, a second "check-phone call" was made to another division of the same company in order to secure that the information was correct. All in all, the phone calls resulted in collecting business codes of an additional 8 firms. In total, 40 of the 50 firms in the sample hence had some kind of code document.

3.3.1 Defining a business code and classifying the empirical data

As discussed in 2.2, a variety of names and definitions can be found in literature that all describe what in this thesis is referred to as a *Business Code*. After extensive readings on the alternatives, the following definition was considered most suitable for serving as a basis for the study:

"A business code is a distinct and formal document providing a set of prescriptions developed by and for a company to guide present and future behaviour on multiple issues of at least its managers and employees toward one another, the company, external stakeholders and/or society in general". (Kaptein & Schwartz, 2008, p. 113)

Kaptein acknowledges the fact that previous studies regarding the role of business codes in influencing behaviour have showed very different results, mainly due to the fact that they rest upon different definitions. Following this, the definition was formulated by Kaptein& Schwartz in 2008 through an extensive investigation of what had been written on the subject up until then.

The 40 code documents collected were all examined and reviewed in the light of the above stated definition of a business code. The documents within 33 of the 50 firms' classified within the definition. This study focuses solely on these 33 documents.

The remaining 17 companies were excluded. The reason for that these companies' documents did not classify was due to one, or several, of the following reasons:

- The company stated that they do not have a business code document.
- The company stated that they have a business code document, but for internal use only.[10]
- The company stated that they have a business code, but that it is spread on a number of different documents. Their business code is hence not in line with the adopted definition, which require a code to be ".. a distinct and formal document.."[11]
- The company stated that they have a business code document, but a review of the document showed that it had the character of a stakeholder code, rather than a code according to the adopted definition. A stakeholder code is directed to one/several stakeholders of the firm, and hence not aimed at guiding "*..present and future behaviour .. of at least its managers and employees*.." [12, 13]

10 According to literature, some codes may be public, while others are secret and labelled as confidential (Brytting, 1997)

11 See the complete definition in chapter 3 section 3.3.1

12 For further readings on stakeholder codes please see Kolk & Tulder (2002) pp. 296.

13 See the complete definition in chapter 3 section 3.3.1

3.3.2 The text analysis

In order to create an understanding of the disposition and content of the 33 business codes documents, a text analysis based on a 100 parametric framework was performed.

Developing the framework
The framework was developed through a gradual process as the understanding of the content of the business code documents increased. The understanding was acquired through pre-reviewing the vast majority of the codes included in the sample. Moreover, the framework used in an earlier study performed by KPMG, which resulted in the report *Business Codes of the Global 200*[14], served as a source of inspiration.

The framework focused mainly on the content of the business codes and included 17 main areas with a total of 100 sub-parameters. The first 13 main areas, with 69 connected sub-parameters, focused on what rules and guidelines are included in the codes. The remaining 4 main areas focused on code disposition, areas of use, compliance and follow-up procedures mentioned in the code. Those areas each had 7-9 sub-parameters.[15]

Using the framework
Each code was analyzed with respect to each of the 100 sub-parameters in the framework. The main question for each parameter was: *Is information regarding the parameter included in the code?* If such information could be found in a code, it was considered a *Yes*. If no such information could be found, it was considered a *No*. Note that the analysis does not consider how extensive the information regarding each parameter is, only whether *some kind* of information on the subject exists.

3.3.3 The survey

The analysis of the business code documents provided a thorough understanding of what questions would be suitable to ask in a survey. The survey was divided into two main sections in order to take both the interest of KPMG and Law Firm Delphi, and this thesis, into account.

Developing the survey
The first section of the survey, which was put together for the purpose of the research area of this thesis, focused on the implementation and follow up processes of the codes. The section included 10 questions, formulated with a basis in literature on code integration. The questions in this section were structured as follows:

- The two first questions focused on code distribution, i.e. to what extent the code was distributed among company employees and potential reasons for not having distributed the code to all employees.
- Question three and four focused on employee training on the code, both in terms of frequency and types of training provided.
- Question five to eight took their standpoint in reporting structures and follow-up procedures around the code.

[14] Business Codes of the Global 200 , KPMG
[15] For all parameters in the framework, please see tables on page 20-21 and appendix chapter 9 section 9.2

- The two last questions focused on to what extent company top management and the board of directors are informed regarding issues around the code. [16]

Performing the survey
Before the survey was sent to the 33 companies, each company was contacted by phone. They were informed about the survey and the aim of using it both in a national study initiated by KPMG and Law Firm Delphi and in this master thesis. Due to the fact that different firms seemed to have different divisions/positions responsible for their business code, each firm were asked to provide a name of the most suitable person within the company to receive and answer the survey. The positions of the persons appointed varied. A common denominator was however that many companies selected a person with some kind of CSR responsibility.

It has been the intention to receive as truthful and sincere answers as possible to the survey questions, and for this reason, all firms were assured absolute anonymity in their answers. The firms were guaranteed that they would not be mentioned in connection to their survey response, neither by company name nor by industry belonging.

The survey was sent by regular post with attention to the person according to company choice. The respondents were given a total of three weeks to respond to the survey.

Out of 33 surveys, 20 were returned. The study has thus obtained a response rate of 61%. This is somewhat below the similar study made by Svensson et al., which has an answering frequency of 74% (2006). On the other hand, the 61% is above the answer frequency of a study made on large Canadian companies, focusing on the use of ethical codes, ethics committees etc, which obtained a 57% response rate. These 57% were considered "very good" by the researchers conducting the study (Lidsay et. Al. 1996, p. 406). Due to the nature of this study, we thereby consider the obtained answer frequency satisfactory.

[16] For the survey questions relevant for this thesis please see appendix chapter 9 section 9.1

4. Empirical findings

This section presents the empirical findings. The first section presents the prevalence, disposition and content of business codes in large Swedish firms. This aims at giving the reader an understanding of what type of conduct Swedish firms wish to integrate in their organizations. The second section will narrow down towards the main focus of this thesis, and investigate how business codes are being integrated in large Swedish firms.

When the content of the business codes is discussed, it is referred to as 'the documents'. It includes the 33 documents classified as business codes in accordance with the adopted definition. When the survey is discussed, it is referred to as 'the survey sample'. It includes the 20 firms that responded to the survey.

4.1 The prevalence and content of Swedish firms' business codes

33 firms, which correspond to 66%, of the 50 largest listed firms in Sweden classify into the category of having a business code. The length of their documents varies from 1 to 22 pages.[17]

A business code should, according to the adopted definition of a code[18], include both internal and external ethical responsibilities.

The internal responsibilities can be divided into three parts.

- How employees should behave towards the organization. Such guidelines can for instance include how employees should treat information that belongs to the company, or how employees should handle company assets. (See table I)
- How employees should behave towards each other. Such guidelines can for instance state that discrimination and harassment is unacceptable. (See table II)
- How the organization should behave towards its employees. This may for instance be that the company should provide a safe working environment, and that all employees are entitled equal condition of work. (See table III)

Table I. The amount of business code documents including information regarding employees' behaviour towards the organization.

