A Business Ethics National Index (BENI)

Measuring Business Ethics Activity Around the World

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A research instrument is developed and preliminarily validated to formally measure the level of national business ethics activity for any country in the world. The seven dimensions measured include (a) academia, (b) business, (c) social or ethical investment, (d) business ethics organizations, (e) government activity, (f) social activist groups, and (g) media coverage. Results from the validation survey and examples are provided for each of the dimensions. The article concludes with future research directions for the instrument.

Keywords: business ethics; global ethics; social responsibility; measuring ethics activity

The field of business ethics has grown substantially during the past few decades around the world. Such activity includes the teaching of business ethics, research activity, new publications, academic and business conferences, formal ethical initiatives undertaken by business organizations, business ethics consulting, and social or ethical investment.

Along the way, several researchers have attempted to measure the growth of business ethics activity taking place in various countries. One of the more significant attempts consists of a series of articles published in a special edition of the Journal of Business Ethics in October 1997. Blackwell’s Encyclopedic Dictionary of Business Ethics (Werhane & Freeman, 1997) provides summaries of business ethics activities from nearly every continent. The

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All of these data have proven extremely useful in providing a general overview of the extent to which business ethics activity is taking place in various countries around the world. What may still be lacking, however, is a formal and standardized approach to measure the national level of business ethics activity. Many of the country reports tend to take a rather haphazard approach to their assessment, sometimes appearing to rely on their own determination of the criteria by which to assess the extent of the activity taking place, as opposed to any established or validated criteria.

There are several precedents however for the development of criteria and instruments that measure and allow for cross-national comparisons in the broader business and society field. For example, Transparency International’s (2005) Corruption Perceptions Index measures the degree to which corruption among public officials and politicians is perceived to exist by businesspeople, risk analysts, and the general public for 158 different countries. The Civil Society Index (CSI) developed by CIVICUS (2004) is designed to “provide a systematic, user-friendly assessment of the health of civil society at a given point in time, as well as permitting the measurement of any changes in its conditions over time” and has already been implemented in more than 50 countries. Account-Ability’s National Corporate Responsibility Index (NCRI) “examines both the extent to which there is an enabling national environment for corporate responsibility, and the resulting outcomes of corporate responsibility practice” (MacGillivray, Sabapathy, & Zadek, 2003, p. 6). As of 2005, the NCRI describes the corporate responsibility performance of over 80 countries.

Why would a research instrument to measure the level of national business ethics activity be important, especially given the existence of other business and society indices? Is there really a need for a formalized and validated instrument to record business ethics activity taking place around the world? We propose three primary purposes for such a research instrument. It would potentially (a) help guide the direction of future descriptive business ethics research, (b) allow for a more robust descriptive and normative evaluation of cross-national comparisons of business ethics activity, and (c) provide an additional means by which to encourage additional formal business ethics activities in a given country.

First, the proposed research instrument would potentially help guide the direction of future descriptive business ethics research. For example, with respect to academic research in business ethics, on a regular basis one finds
descriptive research being published covering many different dimensions of formal business ethics activity. As discussed above, however, descriptive research on business ethics activities in a given country appears to be taking place in a relatively haphazard manner. A new research instrument would potentially provide a more comprehensive framework for assessing overall business ethics activity. In doing so, researchers will be able to more quickly and efficiently identify what business ethics research has already taken place, thereby identifying gaps in the literature that need to be filled. As research gaps are filled, the research instrument can provide a comprehensive framework within with each individual study based on a certain country can be located and later accessed by others.

Second, the research instrument may provide a greater ability to engage in cross-national comparisons of business ethics activity. As one commentator suggests, business ethics “is an important topic in international comparisons” (Enderle, 1997, p. 1476). Without a systematic means by which to establish the extent of formal business ethics activity in a given nation, however, any attempt to engage in cross-national comparisons of business ethics activity will remain elusive. Once national levels of activity are established and cross-national comparisons take place, a descriptive exploration and normative evaluation of the underlying reasons for any differences in levels of activity can then more properly be undertaken.

Third, although evidence that business ethics activity is (or is not) taking place does not necessarily imply that it should take place, from a practical perspective such evidence could help persuade a variety of individuals, institutions, organizations, and governments to engage in greater business ethics efforts. In addition to providing a general means to conduct cross-national comparisons, the information could be used for other specific purposes. For example, managers who wish to establish a formal ethics program at their firm would be able to refer to the extent to which other firms in their own country or elsewhere are engaging in such efforts. Administrators or faculty members wishing to establish or enhance business ethics education at their home academic institutions can point to the degree to which other institutions are teaching the subject. Government officials or special interest groups that are looking to enact legislation or encourage business self-regulation can consider comparative data from other countries.

To address this gap in the research on measuring the level of national business ethics activity, this article will consist of the following. First, a new research instrument that is designed to measure and compare the level of business ethics activity taking place in various countries around the world is developed. Second, examples for each of the research instrument’s dimensions are provided, to indicate the potential for the instrument to record the
level of national business ethics activity. Third, this preliminary instrument is subjected to initial content validation by surveying a collection of business ethics experts to refine and strengthen the instrument. Finally, the article concludes with a discussion of the research instrument’s limitations and suggestions for how the instrument could be used in the future.

