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Ethics in the Investment Profession: An International Survey



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Ethics in the Investment Profession: An International Survey

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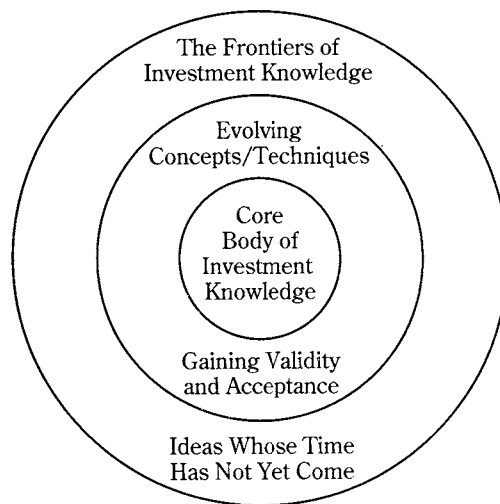
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The mission of the Research Foundation is to identify, fund, and publish research material that:

- expands the body of relevant and useful knowledge available to practitioners;
- assists practitioners in understanding and applying this knowledge; and
- enhances the investment management community's effectiveness in serving clients.



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Finally, this project would not have been possible without the participation of the respondents who shared their thoughts and experiences with us. The exceptionally high response rate shows that securities analysts and portfolio managers are very interested in improving the ethical behavior and enhancing the image of the investment profession.

H. Kent Baker, CFA
E. Theodore Veit, CFA
Michael R. Murphy, CFA

Foreword

The importance of ethics and professional conduct to the Association for Investment Management and Research cannot be overestimated. A code of ethics and standards of professional conduct have been prime concerns of the Financial Analysts Foundation and the Institute of Chartered Financial Analysts and are the cornerstones of our Professional Conduct Program and Performance Presentation Standards.

This study is the third study of ethics in the investment profession published by the Research Foundation of the ICFA. The first, *Professional Standards in Investment Management*, was conducted by W. Scott Bauman in 1980. In 1992, the Research Foundation published a survey of professional ethics in the United States and Canada called *Ethics in the Investment Profession: A Survey*, by E. Theodore Veit, CFA, and Michael R. Murphy, CFA.

The 1992 book noted the importance of understanding the ethical precepts and practices of our colleagues working in “increasingly borderless financial markets.” Based on the expanding international nature of the investment industry, this understanding is more important today than ever before. The time is thus ripe for a study of the ethical precepts and practices of the international profession.

The study reported in this volume makes a start. It reports the results of surveying AIMR investment professionals working in the eight non-North American countries with the highest number of AIMR members. The survey represents the opinions of 718 professionals, which in turn, represent a remarkably high response rate of 75 percent to the questionnaires distributed.

One of the most valuable contributions of this study is the comparisons of these non-North Americans’ responses with the North Americans’ responses to similar questions asked of the American and Canadians surveyed for the preceding book. Comparison is facilitated by use of the same basic questionnaire in both surveys. A most significant finding for those, like AIMR, who are trying to nurture ethical behavior through standards is the difference of opinions between the N.A. and non-N.A. respondents about which deterrents to unethical behavior are most effective. The two most important deterrents to unethical behavior noted by non-North Americans are concern about disciplinary action by the professional’s employer and concern about sanctions from government agencies. In the N.A. survey, the two most important deterrents were concern about government sanctions and moral/religious beliefs. Non-N.A. respondents rated concerns about sanctions from self-regulatory organizations and a published code of ethics as greater deterrents than

the North Americans did. North Americans cited moral and religious beliefs and concern that family or friends will find out as greater deterrents than the non-North Americans. Perhaps predictably, codes of ethics and compliance officers were less evident in places of employment outside North America.

One set of findings suggests a call to action for managers of investment professionals worldwide. The non-North Americans' responses reveal a high incidence of ethical violations, especially those involving inside information. The conclusion is that current deterrents are not sufficient to control behavior. Two remedies suggested by the responses are for senior managers to set stronger examples of ethical behavior and for employing firms to provide effective training programs in applying standards.

We are pleased to make available this valuable and timely Research Foundation monograph. It extends the sparse literature on professional ethics in the investment profession and provides insights that practitioners can use in dealing with colleagues around the world.

Katrina F. Sherrerd, CFA
*Senior Vice President and
Chief Operating Officer*
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1. Introduction

The need for improved business ethics in North America is a matter of great concern to both academics and practitioners. Because of this concern, more than 20 academic institutions in North America alone have established centers devoted, at least partially, to the study, teaching, and enhancement of business ethics.¹ North American governments are increasingly calling on firms to improve their ethical behavior or face expanded regulation. Recently, Commissioner J. Carter Beese, Jr., of the U.S. Securities and Exchange Commission (SEC) challenged brokerage firms to change their broker compensation systems because the SEC believes the typical current system encourages brokers to cheat their customers. He warned brokerage firms, "If you don't eliminate [rogue brokers], then we will, and those with supervisory responsibility will be held accountable" (Harlan 1993).