TABLE I
How employees should behave towards the organization

		Yes	No
Financial reporting			
1	Accounting principles	73%	27%
2	Internal financial reporting	42%	58%
3	Tax reporting	3%	97%
4	Storage of financial documents	12%	88%
Confidential information			
5	Handling confidential information (regarding the company)	61%	39%
6	Handling confidential documents	15%	85%
7	Handling confidential information (regarding third party)	45%	55%

[17] Number of pages is based on a calculation of "standard pages". One standard page = 500 words.
[18] For the complete definition please refer to the method in chapter 3 section 3.3.1

Rewards			
8	Bonus systems	6%	94%
Conflicts of interest			
9	Career opportunities/limitations	39%	61%
10	Private investments	61%	39%
11	Private relationships affecting work	52%	48%
12	Love relationships at work	3%	97%
13	"Quarantine-time" when leaving the company	34%	66%
14	Political support/engagement	58%	42%
15	Gifts/Entertainment offered from third party	88%	12%
16	Gifts/Entertainment offered to third party	91%	9%
17	Lobbying	3%	97%
18	Undue behaviour towards the company	15%	85%
Company Assets			
19	Handling company assets during work (material, computers, etc)	39%	61%
20	Private use of company assets	27%	73%
21	Outlays	3%	97%
22	Use of company's financial account	18%	82%
23	Use of electronic communication	30%	70%
Behaviour restricted by law			
24	Money laundry	9%	91%
25	Corruption	52%	48%
26	Fraud	21%	79%

Table II. The amount of business code documents including information regarding employees' behaviour towards each other.

TABLE II
How employees should behave towards each other

		Yes	No
27	Harassments	55%	45%
28	Discrimination (any kind)	94%	6%
29	… regarding age	73%	27%
30	… regarding ethnical background/nationality	94%	6%
31	… regarding sex	94%	6%
32	… regarding religious beliefs	91%	9%
33	… sexual orientation	82%	18%
34	… regarding political views	64%	36%
35	Signalling of religious beliefs	0%	100%

Table III. The amount of business code documents including information regarding the organization's behaviour towards the employees.

TABLE III
How the organization should behave towards its employees

		Yes	No
36	Company owns all intellectual property rights	15%	85%
37	Company owns all produced/stored computer material	15%	85%
38	Working hours (e.g. overtime, time reports etc.)	18%	82%
39	Equal conditions of work	70%	30%
40	Diversity	33%	67%
41	Use of alcohol and other drugs during work	24%	76%
42	Safe working environment	94%	6%
43	Handling personal records	27%	73%
44	Monitoring the use of computers	18%	82%
45	Monitoring telephone lists	6%	94%
46	Monitoring E-mail	21%	79%
47	Monitoring computer stored material	12%	88%

The external responsibilities concern how the organization and its employees should behave towards external parties. This may for instance concern how to act towards competitors, investors and society at large. Examples of this are that the company and its employees should act in accordance with competition laws and anti-trust, and policies regarding child labour and human rights.[19] (See table IV)

Table IV. The amount of business code documents including information regarding the organizations', and its employees', behaviour towards external parties.

TABLE IV
How the organization and its employees should behave towards company stakeholders

		Yes	No
Suppliers			
48	Payment: accounts payable used as financing	0%	100%
49	Undue conditions (ex. retainer)	0%	100%
50	Selection based on fair treatment (ex. suppliers)	39%	61%
Customers			
51	Sincere and truthful sales & marketing methods	39%	61%
52	Treatment if invoices	6%	94%
53	Product quality & safety	36%	64%
54	Lifecycle responsibility for product/service	12%	88%
55	Treatment of information regarding customers	30%	70%
Investors			
56	Reveal financial information to investors/ analysts	30%	70%
57	Insider trading	48%	52%
Competitors			
58	Handling information on competitors	15%	85%
59	Anti-trust	64%	36%
Media			
60	How to act towards media	33%	67%
61	Freedom of communication	3%	97%
Sustainability			
62	Local community	48%	52%
63	Environment	85%	15%
64	Donations to charitable activities	30%	70%
65	Sponsoring of sports	3%	97%
66	Child labour	73%	27%
67	Human rights	70%	30%
68	Union membership	67%	33%
69	Reference to UN Global Compact	36%	64%

4.2 Supporting functions of the code

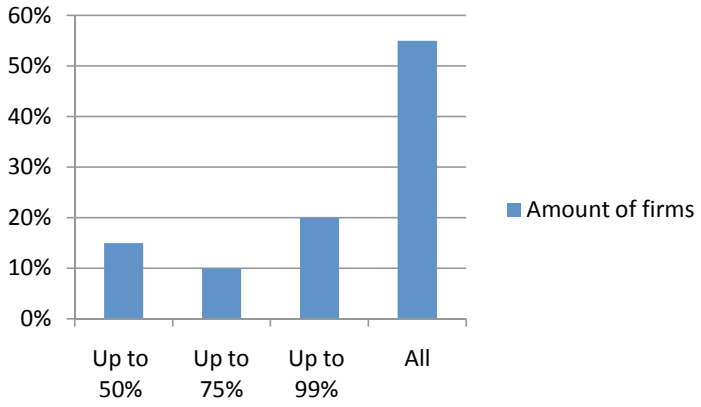
4.2.1 Code distribution

The results show that close to 55% of the firms in the survey sample have distributed their business code to all employees. In addition, 20% of the companies state that "up to 99%" of their employees have received the code. Among these 20%, reasons like "individual mistakes" and "a globally spread organization" are often given as explanations for why not all employees have received the code. The companies stating that "up to 75%" or "up to 50%" of their employees have received their business code frequently emphasized that they are

[19] Note that in some cases, business codes also include guidelines regarding how the company expects external parties to behave towards the organization, i.e. to what extent external parties should act in accordance with the organization's business code. This part has however not been a prerequisite according to the definition adopted in this thesis, and will hence not be examined.

currently putting effort into implementing the code in the organization and that their goal is to gradually improve the situation. It is worth noting that none of the firms in the survey sample state that "25% or less" of their employees have received their business code.

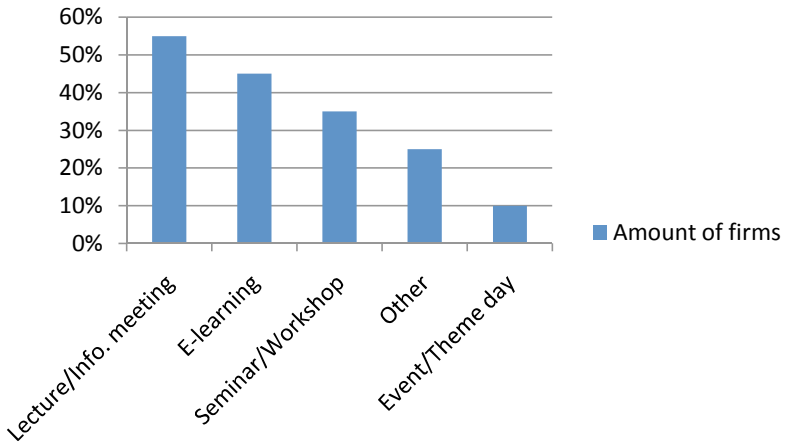
Diagram I. Business code distribution to company employees.