The Business Ethics National Index (BENI)

In the October 1997 special edition of the *Journal of Business Ethics*, Enderle (1997) provides a questionnaire to the various contributing authors by which to assess business ethics activity in their respective countries. Enderle’s questionnaire might be considered as the first attempt to establish a formal instrument to measure national levels of business ethics activity. Despite the provision of a questionnaire, however, several of the authors appear to either glance over or completely ignore his template. This might simply be the function of a lack of data; however, the result is broad generalizations about the extent of activity taking place in a given country in a highly subjective format. This in turn leads to greater difficulty in properly comparing the level of activity in each of the respective countries.

The research instrument proposed here is called the Business Ethics National Index (BENI). Similar to the goal of identifying various sources of social capital, one might consider the BENI as one of the first attempts to identify and measure the potential sources of a nation’s ethical capital or ethical wealth (i.e., the formal ethical structure within which a nation’s individual and corporate actors are located, see Donaldson, 2001). To achieve this objective, the BENI focuses on a nation’s formal ethical structure (i.e., as represented by its formal business ethics activity) that is more objective in nature (i.e., more easily measured) as opposed to requiring estimation or subjective interpretation. The criteria are based on previous studies suggesting that the data either already exist or are obtainable.

It is critical to establish a clear definition of *business ethics*. Although there are literally hundreds of definitions of the term, De George’s (1987) basic definition of business ethics as “the interaction of ethics and business” (p. 204) is a good starting point. Others have attempted to clarify what is meant by *ethics* and *business*. Velasquez (2006) defines business ethics as “a specialized study of moral right and wrong. It concentrates on how moral standards apply particularly to business policies, institutions, and behavior” (p. 16). Goodpaster (1997) takes a similar approach: “Business ethics . . . is the study of business action—individual or corporate—with special attention to its moral adequacy” (p. 51). Based on these core definitions, we pro-
pose the following: Business ethics involves any formal (i.e., identifiable) activity taking place among individuals, organizations, or other entities operating within or related to a business context that involves the explicit interaction and/or application of ethical (i.e., moral) standards.

Business ethics, however, does not exist in a vacuum. Other related business and society concepts or frameworks, such as corporate social responsibility or corporate citizenship, could infiltrate an exploration of a nation’s business ethics activity. In our opinion, the BENI should be considered distinct from each of these related business and society frameworks, although the BENI could capture certain corporate social responsibility- or corporate citizenship-related activities, depending on how each of the concepts is defined and understood. Based on our proposed definition of business ethics, there may be some instances when activities that are explicitly related to corporate social responsibility or corporate citizenship become associated with or captured by the BENI. The key factor to examine is whether ethics is being explicitly applied or relates to the business or institutional activity in question.

The BENI consists of distinct dimensions or sectors of formal business ethics activity. The seven sectors include: (a) academia, (b) business, (c) social or ethical investment, (d) business ethics organizations, (e) government, (f) social activist groups, and (g) the media. Each of these sectors of society is proposed as potentially involving formal business ethics activity. The following will describe in greater detail each of the seven sectors embedded in the BENI and the measurement elements within each sector. In addition, examples of data from a number of different countries around the world are provided as illustrations of the instrument’s measurement criteria. To test the essentiality and importance attributed to each of the measures within the seven sectors, a survey of individuals experienced as educators, researchers, and/or practitioners in business ethics around the world was conducted. The validation criteria and the results of this survey are presented later in this article.

Academia

One important means of assessing the importance of business ethics activity in a country is in the academic sector. If the subject is not being taught whatsoever, one might infer that it is considered unimportant or insignificant. To measure the level of business ethics activity in the academic sector, there are several options. Consideration of several studies that have assessed business ethics teaching (Bassiry, 1990; Buchholz, 1979; Collins & Wartick, 1995; George, 1987; Hanson, 1973; Hoffman & Moore, 1982; Huber, 1979;
McMahon, 1975; Paine, 1988; Pamental, 1988; Schoenfeldt, McDonald, & Youngblood, 1991; Singh, 1989; Social Issues in Management Division, Curriculum Development Committee, 1990) suggests the following standards of measurement:

- What percentage of academic institutions are teaching business ethics to undergraduate, graduate, or executive students as either a required or elective course?
- How many country-specific business ethics textbooks or case studies have been published?
- How many academic business ethics research centers exist?
- How many chairs of business ethics have been established?
- How many academic conferences in business ethics sponsored by academic organizations from the country take place each year?
- How many business ethics academic associations or networks exist?
- What percentage of academics from that country compose the total membership in a global business ethics association?

*Comments.* With respect to the academia sector, an issue remains as to the measuring of business ethics teaching activity. Although debate continues as to whether one format is superior to the next (Ghorpade, 1991; Sims, 2002), any teaching of business ethics, whether as a stand-alone course or as part of another course, should be considered relevant for the purposes of the BENI. In addition, any academic center that specializes in the field of business ethics (as opposed to a more general applied ethics center) should be taken into account by the index. As well, any comparisons of academic activity across different countries should be conducted on a per capita basis to better take into account differences in population levels.

*Examples.* Numerous studies have been conducted on the extent of business ethics teaching in various countries, including the United Kingdom (Cummins, 1999), Canada (Singh, 1989), and the United States (Morris, 2001). Business ethics academic associations exist in numerous countries, including Australia (e.g., Australian Business Ethics Network), the United Kingdom (e.g., European Business Ethics Network), Indonesia (e.g., Indonesia Business Ethics Network), and the United States (e.g., Society for Business Ethics), many of which hold annual conferences. Business ethics textbooks have been published in many countries, including Australia (e.g., Clark & Johnson, 1995), the United Kingdom (e.g., Chryssides & Kaler, 2000), Canada (e.g., Poff, 2005), and the United States (e.g., Beauchamp & Bowie, 2004; Donaldson, Werhane, & Cording, 2002; Velasquez, 2006). Business ethics academic research centers exist in many countries, including
the Netherlands (e.g., European Institute for Business Ethics, Nijenrode University), Switzerland (e.g., Institute for Business Ethics, University of St. Gallen), and the United States (e.g., Center for Business Ethics, Bentley College).

