

# Business trust a critical time

The global financial system is in crisis and the ethical standards of business are under more scrutiny than ever before. CIMA convened a high-powered expert roundtable to discuss the future of business ethics in this unprecedented economic climate. With extensive corporate experience and specialist expertise in business ethics and sustainability, the panel was uniquely placed to comment on the future of business ethics. CIMA has produced this paper to share the valuable insights gathered at this inaugural responsible business roundtable with you.

The high-level participants agreed that society's expectations of business behaviour are changing. They discussed whether the economic crash could trigger a call for higher ethical standards and suggested mechanisms that could encourage businesses to uphold ethical values more effectively. They highlighted the crucial role professional institutes such as CIMA are playing in educating future business leaders, but also identified the need for effective regulation, strong leadership and a collaborative approach.

continued overleaf...

*'One of the key tests of leadership is if you have the courage to be different'*

*'We have to make people understand it is not about the short-term, but the longer-term results of the decisions you make'*

*'We need to have a much more fundamental debate about what we want as a society'*

## Regulation

Business needs regulation that ensures high ethical standards. Regulation must be appropriate, specifically targeting high risk areas. It should be based on principles rather than rules and – crucially – must be enforced, with regulators being given the correct powers. However, regulation alone is not sufficient to deliver an economically and ecologically sustainable future.

## Education

CIMA has a vital role to play in educating the business leaders of tomorrow, giving them the awareness, skills and capabilities to apply ethical values in business. Teaching ethical values should start even earlier than this, though, in schools and colleges. Concern for social and environmental justice appears to be increasing, especially amongst young people, but only time will tell whether this is just a temporary reaction to turbulent economic times.

## Leadership

An ethical 'tone at the top' is critical to embedding ethical standards in business. Leaders must do more than simply toe the corporate line - they need the skills and capabilities to challenge colleagues constructively and must show courage when putting these skills into action.

## Collaboration

Business leaders have a responsibility to take a lead, but only targeting the behaviour of senior individuals will not deliver the improvements needed. A collaborative approach is required, with action at many levels.

## Systemic change

Feedback loops that encourage business to focus on long-term rather than short-term performance need to be established and reinforced. The shareholders who own companies could influence a shift towards this, but the system must allow their voices to be heard. Remuneration, in particular, is a powerful incentive and must be used to reinforce ethical values. However, it is also possible that we need to think more deeply about our economic system and whether it can be economically, socially and ecologically sustainable in its current form.

## What next?

CIMA is ideally placed to continue to take the lead in business ethics. Professional ethics is part of our qualification and we continually work to promote our code of ethics to members and students. We are driving the responsible business agenda forward with a programme of research, events and reports, ensuring that Chartered Management Accountants can continue to lead the way in ethical business practice. But we cannot achieve our vision of an ethical future alone. Strengthening business ethics will require action by government, regulators, business leaders, educators and individuals.

The themes that emerged will be built upon in subsequent roundtables in this series. If you would like more information, or to help shape the future of business ethics by getting involved in CIMA's responsible business dialogues, please email [responsiblebusiness@cimaglobal.com](mailto:responsiblebusiness@cimaglobal.com)

### Organisations represented on the panel included:

Aveva plc, CIMA, Forum for the Future, Global Witness Ltd, Institute of Business Ethics, International Business Leaders' Forum, Man Group plc, Warner Bros

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