4.2.2 Ethics training

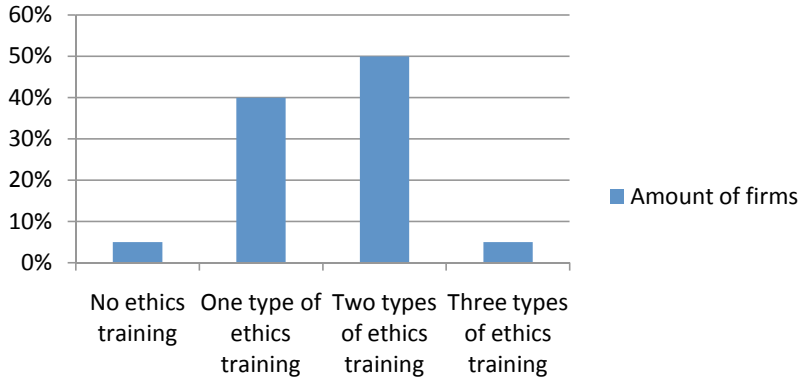
The most common way to give employees ethics training is through lectures/information meetings on the business code. This is provided by 55% of the firms in the survey sample. Furthermore, 45% of the firms in the survey sample provide E-learning as a way of informing and educating employees. According to the survey, the least frequently occurring activity in the area of ethics training is having an event/a theme day regarding the code. No more than 10% of the firms in the survey sample state that they engage in such activities. The companies responding "other" give examples such as "articles related to the code that are published on the intranet" and "the code as an incorporated part of courses in management training".

Diagram II. Different kinds of ethics training.



The results show that 95% of the firms in the survey sample provide their employees with at least one type of ethics training. Among these, 50% provide two types of ethics training, and 5% provide three types.

Diagram III. Number of types of ethics trainings provided to the employees.



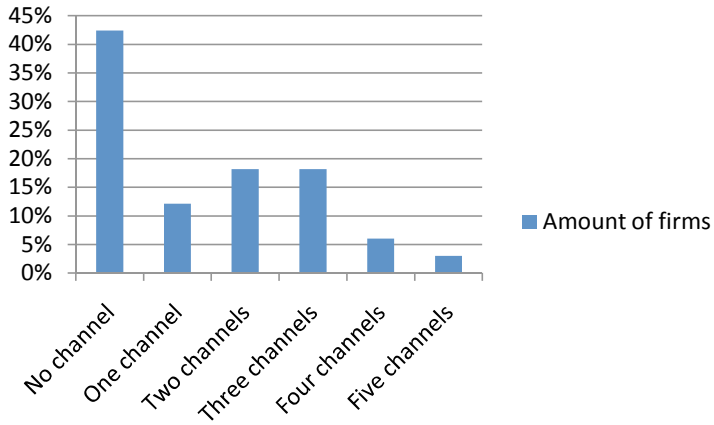
Just above 50% of the firms in the survey sample state that top management received their most recent ethics training during 2008. An almost equal amount of firms' state that mid management had their most recent ethics training during 2008. Within the majority of the remaining firms, top- and mid management received their latest ethics training sometime during 2005-2007.

The results regarding ethics training provided to other employees are slightly different. Some 25% of the survey sample state that other employees had their last ethics training during 2008. Approximately 30% of the firms state that other employees received their latest ethics training sometime during 2005-2007. An additional 30% of the survey sample state that they have only provided ethics training to other employees in connection to the start of their employment.

4.2.3 Advisory and reporting channels

Nearly 60% of the documents analyzed include information regarding how and/or where to report code violations and receive guidance on ethical issues. Among these 60%, the most common is to mention two or three different channels. Furthermore, around half of the documents analyzed contain information regarding the rights of a person filing a report.

Diagram IV: Number of advisory & reporting channels stated in the business code documents.



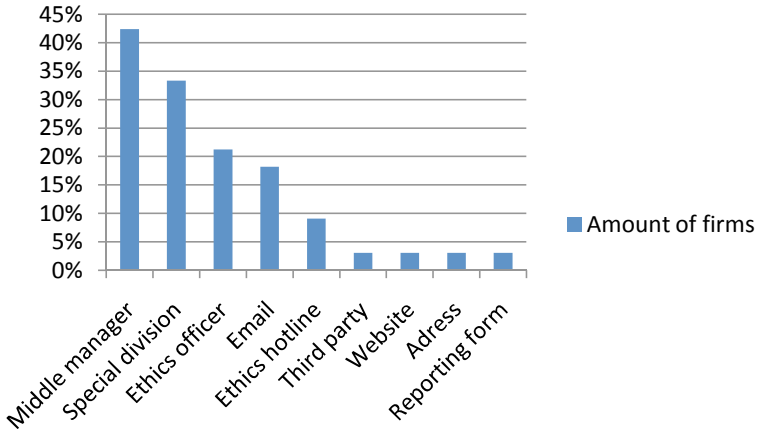
Within the survey sample, there are some differences regarding what channels are most frequently used for reporting misconduct. While only 20% of the firms mention in their code

document that they have an ethics officer, as few as 10% of the firms in the survey sample state ethics officer as one of the three most frequently used channels when filing reports regarding misconduct. On the other hand, positions with a broader focus than only ethical questions, such as CSR officers[20] or other positions that include some kind of CSR responsibility seem to be more involved in issues regarding the business code. Around half of the firms answering the survey appointed a person having CSR responsibility as the most suitable one to answer questions regarding the integration of the code.

10% of the code documents contain explicit information regarding an ethics hotline and an additional 15% state that they provide an anonymous channel without referring to it as an ethics hotline. Among the survey sample 20% mention an ethics hotline as one of the three most common channels.

A few firms choose to have a form attached to the code document itself, which can be used to file a report. Other firms state a phone number and/or email in their document, to the position or division of the company where employees should turn with issues regarding the code. Only some 20% of the business code documents however explicitly bring up problems that may appear regarding treatment of personal records in connection to reporting.

Diagram V: Most commonly mentioned advisory & reporting channels in the business code documents.



According to the survey, the most common channel for reporting on misconduct is the mid-manager at question. Almost as common, is to report to the internal legal department or to the personnel department. Some 20% of the firms in the survey sample stated "something else", and clarify themselves with referring to an internal audit committee or what the respondent describes as "security"/"the security department" within the company. One firm in the survey sample also has an external audit committee that handles reports on violations from the business code.

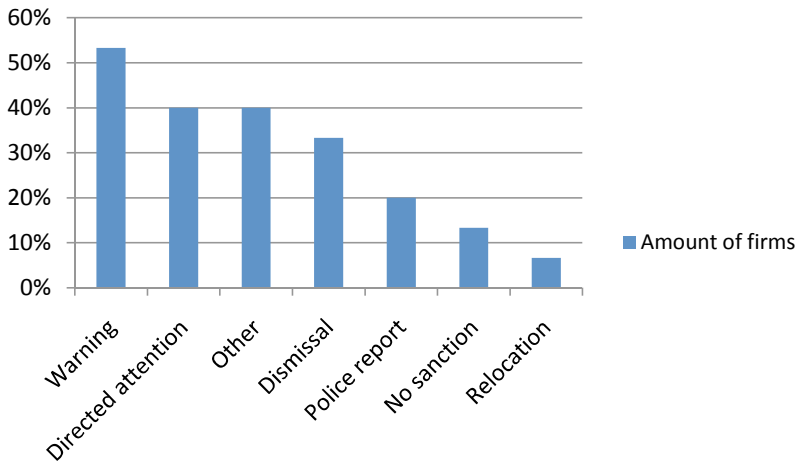
4.2.4 Disciplinary processes

Nearly 80% of the firms in the survey sample have received reports regarding code violations during 2008. Within the rest of the sample, no reports have been filed. In the firms where misconduct has been reported, 87% of the firms have followed up the reports with sanctions. The actions most frequently taken have been to bring attention to the violation and/or to give

[20] Corporate Social Responsibility

a warning. More severe sanctions have however also occurred. Nearly 35% of the firms in the survey sample state that they have dismissed employees during 2008 because of misconduct. Some 20% of the firms have also experienced such severe misconduct that it has resulted in a report to the police. 40% of the firms in the survey sample have chosen to state "other" on the question regarding what actions have been taken as a response to misconduct during 2008. The most common examples given are that "appropriate action is chosen on a case-to-case basis", and that "actions are determined with consideration to applicable local laws and regulations". Just above 10% state that reports from 2008 are presently under examination, and hence no specific sanctions have yet been given. Furthermore, close to 15% of the firms' state that no sanctions at all have been taken as a reaction to misconduct during 2008.