Business

The extent to which business organizations have adopted formal ethics initiatives can also be considered an important indication of business ethics activity in a country. Although one should not ignore the importance of informal systems or factors such as corporate culture (e.g., Treviño & Nelson, 2004, pp. 249-254), formal ethical program elements are more objectively measured. One might consider the following as the key formal ethics activity elements:

- What percentage of business organizations have a formal code of ethics?
- What percentage of employees receive a copy of the code?
- What percentage of business organizations provide employee ethics training, and is it mandatory or optional?
- What percentage of business organizations have an individual responsible for business ethics (e.g., an ethics or compliance officer)?
- What percentage of business organizations have a communications channel to report wrongdoing?
- What percentage of business organizations engage in ethical auditing?
- How many full-time business ethics consultants are there?
- Is there a national association for ethics or compliance officers or business ethics consultants?
- How many formal, practitioner-based business ethics newsletters are being published?
- How many practitioner-based business ethics conferences are taking place each year?
- How much industry-wide activity is there focusing on codes of ethics, ethics training, and other initiatives (e.g., industry self-regulatory standards)?

Comments. A major concern with data on formal ethics programs is that typically only large companies are surveyed. Countries with a smaller economic base or smaller firms are often overlooked. Although we recognize that prior efforts have included cross-size samples in their investigation of business ethics activity (e.g., Sweeney & Siers, 1990; Weber & Gillespie, 1998), at present these studies lack the comprehensiveness for use in our global measure of business ethics. Therefore, we suggest focusing primarily on data that only involve large companies (e.g., more than 1,000 employees).
Other formal ethics program elements could be added to the index; however, those described above (i.e., codes, training, individual responsibility for program, communications channel) appear to reflect current conceptions of greatest significance. For example, the U.S. Federal Sentencing Guidelines for Organizations and the Canadian Competition Bureau each include these elements as part of what is considered an “effective compliance program” (Izraeli & Schwartz, 1998). This assumption will be tested in the initial content validation phase of the instrument’s development, when additional measures are sought as suggested by the group of business ethics experts.

Although an argument could be raised that certain cultures may be reluctant to adopt written codes as opposed to relying on unwritten means of ethical control, the spread of codes around the world, including such places as Hong Kong and Malaysia, appears to counter this assumption (Snell, Chak, & Chu, 1999). One possible problem for studies to date is the respondents’ understanding of the definition of a code of ethics, although over time this appears to have become less of a concern. One possible definition of a code of ethics is “a formal, distinct, written document containing moral standards used to guide employee or corporate behavior” (Schwartz, 2001, p. 248). Based on this definition, codes of ethics could potentially also include corporate credos, mission statements, or codes of conduct.

Ethics training is also subject to interpretation and can consist of different formats and amounts of time involved. To address this concern, any degree of training is considered acceptable for the purposes of the index. For example, companies might use any combination of lectures, role playing, videos, or even games to engage in business ethics training.

There may be an issue in terms of what constitutes an individual responsible for business ethics. For the purposes of the BENI, such an individual could include a corporate social responsibility officer, a corporate citizenship officer, or a compliance officer, if such an individual also has responsibility for the company’s code of ethics or code of conduct.

As activity in ethics continues to grow within business organizations, there can be a corresponding growth in the number of business ethics consultants. Such consultants specialize in the area of business ethics, typically helping businesses establish or implement ethics programs or engage in ethical audits. One potential issue is whether the consultants are working full-time on business ethics matters or also consult in other areas. To account for this issue, only full-time business ethics consultants should be included.

Examples. As noted by Kapstein (2004), several studies have been conducted on the extent of ethics programs (e.g., codes of ethics) in various countries, including Australia (Batten, Hettihewa, & Mellor, 1997), Belgium
(KPMG Belgium, 2002), the United Kingdom (Le Jeune & Webley, 1998),
Canada (KPMG Canada, 2002), France (Schlegelmilch & Langlois, 1990),
Germany (KPMG Germany & Universitat Erlangen-Nurnberg, 1999), India
(KPMG India, 2002), Japan (Nakano, 1997); South Africa (KPMG South
Africa, 2002), and the United States (Weaver, Treviño, & Cochran, 1999).
Business ethics consultants have arisen in countries such as Australia (e.g.,
St. James Ethics Centre), the United Kingdom (e.g., SustainAbility), Canada
(e.g., EthicScan), and the United States (PricewaterhouseCoopers). A busi-
ness ethics consultants association exists in Canada (e.g., Ethics Practitio-
ners’ Association of Canada), whereas an association for ethics officers
exists in the United States (e.g., Ethics Officer Association). Industry self-
regulatory initiatives have been established in many countries, such as the
United States (e.g., Defence Industry Initiative) and Canada (e.g., Respon-
sible Care Initiative of the Canadian Chemical Producers’ Association).

Social or Ethical Investment

Investment specifically related to social or ethical criteria has grown sub-
stantially around the world. The extent of such investment taking place is
another possible indicator of the importance business ethics receives in a
given country. Possible questions to probe the extent of investment include:

- How many social or ethical mutual funds are in existence?
- How many major brokerages offer ethical or social mutual funds?
- How much money of all possible investment money has been invested in social
  or ethical investing?
- Does a social or ethical market index exist?
- Does a national social investment organization exist?
- How many annual conferences on social or ethical investment are taking
  place?
- How many ethical investment research groups (profit and nonprofit) are there?

Comments. There are various definitions of social or ethical investing, and
depending on the definition, the answers to various research questions can
vary (Ellmen, 1996, p. 2). As most commentators appear to equate social
investing with ethical investing (see Schwartz, 2003), for the purposes of the
index, a broad approach is taken to include any investment that integrates
social, ethical, or environmental values. Countries without a well-developed
financial sector will necessarily score lower in this dimension. To account for
this fact, the score should ultimately be adjusted based on a factor such as the
gross domestic product or other economic or financial indicators.
It should be noted that investors can invest in social or ethical investments outside of their home country. This may distort the data in terms of the amount of money invested in the various funds in a given country (unless the percentage of money being invested by such individuals is the same across the various countries). In addition, the ratio of private investor screens versus mutual fund screens may differ across countries, which is an issue that must also be considered.

Examples. Several social investment organizations have been established in various countries, including Australia (e.g., Ethical Investment Association), the United Kingdom (e.g., Social Investment Forum), Canada (e.g., Social Investment Organization), and the United States (e.g., Social Investment Forum). Examples of social investment research organizations exist in the United Kingdom (e.g., Ethical Investment Research and Information Service), Canada (e.g., Michael Jantzi Research Associates), and the United States (e.g., Kinder, Lydenberg, Domini). Social market indexes exist in the United Kingdom (e.g., FTSE4Good), Canada (e.g., Jantzi Social Index), and the United States (e.g., Dow Jones Sustainability Indexes).

Business Ethics Organizations

In addition to the academia, business, and social or ethical investment sectors, another possible measure of business ethics activity is the extent to which nonprofit organizations that focus on the subject matter of business ethics have been established. Such organizations differ from academic research centers, for-profit consulting organizations, social or ethical investment organizations, and social activist groups (see below). The fact that individuals exist in a country with the commitment to establish such organizations can also signify the importance of business ethics in that country. Possible questions include:

- How many distinct business ethics organizations exist?
- How many formal business ethics newsletters are being published?
- How many nonacademic business ethics conferences or seminars are taking place?
- How many business ethics awards have been established?

Comments. One could argue that smaller countries necessarily do not have the resources to support multiple business ethics organizations and formal newsletters. The gross domestic product or population of the country might ultimately be used to account for this fact. In addition, the existence of national chapters of global business ethics organizations, such as Transpar-
ency International, could be taken into account by the BENI. The number of individual members in the organizations might also be incorporated into the BENI. Another factor that might be examined is whether there are any formal business ethics awards, as this indicates the recognition a particular country is willing to give to its more ethical or socially responsible businesses.

*Examples.* Business ethics organizations exist around the world, in places such as the United Kingdom (e.g., Institute of Business Ethics), Canada (e.g., EthicsCentre CA), Israel (e.g., Center for Business Ethics of Jerusalem), South Africa (e.g., Ethics Institute of South Africa), the United Arab Emirates (e.g., Gulf Centre for Excellence in Ethics), and the United States (e.g., Ethics Resource Center). Many of these business ethics organizations are holding conferences and publishing newsletters. Business ethics awards have been established in the United Kingdom (e.g., Social Reporting Award), Canada (e.g., Ethics in Action), Israel (e.g., Integrity Shield).

**Government Regulation and Encouragement**

The extent to which the government has established legislation related to business ethics (i.e., stakeholder legislation) and is engaged in its enforcement are also important indicators of the importance business ethics is bestowed in a given country. The focus for the BENI is only on those laws that specifically relate to the field of business ethics, albeit a broad definition of business ethics is applied here. For example, a law is considered relevant if it specifically addresses the needs or interests of primary business stakeholders, including employees, consumers, shareholders, the environment, and foreign governments (i.e., to prohibit bribing foreign government officials). Other questions to be asked relate to government activity that encourages corporate self-regulation or social (i.e., ethical) responsibility. The questions to be asked would include the following:

- Does legislation that targets employees (i.e., worker health and safety, discrimination and sexual harassment, and whistle-blowing), consumers (i.e., antitrust, product safety, and misleading advertising), or environmental protection (i.e., air, water, soil) exist?
- Does financial and securities legislation exist (i.e., fraud, insider trading)?
- Does anticorruption legislation exist (i.e., bribery by national firms of foreign government officials)?
- Does legislation that encourages business self-regulation (e.g., ethics program development) exist?
- Does legislation that encourages ethics compliance through procurement practices exist?
Do governmental export-import agencies encourage business self-regulation or social responsibility?

Does legislation that encourages corporate social responsibility (e.g., stakeholder statutes, social accountability) exist?

Has the government developed or endorsed an international code of business ethics?

Is the government engaged in any educational initiatives promoting corporate self-regulation or corporate social responsibility?

Having laws in existence is an important first step, but other elements should also be considered. These would include:

- What is the budget for enforcement?
- How many staff members are involved in enforcement?
- What is the maximum punishment for violators?
- How many prosecutions have taken place?