Diagram VI. Sanctions as a response to misconduct during 2008.



4.5.5 Internal monitoring system

Some 60% of the business code documents include some kind of information regarding the routines of the firm when handling reports on misconduct. The results from the survey show that some 50% of the firms have a registration system where reports on violations from the code are recorded, stored and followed up quantitatively as well as qualitatively. In the rest of the companies, no such registration system exists.

4.2.6 Top management engagement

Slightly more than 50% of the business code documents include some kind of statement from the company's president/CEO. The vast majority of these statements are in the form of the president/CEO writing the introduction of the code document, alternatively that the document includes a separate section called "message from the CEO" or such alike. Nearly 65% of all business code documents include "board adoption" i.e. an explicit statement that the board of directors has adopted the business code of the company. Some 40% of the code documents include both a President/CEO statement and board adoption. Moreover, 25% of the documents neither include the former nor the latter.

Nearly half of the code documents contain information regarding what position in, alternatively what part of, the organization is ultimately responsible for the integration of the business code. In a number of documents it is for instance outlined that each mid-manager/division manager is responsible for integrating the code among his/her personnel.

The overall responsibility for code integration is in turn often placed on the board and/or top management.

The results from the survey show that it is relatively rare that issues regarding the business code are pre-decided areas of discussion when the board and/or top management meet. Only around 15% of the survey sample state that the business code is a standard item when the board of directors meet. An equal amount states that the code is a standard item when top management meet.

Around 25% of the firms in the survey sample state that they report code issues to top management as well as to the board of directors on a quarterly basis. Moreover, for 20% of the firms it seems as if the explicit routine in terms of reporting to the board is to report as incidents occur. Likewise, nearly 35% of the companies states that their routine when reporting to top management is to report as incidents occur. All in all, 55% of the firms seem to have some kind of routine regarding reports to the board, whereas 35% state that no such routine exist.[21] In terms of reporting to top management 70% of the survey sample state that they have some kind of routine for reports, whereas 20% of the firms state that no such routines exist.[22]

[21] 10% chose not to answer the survey question
[22] Ibid.

5. Analysis

This chapter presents the analysis of the empirical findings. The analysis takes its starting point in the illustration presented in Figure II, section 2.6.2. The illustration outlines six types of supporting functions of a business code. The analysis will be structured according to these supporting functions.

5.1 Code distribution

According to the study, the prevalence of business codes in large Swedish listed firms is 66%. Scholars such as Stevens and Van Sandt emphasise that these business codes are of little use if not distributed to the employees of the firms. Around 75% of the survey sample state that they have distributed their code to all, or close to all, employees.[23] These results indicate that many Swedish firms utilize the supporting function distribution in a manner that creates a good first basis for using the code as a tool to affect employee behaviour.

Some 25% of the firms in the survey sample however, distributed their code to 75% of their employees or less.[24] Many of these firms state that they are working to spread the business code to a larger amount of their employees. Nevertheless, many of their employees have still not received their code, which in turn diminishes the possibility that they should be influenced by the code.

As outlined by a number of scholars, looking at code distribution isolated is however not sufficient. The level of distribution illustrate to what extent the employees have the possibility to take part of the code content. It however says little about whether or not the employees have actually done so.

5.2 Ethics training

In general, Swedish firms seem to acknowledge the importance of ethics training as a supporting function of the code. As much as 95% of the survey sample provides some kind of ethics training to their employees. A number of different types of ethics training have been identified, and more than half of the survey sample provides two types of ethics training or more. The number of, and variety in, ethics training indicate that the majority of firms put effort into providing education on the code. As suggested by Van Sandt and Clark & Leonard, this should in turn increase the possibility of employees embracing the values, guidelines and rules included in the code.

Even though the survey results indicate that many Swedish firms are putting much effort into training, this is not true for all firms in the survey sample. Some firms rather seem to find extensive code distribution as sufficient enough. Among the firms stating that all employees have received their code, there are firms where recent ethics training and communication around the code is in fact lacking. 55% of these firms have not provided ethics training to any group of employees during 2008. Even more, almost 30 % of these firms have not provided any ethics training during the past three years. As argued by Weaver, this ought to make code distribution per see of little use.

As could be interpreted from Kaptein & Wempe, it is important that employees receive ethics training on an updated basis. The continuity in ethics training was investigated by exploring to

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[23] Close to all refers to “up to 99%”

[24] 10% of the firms state “up to 75%” and 15% of the firms state “up to 50%”

what extent ethics training had been offered to different parts of the organization during the past year (2008). The analysis shows that Swedish firms seem to prioritize top- and mid management, before the rest of their employees, when it comes to providing recent ethics training. Whether this means that educating employees at lower levels is viewed as less important, or whether the firms rely on that well informed top- and mid managers will carry forward the information in more informal ways, is left unsaid.

According to Wood, employees are particularly susceptible to ethics training when they have just started their employment. Following the reasoning of Kaptein and Wempe, only providing ethics training at introduction of employment is however not sufficient. The analysis shows that as much as 30% of the firms in the survey sample have only given ethics training to other employees (all employees except top- and mid management) in connection to when they were first hired. Some of these employees might very well have been hired during the past year. In that case, one might say that they have received recent ethics training. It is however also reasonable to believe that many of these employees have worked for several years in the organization. In such cases, only having received ethics training when first hired is not sufficient as the conditions in the organization and around the business code is constantly changing.

According to the analysis, a "peer-group" in terms of training can be identified. Firms that provide two or more types of training, and that have provided ethics training on a recent basis (during the last year), qualify into this group. Some 33% of the firms in the survey sample meet these criteria's. Bearing the reasoning of Van Sandt and Delaney & Sockel in mind, it is reasonable to believe that employees in the "peer group"-firms are, to a greater extent, updated with the guidelines and rules in the code. A further analysis shows that all firms within the "peer group" have received reports regarding code violations during 2008. This figure can be compared to the corresponding 80% in the total survey sample. There may of course be a number of potential explanations for that the firms in the "peer group" have received reports regarding code violations to a greater extent than the firms in the total survey sample. Nevertheless, the result could in fact also imply that when employees are better informed about the code, and on how to report misconduct, they also use this possibility to a greater extent.