Comments. Whistle-blowing legislation would not include protection of government employees (this would relate more to government ethics than business ethics) but of business employees. It should be noted that the common law, in addition to legislation, would also play an important role in many countries in protecting stakeholders. The amount of money and staffing numbers dedicated to enforcement should be converted to a percentage of the entire government regulatory budget and staffing for better comparison or simply related to the various countries’ GDP.

Examples. Legislation protecting employees, consumers, shareholders, and the environment has been enacted in many countries around the world. Such legislation includes whistle-blowing legislation (e.g., Australia’s Whistle Blowers Protection Act), sexual harassment (e.g., Israel’s Prevention of Sexual Harassment Law), and bribery of foreign government officials (e.g., Canada’s Corruption of Foreign Public Officials Act). Several countries, such as Australia (e.g., Trade Practices Act), Canada (e.g., Competition Act Bulletin), and the United States (e.g., Federal Sentencing Guidelines for Organizations and the Sarbanes-Oxley Act), have enacted regulations to encourage corporate ethics programs. The encouragement of ethical and legal behavior through government procurement policies exists in countries such as Australia and Canada. Countries encouraging corporate social responsibility through disclosure of social investment strategies include Australia (e.g., Ethical Investment Disclosure Law) and the United Kingdom (e.g., Pensions Act). International codes of ethics have been promulgated by Canada (e.g., International Code of Ethics for Canadian Business) and the
United States (e.g., U.S. Model Business Principles). Educational initiatives promoting business self-regulation have begun in Australia, the United Kingdom, and Canada.

Social Activist Groups

During the past few decades, social activist groups have grown in both size and influence. These groups typically require grassroots support within the country (even when part of a worldwide organization) and in some cases may require governmental permission or support to come into existence. In this respect, they symbolize the importance business ethics issues are taken within a given country.

Comments. Not all social activist groups are directly connected with business ethics. The categories that will be included for the purposes of the BENI are those groups connected with employees, consumers, shareholders, the natural environment, and the government (e.g., corruption in relation to business).

The questions to be asked include:

- Do social activist groups for each category (employees, consumers, shareholders, the natural environment, and the government) exist?
- How many members belong to these groups?
- What is the budget of these groups?
- How many newsletters are being published?
- Do these groups conduct workshops or conferences, and if so, how many annually?

Examples. Social activist organizations have sprung up all over the world. As one example, Israel has organizations representing various stakeholder groups such as employees (e.g., Kav La’Oved), consumers (e.g., Consumer Protection Authority), the community (e.g., Aleh), and the environment (e.g., Society for the Protection of Nature in Israel).

Media Coverage

The final sector to be evaluated is that of media coverage. If a country’s media outlets are publishing stories or magazines devoted to business ethics, the country is considered to be taking the subject more seriously. The major questions to be asked include:
What percentage of media stories are business ethics related?
What importance are the stories given (e.g., lead story, length of stories, frequency)?
Is there a regular business ethics column?
How many business ethics magazines are there?

Comments. The major issue for measuring business ethics activity in the media sector relates to the classification of a media story as a business ethics story. For the purposes of the index, even a story that focuses on noncompliance with business ethics-related legislation would still be considered a business ethics story (e.g., fraud). Stories that address business ethics organizations or social activist groups would also be included, as would philanthropic acts by corporations or social or ethical investment. Because obtaining data from all media outlets (e.g., magazine, radio, and television) can be difficult, we suggest that only major national newspapers (print and online versions) be considered in the analysis. It is not clear whether the data and technology currently exist to include this dimension of the index for many countries.

Examples. In Canada, one study identified the number of newspaper articles that covered business ethics issues (Nitkin, 1995). Countries such as Israel (e.g., Jerusalem Post’s weekly magazine) and the United States (e.g., New York Times) feature ethics columns, whereas one of Canada’s national newspapers (i.e., The Globe and Mail) contained a regular business ethics column for a number of years. Business ethics magazines exist in the United Kingdom (e.g., Ethos: Ethics in Business) and the United States (e.g., Business Ethics).

Results From the Validation Survey of BENDI

In an effort to provide validation to the initial BENDI, an electronic survey was developed by the authors to capture the essentiality of each measure in the proposed instrument and to generate weighted scores for the importance of each measurement criterion and the seven sectors of the overall BENDI. The survey was pretested by the authors using a convenience sample of business ethics experts. Based on the feedback from the pretest, revisions were made to the electronic survey consisting primarily of enhanced instructions for the respondents. The survey was then sent out to the electronic membership lists for the International Association for Business and Society and the Society for Business Ethics, based on the assumption that most of the members of these organizations were experienced educators, scholars, or practitioners in the business ethics field. Accounting for overlapping membership across the two...
organizations, the electronic survey was disseminated to 366 possible respondents. A total of 50 useable responses were returned electronically to the authors, resulting in a 13.7% response rate.

**Data Analysis**

The data were analyzed first to assess whether each measurement criterion or question posed in the instrument was essential in the quest to assess a country’s business ethics activity. A 70% threshold was established by the authors prior to their data analysis, meaning that an item had to acquire 7 out of 10 affirmative responses to the yes or no question: “Is this item essential to measure the business ethics activity of a country?” The 70% threshold rate is consistent with common instrument development practices. The results of this analysis can be seen in Tables 1 to 7, indicating the percentage of those answering in the affirmative.

Besides considering the essentiality of an item in the BENI, we also wanted to explore how important the item is for the respondents. In addition to asking each respondent if the item was considered “essential,” we also asked: “If essential, how important is this item in the measurement of a country’s business ethics activity?” The survey participants were asked to respond to this question using a 5-point, Likert-type scale from 1 (little importance) to 5 (great importance). The average scores from these responses are also

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**Table 1**
The Business Ethics National Index (BENI) Template—Revised; A—Academic Sector Results

<table>
<thead>
<tr>
<th>Question</th>
<th>Area</th>
<th>% Yes</th>
<th>Average Importance</th>
</tr>
</thead>
<tbody>
<tr>
<td>A1</td>
<td>Teaching ethics, mandatory or elective</td>
<td>98</td>
<td>4.51</td>
</tr>
<tr>
<td>A3</td>
<td>Ethics research centers</td>
<td>88</td>
<td>3.13</td>
</tr>
<tr>
<td>A8</td>
<td>Members of associations</td>
<td>74</td>
<td>3.13</td>
</tr>
<tr>
<td>A7</td>
<td>Academic associations, networks</td>
<td>85</td>
<td>3.02</td>
</tr>
<tr>
<td>A6</td>
<td>Academic conferences</td>
<td>85</td>
<td>3.00</td>
</tr>
<tr>
<td>A5</td>
<td>Chairs</td>
<td>78</td>
<td>2.95</td>
</tr>
<tr>
<td>A2</td>
<td><strong>Publication of textbooks or cases</strong></td>
<td>64</td>
<td><strong>2.87</strong></td>
</tr>
<tr>
<td>A4</td>
<td>Academic journals</td>
<td>73</td>
<td>2.68</td>
</tr>
</tbody>
</table>

Note: Sector rank order score = 3.60 out of 5.00; 3rd most important of 7 sectors. Sector ranking points awarded as follows: 1st = 1, 2nd = 2, 3rd = 3, etc. Therefore, the lower the average, the higher the ranking or importance of that sector. Rows in bold indicate an essential score (percentage of yes vs. no answers) of less than 70%. Therefore, only item A2 will be eliminated from the original BENI.
shown in Tables 1 to 7 in descending order of importance. Scholars are now able to weigh the various BENI measures as they seek to develop an analysis of a single country’s business ethics activity or a comparative, cross-national measure of business ethics activity.

Table 2
The Business Ethics National Index (BENI) Template—Revised; B—Business Sector Results

<table>
<thead>
<tr>
<th>Question</th>
<th>Area</th>
<th>% Yes</th>
<th>Average Importance</th>
</tr>
</thead>
<tbody>
<tr>
<td>B3</td>
<td>Ethics training, mandatory or optional</td>
<td>100</td>
<td>4.35</td>
</tr>
<tr>
<td>B5</td>
<td>Channel to report wrongdoing</td>
<td>96</td>
<td>4.27</td>
</tr>
<tr>
<td>B2</td>
<td>Employees receive copy of code</td>
<td>87</td>
<td>4.00</td>
</tr>
<tr>
<td>B6</td>
<td>Ethical auditing</td>
<td>98</td>
<td>3.90</td>
</tr>
<tr>
<td>B11</td>
<td>Industry-wide activity</td>
<td>98</td>
<td>3.89</td>
</tr>
<tr>
<td>B1</td>
<td>Formal codes of ethics</td>
<td>96</td>
<td>3.88</td>
</tr>
<tr>
<td>B4</td>
<td>Ethics or compliance officer</td>
<td>98</td>
<td>3.82</td>
</tr>
<tr>
<td>B8</td>
<td>Association for ethics officers</td>
<td>78</td>
<td>3.10</td>
</tr>
<tr>
<td>B10</td>
<td>Practitioner-based conferences</td>
<td>85</td>
<td>3.02</td>
</tr>
<tr>
<td>B9</td>
<td>Practitioner-based newsletters</td>
<td>78</td>
<td>2.65</td>
</tr>
<tr>
<td>B7</td>
<td>Full-time consultants</td>
<td>63</td>
<td>2.57</td>
</tr>
</tbody>
</table>

Note: Sector rank order score = 3.39 out of 5.00; most important sector of out of 7 sectors. Rows in bold indicate an essential score (percentage of yes vs. no answers) of less than 70%. Therefore, only item B7 will be eliminated from the original BENI.

Table 3
The Business Ethics National Index (BENI) Template—Revised; C—Social or Ethical Investment Sector Results

<table>
<thead>
<tr>
<th>Question</th>
<th>Area</th>
<th>% Yes</th>
<th>Average Importance</th>
</tr>
</thead>
<tbody>
<tr>
<td>C3</td>
<td>Money invested in finds</td>
<td>83</td>
<td>3.68</td>
</tr>
<tr>
<td>C1</td>
<td>Mutual funds in existence</td>
<td>80</td>
<td>3.54</td>
</tr>
<tr>
<td>C2</td>
<td>Major brokerage offers funds</td>
<td>80</td>
<td>3.45</td>
</tr>
<tr>
<td>C4</td>
<td>Market index</td>
<td>77</td>
<td>3.24</td>
</tr>
<tr>
<td>C6</td>
<td>Members in organizations</td>
<td>66</td>
<td>2.91</td>
</tr>
<tr>
<td>C8</td>
<td>Research groups exist</td>
<td>81</td>
<td>2.85</td>
</tr>
<tr>
<td>C5</td>
<td>Investment organization exists</td>
<td>82</td>
<td>2.83</td>
</tr>
<tr>
<td>C7</td>
<td>Conferences annually</td>
<td>62</td>
<td>2.64</td>
</tr>
</tbody>
</table>