5.3 Advisory and reporting channels

According to Kaptein, it is essential to offer employees somewhere to turn with issues regarding ethical behaviour in general and the business code in particular. Murphy suggests that working as to institutionalize the functions supporting the code, increases the probability of being able to use the code as a means for affecting employee behaviour. The advisory and reporting channels offered by a company, and the way the firm inform their employees about them, are examples of areas where such institutionalizing is appropriate. The following section will start by analyzing the availability of such channels. Thereafter an analysis of ethics officer, ethics hotline and additional advisory and reporting channels will follow.

5.3.1 The accessibility of reporting channels

Some 60% of the investigated documents include explicit information of where employees should turn if experiencing misconduct. Among the 40% that do not, half are included in the survey sample. In the survey, they all state channels for reporting. This shows that reporting channels might still exist, even though a firm has chosen to not state them explicitly in the document.

However, if the employees are not informed about the reporting channels through the code document, how do they know where to turn? It appears that two of the firms that do not state reporting channels in their document, but answer in the survey that they have reporting channels, have not received any reports on misconduct during 2008. One of the firms refers to top management as the only reporting channel. The other firm state three different channels, and further states that "this far we have never had any misconduct reported but if we were to have, these channels would be the ones that would be used". The statement as such indicates that it is unclear whether or not the employees would in fact use the channels in reality. All together the lack of information in the documents, and the additional information given in the survey, indicate that these firms put little emphasize on communicating and making the reporting channels accessible to their employees.

Within the rest of the firms that do not state reporting channels in their document, but answer in the survey that such channels do exist, the situation seems somewhat different. In the survey they all mention between two and four different types of reporting channels. Furthermore, the analysis shows that they all offer at least one type of face-to-face training, such as seminar, theme day, workshop or lecture. Employees in these firms are thus offered a possibility to become informed about channels where they can turn if experiencing misconduct. This might in turn explain why they have all received reports on misconduct during the past year (2008).

5.3.2 Ethics officer

One way of institutionalizing the guidance and reporting around the business code is to establish a position especially devoted to ethics matters. In literature such a position is often referred to as an ethics officer. An ethics officer is further described as an important part of the overall support structure surrounding the code. The results show that 20% of the documents include information that the firms have an ethics officer. Only 10% of the firms in the survey sample however state "ethics officer" as a common reporting channel. One should however keep in mind that an ethics officer is more of an American phenomenon from the beginning. The low figures might then simply be signs of that the phenomenon has not fully reached Sweden.

The findings from the survey instead indicate that Swedish firms have chosen to incorporate the role of an ethics officer in another type of position. When the firms where contacted and asked to provide the most appropriate person to answer the survey, none of the positions referred to was an ethics officer. Instead, the majority of the suggested respondents had positions such as CSR-officer or similar. CSR responsibilities in Swedish firms thus seem to include work as to foster ethical behaviour among the employees, similar to the role of an ethics officer. Hence, the low figure of reports to ethics officers presented above does not necessarily indicate that Swedish firms do not have a person especially devoted to working with ethics questions.

5.3.3 Ethics hotline

An ethics hotline is an advice line and a channel where reports regarding misconduct can be filed anonymously. The analysis shows that it is uncommon for Swedish firms to mention an ethics hotline in their business code documents. Fewer than 10% of the documents state that they have an ethics hotline. An additional 15% mention a possibility to report anonymously, but without referring to an ethics hotline. All in all, this means that 75% of the documents do not mention anything about whether or not employees are able to file reports anonymously.

Furthermore, less than 20% of the survey sample state that an ethics hotline is a common channel used for reporting misconduct.

The lack of anonymity could work as to hinder employees to report misconduct. The survey results show that the vast majority of firms that have not received any reports on misconduct during 2008, in fact belong to the group of firms that do not mention anything in their code document, or the survey, regarding the possibility to file reports anonymously. The reason for not having received reports could of course be because there has been no misconduct. However, a more alarming thought is that code violations might have occurred, and that these have not been reported simply because of that employees are unsure about if they can remain anonymous.

In fact, 60% of the companies that do not mention anything about anonymous reporting, neither state anything about the rights that an employee has if choosing to file a report. If employees are unsure about his/her rights when/if reporting misconduct, this might to an even larger extent hold him/her back from reporting.

5.3.4 Additional reporting channels

Most firms in the survey sample state that mid management is one of the most common channels that employees use for reporting code violations. One potential explanation could be that a mid manager is easy accessible. This could in turn encourage employees to turn to him/her with ethical concerns. Another reason could be that employees have simply not been clearly informed about any other channels.

The analysis shows that in 20% of the code documents no information regarding other reporting channels than mid management is given. This supports the latter explanation - that employees have simply not been clearly informed about other channels. However, equally common is that firms who state that mid management is one of the most frequently used reporting channels, also provide information in their documents about other reporting channels. Given this, it is not possible to draw any conclusion regarding whether or not middle management is generally a suitable reporting channel. Rather one would assume this to be very firm specific.

Despite this, one problem with having mid management as the only reporting channel can still be identified. When an employee turns to his/her manager with a report, the possibility of remaining anonymous is lost. The closeness to the mid manager and the lack of anonymity, could work to hold the employee back. Kaptein stress that providing employees with the possibility to remain anonymous is an important factor to foster ethical discussion within a company. With the reasoning of Kaptein, the ethical discussion in firms where mid management is the only reporting channel would thus not be fully promoted.

5.4 Disciplinary processes

The vast majority of the firms in the survey sample have received reports regarding misconduct during 2008. In 87% of those firms, the reports have been followed up by sanctions. As mentioned by both Kaptein and Stevens, firms that take proper action in case of misconduct increase their possibility to influence employee's behaviour in a positive manner. When an employee realizes that if being caught, he/she will be held accountable for his/her actions, the knowledge works to foster mutual monitoring. This in turn serves as a way of controlling the behaviour of employees. The firms that have not chosen to respond to the

violation with any sanction however send the opposite signals to their employees – that compliance with the code is not considered important. This in turn should lessen employees' commitment to the business code.

The most frequently taken sanction during 2008 has been to bring attention to the violation and/or to give a warning. More severe actions have however also occurred in a number of firms. These have included both termination of employment and reports to the police. Hence, at least in the firms having taken more severe actions, there seem to be an understanding of the importance of having code violations appropriately sanctioned.

Some 20% of the firms state that no violations from the code have been reported during 2008. According to the analysis, these firms also seem to lack some important supporting functions of the code. For example, the majority of these firms do not have a formal reporting system where misconduct and sanctions are being stored and followed up. Furthermore, two of these firms choose not to respond to the survey question specifically asking about what reporting channels are used when/if employees want to bring up ethical issues. All firms in the survey sample, but these two, answered the question. The fact that these firms have not received any reports on violations from their code during 2008, and at the same time are unable to state what reporting channels their employees would use if wanting to file a report, is somewhat concerning.

Concluding, on the one hand, absence of reported misconduct may simply be a sign of compliance within the organization. On the contrary however, it could also be interpreted as a sign of poor communication regarding reporting channels and/or little emphasize on the importance of following up the code compliance.

5.5 Internal monitoring systems

According to Nitsch et al. there is not only a need for an organization to establish channels for reporting misconduct, but it also needs to establish a formal system for storing the details around the reporting and sanctioning. Having such a system in place makes it possible to use the learning from different incidents to evaluate the ethical climate in the organization, as well as to develop proactive processes.