Note: Sector rank order score = 4.62 out of 5.00; 7th most important sector of out of 7 sectors. Rows in bold indicate an essential score (percentage of yes vs. no answers) of less than 70%. Therefore, only items C6 and C7 will be eliminated from the original BENI.
Finally, the group of business ethics experts was asked to rank order the seven sectors found in the BENI (e.g., academic, business, etc.). The average rank scores for the sectors will enable scholars to further weigh the impor-

<table>
<thead>
<tr>
<th>Question</th>
<th>Area</th>
<th>% Yes</th>
<th>Average Importance</th>
</tr>
</thead>
<tbody>
<tr>
<td>D4</td>
<td>Awards programs</td>
<td>86</td>
<td>3.43</td>
</tr>
<tr>
<td>D1</td>
<td>Business ethics organizations exist</td>
<td>79</td>
<td>3.13</td>
</tr>
<tr>
<td>D3</td>
<td>Nonacademic conferences, seminars</td>
<td>93</td>
<td>3.07</td>
</tr>
<tr>
<td>D2</td>
<td>Newsletters published</td>
<td>82</td>
<td>2.60</td>
</tr>
</tbody>
</table>

Note: Sector rank order score = 3.44 out of 5.00; 2nd most important sector of out of 7 sectors. Rows in bold indicate an essential score (percentage of yes vs. no answers) of less than 70%. Therefore, no items from this sector will be eliminated from the original BENI.

<table>
<thead>
<tr>
<th>Question</th>
<th>Area</th>
<th>% Yes</th>
<th>Average Importance</th>
</tr>
</thead>
<tbody>
<tr>
<td>E4</td>
<td>Financial and securities legislation</td>
<td>96</td>
<td>4.21</td>
</tr>
<tr>
<td>E5</td>
<td>Anticorruption legislation</td>
<td>100</td>
<td>4.16</td>
</tr>
<tr>
<td>E2</td>
<td>Consumer legislation</td>
<td>96</td>
<td>4.11</td>
</tr>
<tr>
<td>E1</td>
<td>Employee legislation</td>
<td>96</td>
<td>4.10</td>
</tr>
<tr>
<td>E3</td>
<td>Environmental protection legislation</td>
<td>96</td>
<td>4.04</td>
</tr>
<tr>
<td>E9</td>
<td>Budget for enforcement</td>
<td>91</td>
<td>3.91</td>
</tr>
<tr>
<td>E7</td>
<td>Ethics in government procurement</td>
<td>91</td>
<td>3.74</td>
</tr>
<tr>
<td>E11</td>
<td>Maximum punishment for violators</td>
<td>91</td>
<td>3.73</td>
</tr>
<tr>
<td>E12</td>
<td>Prosecutions annually</td>
<td>91</td>
<td>3.70</td>
</tr>
<tr>
<td>E10</td>
<td>Staff for enforcement</td>
<td>87</td>
<td>3.58</td>
</tr>
<tr>
<td>E6</td>
<td>Encourages business self-regulation</td>
<td>79</td>
<td>3.51</td>
</tr>
<tr>
<td>E8</td>
<td>Corporate citizenship</td>
<td>83</td>
<td>3.48</td>
</tr>
<tr>
<td>E14</td>
<td>International code endorsement</td>
<td>79</td>
<td>3.43</td>
</tr>
<tr>
<td><strong>E13</strong></td>
<td>Export-import agencies—self-regulation</td>
<td><strong>66</strong></td>
<td><strong>3.25</strong></td>
</tr>
<tr>
<td>E15</td>
<td>Education initiatives—self-regulation</td>
<td>71</td>
<td>3.00</td>
</tr>
</tbody>
</table>

Note: Sector rank order score = 4.30 out of 5.00; 5th most important sector of out of 7 sectors. Rows in bold indicate an essential score (percentage of yes vs. no answers) of less than 70%. Therefore, item E13 will be eliminated from the original BENI.

Finally, the group of business ethics experts was asked to rank order the seven sectors found in the BENI (e.g., academic, business, etc.). The average rank scores for the sectors will enable scholars to further weigh the impor-
Distance (or lack thereof) of each BENI sector. The average scores for each sector are also shown in Tables 1 to 7.1

### Limitations and Future Research

Using the BENI

Some limitations to the instrument and future efforts to assess the business ethics activity of a country must be noted here. One obvious limitation is that the definition and understanding of the term business ethics or even ethics is different around the world (Enderle, 1997). Whether the BENI will ulti-
mately be able to account for this fact in a consistent and reliable manner remains in question.

A number of other possible limitations and concerns regarding the BENI potentially exist as well. For example, are the seven categories conceptually distinct, or will there be instances when they overlap? Will the BENI be able to account for situations whereby certain industries or academic institutions in a given country are engaged in extensive business ethics activity while others are doing little, potentially generating a misleading aggregate national score? To what extent will cultural factors affect the level of formal business ethics activity, such as the extent of corporate codes, ethics training, or whistle-blowing channels? Should the intention of engaging in the business ethics activity matter? For example, what if the business ethics activity by firms, the government, or the media (particularly when state owned), appears to be merely window dressing? Although acknowledgment of these important limitations is a first step, it is expected that greater rigor to the BENI’s measures will result as it evolves through its use over time, similar to the development of other measurement instruments. It may also be the case that results from the use of the BENI will provide a launching pad for further discussion of the above issues.

Beyond these initial issues however, an additional limitation for the BENI involves issues of instrument validation: How comprehensive is the instrument, and can the weighted scores attached to the instrument’s measures or seven sectors be applied consistently or universally? For example, despite the greater formality of the proposed research instrument, future debate over the criteria and their weightings leading to modifications is both expected and necessary. Clearly, many will disagree with whether different weights should be apportioned to both the sectors and the individual measurement criteria. For example, some might suggest that the index should place more weight on the academic sector than on the other sectors, despite what we discovered through our survey assessment of business ethics experts. The instrument, the content of which was only initially validated in this study, remains untested and thus must be considered preliminary until it is applied in the field as a measure of a country’s business ethics activity. Once it is used as a data collection measure, it may require adjustments, including the creation of new or the revision of current measurement criteria or sectors. In addition, further efforts to assess the validity of other properties of the instrument’s measures, such as convergent, discriminative, and predictive validity, should also take place. Additional validation efforts of the criteria by business ethics experts from around the world, beyond those surveyed, should also be undertaken.
Although the research instrument is designed to reflect the level of business ethics activity for countries around the world, the inclusion of additional sectors of society would lead to a more comprehensive assessment of general ethics activity in a given nation. Other possible societal sectors addressed by the instrument might include formal ethics activity (e.g., codes, training, whistle-blowing channels, etc.) among the professions, the various levels of government, or nongovernmental organizations. The instrument could eventually become more specific by focusing on different levels of activity related to individual stakeholder groups, including employees, consumers, and the environment. As the research instrument is designed to measure national business ethics activity, it may exclude activity that could be considered cross-border activity, such as global codes of ethics (e.g., the Caux Principles), global business ethics academic associations (e.g., International Association for Business and Society), or global business ethics consultants (e.g., International Business Ethics Institute).

What must be made clear, however, is that the instrument does not measure the extent to which business activity in a country is ethical. For example, countries with few reported incidents of unethical behavior may have no need for many of the BENI’s measures, such as business ethics education or training. Instead, the BENI is merely intended to measure the extent of a nation’s business ethics activity, thereby providing an indication of the degree to which business ethics is considered an important or significant subject in the particular country. Although the BENI is a descriptive instrument, it is intended to lead ultimately to normative critique and assessment.

Eventually, attempts should be made to adjust for the level of economic activity and the population levels in each country for certain dimensions. In addition, the validity and reliability of the instrument is necessarily contingent on the validity and reliability of each piece of research used to compile the data. We provide an initial effort toward these goals but recognize that concerns over sample size and the representative nature of our business ethics group may be raised. The more comprehensive the validation of the data, the greater the certainty or confidence in properly measuring and comparing the business ethics activity of a country will be.

The data generated by the instrument can be used in a variety of manners. For example, business ethics activity (i.e., either in the aggregate or only across 1 of the 7 sectors) in a particular country or world region can be compared with other countries or world regions, or trends within that country over time can be determined. Differences in levels in activity can lead to further research questions to be explored (e.g., Enderle, 1997), such as:
What are the reasons for the activity or lack of activity?
Are there any underlying features?
What common challenges does each country face?
Is formal business ethics activity shifting from domestic to global in nature?
Does the overall level of formal business ethics activity in a country relate to corruption levels within that country?
Does the overall level of formal business ethics activity in a country relate to the economic wealth or competitive advantage of the country?

Governments and citizens, particularly those connected with the business ethics field, may be interested in knowing how well or poorly they are doing in terms of formal business ethics activity relative to other countries. Where gaps are identified, efforts to remedy these deficiencies could be enhanced through comparative analysis. For those sectors of the index where empirical data are missing, researchers should take the opportunity to fill the void by engaging in additional research. International and national business ethics academic conferences could be used as forums for new research to collect, discuss, and incorporate new data or elements into the index, preferably on an annual basis.

One final research product from using the BENI could be the development of a global business ethics directory. Such a directory could ultimately be hosted as an Internet Web site (which could include attached documents and be periodically updated) and could include the following information: (a) business ethics contact list consisting of individuals (e.g., academics, consultants, ethics officers), business ethics organizations (e.g., special interest, social or ethical investment), and resource centers; (b) resources for the academic sector, including business ethics course outlines, publications (e.g., textbooks, cases), and conferences; (c) a listing of corporate codes of ethics from the business sector; and (d) from the government sector, links to business ethics-related legislation or other government initiatives.

Information on business ethics activities around the world is desired by both researchers and practitioners. The information can be used for a variety of purposes. Unfortunately, however, one must still struggle to locate empirical data allowing for accurate cross-country comparisons of national business ethics activity. To date, no formal instrument has been suggested or developed for such comparative assessment. Because of this deficiency, it is essential to build on previous research to construct a formal, validated research instrument to more accurately and objectively measure the level of national business ethics activity for any country in the world. The BENI is intended to provide a more formal and standardized means by which to obtain information on national business ethics activity regarding any coun-
try. Hopefully, the BENI, as it continues to develop and be modified, will serve as a catalyst for further understanding of and attention to business ethics activity present in every nation.

Note

1. The average rank ordering and score for each of the seven sectors in the Business Ethics National Index (from most to least important) are: most important = business sector (3.39); 2nd most important = business ethics organizations sector (3.44); 3rd most important = academic sector (3.60); 4th most important = social activist group sector (3.96); 5th most important = government regulation and encouragement sector (4.30); 6th most important = media coverage sector (4.46); 7th most (or the least) important = social or ethical investment sector (4.62).

References


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