According to the analysis some 50% of survey sample have a formal registration system where reports on code violations are recorded and stored. These firms thus have a possibility to make comparisons of ethical conduct over time, and to evaluate effects of implementing ethics training and other supporting functions. Firms that have not established such a formal registration system however, should have less possibility to affect the ethical climate in the organization on a more long-term basis.

A number of code documents mention that each mid-manager/division manager is responsible for implementing the business code amongst its personnel. The full responsibility for integrating the company's business code is then in turn often placed on the board and/or top management. However, in order for the board and/or top management to be able to work according to such a responsibility, they need to receive information on compliance as well as what sanctions the misconduct has resulted in. Otherwise, their ability to work proactively diminishes. The fact that as much as half of the companies seem to lack a formal registration system, implies a risk that important information regarding misconduct and sanctions is actually lost.

5.6 Top management engagement

Scholars including Trevino et. al. and Singh et, al. suggest a positive relationship between top management showing engagement to the business code, and employees within the organization embracing the code. One way of showing such engagement from the top management and/or the board of directors, is to include their voices in the code. The analysis shows that around half of the documents include a statement from the President/CEO, and that nearly two thirds include a statement regarding board adoption. As much as 25% of the documents however neither includes the former nor the latter. Hence while many Swedish firms seem to have grasped the importance of signalling management engagement, one fourth has not.

Statements in the document are in themself not sufficient, but needs to also be followed by action. One way of putting statements into action is to discuss issues around the code on board and/or top management meetings. According to the study, the business code seems to be a standard item on board- and top management meetings for only 15% of the survey sample. One could however argue that discussions about the code are not an aim in itself, but should rather occur when there is an actual need for it. The relatively low figure should thus not inevitably be interpreted as something negative.

According to the study, around 55% of the firms in the survey sample seem to have routines for reports to the board, whereas 35% state having no explicit routines.[25] Having no explicit routines may not necessarily mean that the companies are not reporting to the board at all, neither does it inevitably indicate that the board does not discuss business code issues. There is however a risk, that if no routines at all are in place, the board ends up putting less effort into discussions regarding the code.

As discussed above, close to 65% of the firms signal "board adoption" in their document. There is however little indication of that these firms to a larger extent have established routines regarding reports to the board. Within the firms in the survey sample signalling "board adoption" in their document, about 60% seem to have some kind of routine regarding reports to the board.[26] This figure can be compared to the corresponding 55% in the total survey sample. Hence even though the board in these firms stresses the importance of the business code, they do not seem to have established routines around reports to the board to a larger extent than the rest of the sample.

Some 40% of the firms in the survey sample include both some kind of CEO statement and board adoption in their document. Hence, these firms put relatively much effort into signalling management engagement. There is however no indications that firms who put much effort into signalling top management engagement, have also to a larger extent developed other types of supporting functions. Half of these firms for instance have an internal monitoring system in place, which is just as many as within the total sample. Hence, regardless of putting much effort into signalling management engagement or not, many firms seem to lack a formal registration system supporting the code. The lack of such a supporting function in turn makes it difficult for the firms to understand if, and in that case what kind of, changes and improvements of the business code and the supporting functions are needed.

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[25] 10% chose not to answer the survey question

[26] Nearly half give quarterly reports to the board, whereas the rest give less frequent reports.

6. Conclusion

By exploring six so called supporting functions of a business code, this study aims at answering how Swedish firms integrate their business codes in the organization. The six supporting functions are illustrated in section 2.6.2, Figure II. The conclusion will follow the structure of the supporting functions outlined in the illustration, starting with code distribution. Each supporting function will be marked in italic when mentioned for the first time.

According to the study, Swedish firms seem to put much emphasis on *code distribution*. Three fourths of the firms make their business code available to all or close to all of their employees. This should in turn increase their possibility of being able to influence employee behaviour through having a business code. One fourth of the firms however distribute their code to a somewhat lesser extent, which could diminish their possibility to utilize the potential of the code in affecting employee behaviour.

The second supporting function, *ethics training*, appears to be a main focus of Swedish firms. 95% of the firms provide ethics training to their employees, and as much as half of the firms offer more than one type. Such results suggest that employees are not only able to take part of the business code; the code is also actively communicated to them. Moreover, the study points at a connection between employees being recently updated on the company's code, and employees reporting violations from the code. Hence it appears that the more effort Swedish companies put into training and informing their employees, the more probable that ethical issues are brought to attention. The study however also shows that top- and mid management are somewhat prioritized in terms of recent ethics training. If ethics training is not offered regularly to all employees, it may result in a decreased possibility to affect employee behaviour through the business code.

The study shows that among the *advisory and reporting channels,* neither ethics officer nor ethics hotline seems to be widely used. The results rather point towards that in Swedish firms, the role of an ethics officer is instead often incorporated in the responsibilities of a CSR officer. According to the analysis, an ethics hotline is only a common reporting channel for 20% of the firms. The analysis instead shows that one of the most common advisory and reporting channels in Swedish firms is mid management.

Disciplinary processes, such as proper sanctioning of misconduct, is important if the code is to work as to influence employee behaviour. The vast majority of the firms that have experienced misconduct during 2008, have reacted with sanctions. Among these, both reports to the police and termination of employment have occurred. Many firms thus seem to find it important to sanction in accordance to the severity of misconduct. Worth noting is however also that within the firms that have received reports on misconduct, some 13% have not taken any action. This should in turn lessen employees' commitment to the code. In contrast, the results show that within 20% of the firms no misconduct has been reported during 2008. This is however not necessarily a sign of compliance with the code. All in all, the supporting functions seem to be less developed within these firms. Compared to the rest of the sample, their employees have received less ethics training. Furthermore, advisory and reporting channels seem to be lacking. Had proper channels been in place and actively communicated, the statistics on reported misconduct might have come out differently.

According to the study, half of the firms lack an *Internal Monitoring System*. In firms where no such system exists it may be difficult to evaluate the effects of ethics training and other

supporting functions. It may also be hard to make comparisons of ethical conduct over time. This may in turn lessen the possibility to affect the cultural climate within the organization on a long-term basis.

A number of Swedish firms show *top management engagement* by including statements from the CEO and/or the board in their code document. There however seem to be little connection between such management signals, and putting more effort into developing other supporting functions of the code. Furthermore, the study shows no indication that those firms signalling that the board have adopted their code, to a larger extent have established routines for reports to the board. Such lack of routines may result in fewer reports reaching the board. This in turn implies a risk that fewer discussions about the code appear at company board level. All in all, such situation could have a negative impact on the possibility to affect employee behaviour through the business code.

By exploring six supporting functions of a business code, this study has shown that Swedish firms utilize some supporting functions more than others. Certain functions, such as code distribution and ethics training, are relatively common. Other supporting functions, such as proper advisory and reporting channels and internal monitoring systems, however seem to be less developed. The results thus demonstrate that there is still room for improvement, if Swedish firms are to capture the potential of a business code as a tool for influencing employee behaviour.

7 Discussion

Recent years have brought an intensifying discussion around ethical questions. The tendency towards flatter organizations has created an increased need for shared norms and values in organizations and as a consequence, the role of more informal ways of controlling has increased. In parallel with an increased need for cultural control the prevalence of business codes as a tool for exercising such control has also increased. This study should be viewed in the light of this development.

Our study can, to some extent, be contrasted to the study by Svensson et al. In 2006 Svensson et al. concludes that in 2006, the prevalence of business codes in corporate Sweden was 56%. These 56% are based on the firms stating that they have a code. Hence no definition of a code was used as a basis. Considering this, a conclusion can be drawn; the prevalence of business codes within corporate Sweden has increased rapidly within the past three years. Our study shows that 66% of the companies have a business code in early 2009. This per see may perhaps not seem as a rapid increase. The following should however be taken into account: Our finding is based on an adopted, and rather narrow, definition of a business code. Had our study, just as the study by Svensson et al, instead included all companies stating that they have a code, we would have ended up with a prevalence figure of some 80%. Consequently, the study points at an increase in the prevalence of business codes, in large Swedish firms, from 56% to some 80%.

What also becomes obvious when comparing the two studies is that Swedish firms today provide ethics training to a larger extent than they did some three years ago. Svensson et al showed that in early 2006, some 55% of the Swedish companies practiced ethics training. According to our research, 95% of the firms offer ethics training of some sort to their employees. Such a significant increase is, regardless of potential differences between the two studies per see, an obvious indication of that ethics training in Swedish firms have increased in past three years. Moreover, our study points at that Swedish firms tend to prioritize top – and mid management when it comes to providing ethics training on an updated bases. Any such findings were not recognized by Svensson et al. This can thus be seen as a contribution to research on business codes in large Sweden listed firms.

According to our study certain supporting functions of the code, which are crucial in order for the code to affect behaviour, seem to be somewhat undeveloped. This is in line with the main results of Svensson et al. pointed out already in 2006. The fact that this is a main finding also in our study, three years later, can be considered somewhat surprising. Despite the increased establishment of business codes, there still seem to be a lack of understanding of that the code needs to be viewed in its context. Only if supporting functions are properly developed and utilized, the code can work as a tool for guiding employee behaviour.

7.1 Limitations

The empirical findings of this thesis were gathered in connection to a larger study conducted for KPMG. We acknowledge both pros and cons with regards to the connection between this thesis and the larger study. The collaboration made it possible to access information and prior study material on business codes, which otherwise is intended for internal use only.

Moreover, cooperating with one of the big four[27] increased the possibility of getting access to the firms in the sample, and it is fair to believe that the frequency of answers in the survey was affected positively by this. On the other hand, when collecting the empirical data, not only this master thesis, but also the interest of the larger study, had to be taken into account. This imposed a limitation with regard to the number of survey questions that could be included and thus worked to limit the scope of this research. For example, questions related to training patterns in the firm during a larger time period - in order to better cover the continuity - could not be included, as well as more questions related to top management engagement. However, the limited space was carefully taken into consideration when choosing the questions and we do believe that we have been able to shed light on the relevant supporting functions used by Swedish firms.

When performing a survey there are inevitably biased answers. One should be aware of that an answer given is the respondents' best estimate of the question. By assuring the firms absolute anonymity, we have tried to encourage as truthful and sincere answers as possible. The risk for biased answers can nevertheless not be excluded.

We deliberately let the firms appoint the most suitable person for answering the survey. We do however also acknowledge some disadvantages with this method. For one, assuring the accuracy in the answers is difficult, since different respondents might not be equally informed regarding the integration of their firm´s business code. This in turn might result in a difficulty in making comparisons between the companies. However, such a problem is present when performing any kind of survey. By letting the firms appoint the most suitable person the intention was to get hold of the most informed respondents.

Furthermore, the 17 firms that were excluded from this study should not be forgotten. These firms were not further investigated, either because they did not have a business code, or because their code did not qualify into the definition of a business code adopted in this study. Among those firms there might however be an interesting business code development going on, which this study does not capture.

7.2 Reflections

7.2.1 Reliability

Reliability refers to the extent to which an experiment, test, or any measuring procedures yields the same results on repeated trials (Carmines & Zeller, 1979). In practice: if the study is performed again, would the results turn out the same? In terms of reliability, our study can be divided into two parts: The text analysis of the business codes and the survey.

The text analysis of the codes was performed through a quantitative method. The probability that a researcher would come to similar results if performing an equal text analysis on the same sample of business codes, can be considered high. It is fair to believe that the empirical data collected through the survey has a somewhat lower reliability. Firstly, a survey question can be interpreted differently by different respondents, which in turn can have an effect on the

[27] The big four refers to the four largest international accountancy and professional services firms KPMG, PWC, Ernst & Young and Deloitte.

answer given by the respondent. Secondly, it is difficult to assure that the respondent selected by a firm is in fact the most informed and appropriate one. Thirdly, it is not possible to assure that this respondent would be re-selected, should the study be performed again. Due to the above stated factors, it is thus difficult to assure the reliability of the survey.

7.2.2 Validity

Validity can be defined as the extent to which a method is able to measure what it intends to measure (Bell, 2006). In practice: are we answering what we intend to answer? This study intends to answer how Swedish firms integrate their business codes in the organization. In answering this question, we explore six supporting functions of a business code, which all can be seen as parts of the integration process. By exploring each of these six functions, isolated and in connection to each other, we believe that we are able to fairly well describe how Swedish firms integrate their business codes. Our study can thus be considered to have a relatively high validity.

7.2.3 Possibility to generalize the results

We believe that it, to some extent, is possible to generalize our results to other large Swedish listed firms. The results show that certain supporting functions of the code is still relatively undeveloped in Swedish firms. This appears to be in line with the study performed by Svensson et al. some three years earlier (2006). The fact that the studies, independent of each other, have come to similar conclusions, per see indicate a certain relevance of generalizing the results.

In addition, our study shows an interesting development in corporate Sweden. Firstly, the prevalence of business codes in Swedish firms has increased. Secondly, Swedish firms provide more ethics training to their employees than they did some three years ago. We have been able to identify a relatively large increase in both code prevalence and ethics training. Considering this, it is fair to believe that such a development, to some extent, reflects the development in large Swedish listed firms in general.

7.3 Suggestions for further research

This thesis has examined how Swedish firms integrate their business codes, and has put the code into a larger context as a potential tool for exercising cultural control. An interesting area for further research would therefore be to explore the business code and cultural control in the context of other types of control. Such research could for instance explore how cultural control can influence other and more formal types of control, such as result control and action control.[28]

This study has tried to create an understanding of how Swedish firms integrate their business codes. In doing so, it has described the prevalence and usage of a number of supporting functions of the code. Another interesting area for further research would be to capture this newfound understanding of code integration, and apply a bottom-up perspective on the phenomenon. Preferably, this could be done through case studies, exploring how employees experience the firms' effort to integrate a business code within the organization. Do for

[28] For a discussion regarding these different types of control please refer to chapter 2, section 2.1.1

instance ethics training facilitate their understanding of the values, rules and guidelines outlined in the code? And how do employees experience the possibility of bringing up issues around ethical misconduct? We encourage researchers to further explore these areas, and such a like.

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9. Appendix

9.1 Summary of the answers from the survey sample

(Response rate 61%)

Q.1 Number of employees having received the code	Amount	Number
All	55%	11
Up to 99%	20%	4
Up to 75%	10%	2
Up to 50%	15%	3
Up to 25%	0%	0
Q.2 The reason behind that not all employees have received it (Only applicable to the 45% who did not answer "all" in Q1)		
The code is only relevant for part of the employees	0%	0
There is no routine for distribution	0%	0
The code is not meant to work as a document for everyday work	0%	0
The code is primarily meant as a means to communicate values externally	0%	0
There is no special reason	11%	1
Other	89%	8
Q.3 a. Last time ethics training was provided to top management		
No education has been provided	5%	1
When hired	10%	2
During the period of 2005-2007	30%	6
During 2008	55%	11
Q.3 b. Last time ethics training was provided to middle management		
No education has been provided	0%	0
When hired	20%	4
During the period of 2005-2007	30%	6
During 2008	45%	9
Missing data	5%	1
Q. 3 c. Last time ethics training was provided to other employees		
No education has been provided	0%	0
When hired	30%	6
During the period of 2005-2007	30%	6
During 2008	25%	5
Missing data	15%	3
Q. 4 Type of ethics training offered within the organization (Note: possibility to mention more than one type of ethics training)		
Lecture/Information meeting	55%	11
E-learning	45%	9
Seminar/Workshop	35%	7
Other	25%	5
Event/Theme day	10%	2
Q. 5 Violations during 2008		
Yes	75%	15
No	25%	5
Q. 6 Type of sanction if violations have occurred (Only applicable to the 75% answering "yes" in Q.5. Note: possibility to mention more than one type of sanction)		
Warning	53%	8
Rebuke	40%	6
Other	40%	6
Dismissal	33%	5
Police report	20%	3
No sanction	13%	2
Relocation	7%	1
Missing data	7%	1

Q. 7 The three most common reporting channels		
(Note: possibility to mention more than one type of reporting channel)		
Middle management	45%	9
Internal juridical department	35%	7
Human resources department	30%	6
Ethical hotline	20%	4
Top management	20%	4
Other	20%	4
Internal accounting department	10%	2
"Ethics Officer"	10%	2
Missing data	10%	2
Q. 8 Registration system for misconduct and sanctions		
Yes	50%	10
No	50%	10
Q. 9 a. How often top management is updated regarding violations from the code		
There is no specific routine	20%	4
Every third month	25%	5
In case of misconduct	35%	7
Annually	5%	1
Less than once a year	5%	1
Missing data	10%	2
Q. 9 b. How often the board of directors are updated regarding violations from the code		
There is no specific routine	35%	7
Every third month	25%	5
In case of misconduct	20%	4
Annually	5%	1
Less than once a year	5%	1
Missing data	10%	2
Q. 10 a. The business code as a point on the agenda at board meetings		
Yes	15%	3
No	75%	15
Missing data	10%	2
Q. 10 b. The business code as a point on the agenda at top management meetings		
Yes	15%	3
No	80%	16
Missing data	5%	1
Q. 11 The position of the respondent		
CSR related position	50%	10
Person specially assigned with the task of implementing the code	20%	4
Juridical division	10%	2
Communication division	5%	1
Human resource manager	5%	1
Vice president	10%	2

9.2 Parameter 70-100 from the framework

Disposition of the business code	Yes	No
70 Signaling values and principles in the code	94%	6%
71 Employee as an company ambassador	35%	65%
72 Reference to the code of corporate governance	0%	100%
73 Obligation t reveal information in accordance with code of corporate governance	33%	67%
74 Explanation of divergence from the code of corporate governance	0%	100%
75 Reference to the report of the code of corporate governance	0%	100%
76 Statement of to whom the code applies	76%	24%
77 Number of standard pages	100%	0%
Applying the business code		
78 To the company group	70%	30%

79	...third parties	42%	58%
80	...suppliers	33%	67%
81	...sub suppliers	18%	82%
82	...agents	24%	76%
83	...joint Venture - partners	21%	79%
84	The employees own responsibility to be aware of laws and regulations	30%	70%
85	Compliance with the code even when local conditions set lower targets	39%	61%
86	Exemplifying in the code	70%	30%
Compliance with the business code			
87	Statements regarding implementation and compliance	73%	27%
88	The code as part of legal contracts (general)	6%	94%
89	The code as part of employee contracts	21%	79%
90	The code as part of the hiring process	3%	97%
91	Compliance control of the employees	36%	64%
92	Compliance control of the suppliers	18%	82%
93	Statement regarding responsibility for implementation and compliance	58%	42%
Reporting misconduct			
94	Routine for reporting on misconduct	61%	39%
95	Confidentiality of personal details	18%	82%
96	Possibility to report anonymously	33%	67%
97	The rights of the person filing report	48%	52%
98	Following up on reported misconduct	39%	61%
99	Statement regarding code compliance under all circumstances	12%	88%
100	Third parties possibility to report misconduct	6%	94%

9.3 Top 50 Swedish firms per stock market value 20090120

Nr	Company	Stock Market Value (SEK)	Nr	Company	Stock Market Value (SEK)
1	Hennes & Mauritz AB, H & M	224 943 488 000	26	SSAB Svenskt Stål AB	18 233 382 333
2	Ericsson, Telefonab. L M	181 717 170 365	27	Industrivärden, AB	17 811 131 068
3	TeliaSonera AB	173 780 694 143	28	Ratos AB	17 450 865 915
4	Nordea Bank AB	106 864 448 130	29	Kinnevik, Investment AB	15 731 257 497
5	AstraZeneca PLC	84 517 750 890	30	Holmen AB	15 572 510 574
6	Investor AB	73 936 389 564	31	Meda AB	15 338 835 549
7	Volvo, AB	72 269 842 718	32	Husqvarna AB	13 986 115 808
8	Atlas Copco AB	65 863 191 323	33	Lundin Petroleum AB	13 129 706 954
9	Svenska Handelsbanken AB	59 876 569 238	34	Lundbergföretagen AB, L E	10 909 608 138
10	SCANIA AB	55 600 000 000	35	Oriflame Cosmetics S.A.	10 190 988 188
11	Sandvik AB	51 959 378 265	36	Hufvudstaden AB	10 062 828 921
12	ABB Ltd	46 917 771 002	37	Modern Times Group MTG AB	9 359 160 555
13	Svenska Cellulosa AB SCA	46 240 181 261	38	Castellum AB	9 245 360 555
14	SKF, AB	29 759 403 221	39	Axfood AB	8 263 659 285
15	Tele2 AB	29 740 876 511	40	Elekta AB	7 904 164 123
16	Swedish Match AB	29 006 250 000	41	Latour, Investmentab.	7 900 255 110
17	ASSA ABLOY AB	27 566 045 525	42	Atrium Ljungberg AB	7 785 549 344
18	Skanska AB	26 537 990 403	43	West Siberian Resources Ltd	7 721 058 189
19	Skandinaviska Enskilda Banken AB	25 336 757 678	44	SAS AB	7 501 200 000
20	Alfa Laval AB	25 012 166 482	45	SAAB AB	7 480 514 952
21	Swedbank AB	23 088 728 858	46	Hexagon AB	6 596 389 020
22	Securitas AB	22 353 622 082	47	Hakon Invest AB	6 583 936 924
23	Getinge AB	22 182 736 868	48	Seco Tools AB	6 271 012 935
24	Millicom International Cellular S.A.	19 477 794 523	49	Stora Enso Oyj	6 234 449 646
25	Electrolux, AB	19 453 640 821	50	Peab AB	6 109 710 757