The investment profession is highly scrutinized for the presence or absence of ethical standards and behavior. One reason is the high level of expertise needed to manage (or provide advice on managing) assets or portfolios of assets. Because investing requires specialized knowledge, most investors rely on investment professionals, but the relationship between investors and investment professionals may create conflicts of interest. A second reason for the intense scrutiny of the investment profession is the profession's history of heavily publicized ethical and legal abuses.

Despite the public's widespread perception that investment professionals lack good ethics, some industry observers disagree. In a survey of affluent investors by Sommar (1991), 80 percent of respondents believed their bro-

¹The following are examples of ethics centers in North America: Center for Applied and Professional Ethics, University of Tennessee; Center for Ethics Across the University, Loyola University of Chicago; Center for Management Ethics in Action, Boston College; Center for Professional Ethics, Manhattan College; Center for the Study of Ethics in the Professions, Illinois Institute of Technology; Center for the Teaching and Study of Applied Ethics, University of Nebraska, Lincoln; Ethics Institute, Capital University; Ethics Resource Center, Inc., Washington, D.C.; Kegley Institute of Ethics, California State University, Bakersfield; Poynter Center for the Study of Ethics and American Institutions, Indiana University; Society for Business Ethics, Rosemont College; and Westminster Institute for Ethics and Human Values, London, Ontario.

kers acted ethically and 78 percent said their brokers did not use high-pressure sales tactics. Markowitz (1992), the father of portfolio theory, argues that, on a per capita basis with comparable opportunity, people in the financial industry do not break any more laws than people in other industries.

Nevertheless, the perception exists that the business community lacks ethical conduct, and this perception extends beyond North America. In Japan, the resignations of Yoshihisa Tabuchi, president of Nomura Securities, and Takuya Iwasaki, president of Nikko Securities, resulted from questionable activities by their respective firms ("Fallen Angels" 1991). In the Netherlands, Willem Scherpenhuijsen Rom, chair of Internationale Nederlanden Group, resigned only a few weeks after taking office because of allegations of unethical practices (King 1992). In 1987, the chair of the Hong Kong Stock Exchange was arrested on corruption charges (Dunleavy 1991).

In London, Ernest Saunders and three other executives of Guinness PLC were convicted of conspiracy, theft, and false accounting for their role in the takeover of Distillers Company PLC, a Scottish liquor firm. Saunders was accused of arranging secret, illegal securities transactions to inflate the price of Guinness common stock in order to sweeten his firm's takeover offer. Some call this case the biggest corporate scandal in Great Britain's history (Walsh 1991).

Evidence shows that ethical standards differ among the people of different countries. One often-cited report involves a difference between Japanese workers and U.S. workers (Cohen, Pant, and Sharp 1992). As collectivists, Japanese workers value conformity to the group. American workers are more individualistic than their Japanese counterparts. Therefore, Americans are likely to view a superior's pressure on a subordinate to cover up a bribe as coercion. Japanese workers may be more willing than American workers to obey their superiors and help save face for the company and their work group.

Cohen, Pant, and Sharp (1992) studied cultural and socioeconomic factors that could adversely affect the acceptance and implementation of an international professional code of ethics. The basis of their study was *Guidelines on Ethics for Professional Accountants*. The authors concluded that ethical guidelines do not cross borders well when they reflect only the ethical and cultural standards of the country that developed the guidelines. Cohen et al. advocated involving individuals from all participating countries in the development of general professional guidelines for ethics.

Some people argue that ethical behavior worldwide has exhibited a marked decline since the 1980s. As Dimma (1991) notes, "Heaven no longer provides a strong incentive to do good these days, especially to the pragmatists of the world, including hard-bitten corporate raiders, investment bankers, politi-

cians, and business people.” Cree and Baring (1991), in a study of accounting students in Australia, found that 67 percent of those surveyed, despite facing the risk of imprisonment, were willing to trade securities based on inside information. This perceived decline in ethics may call for increased reliance on rewards and sanctions, corporate codes of ethics, and guidance from professional organizations.

The purpose of the survey reported here was to investigate the ethical attitudes, perceptions, and practices of investment professionals from a variety of countries. Analysis of this information and comparison of information from North American and non-North American sources is intended to reveal differences and similarities in ethics around the world.

Previous Studies

Few studies exist of ethics on the part of investment professionals. Most of the extant literature documents past ethics violations or presents ethical guidelines for investment professionals (see, for example, Casey 1988, Frankhauser and Frye 1988, Gillis and Kern 1986, and Morley 1987). Although this information is useful, it does little to define the current state of ethical behavior in the investment profession.

The research on insider trading is extensive, but it focuses on insider trading as carried out by corporate officials, not by investment professionals (see, for example, Lee, Mikkelson, and Partch 1992). Studies of insider trading that focus on investment professionals are difficult to conduct because of a general lack of data. Unlike corporate officials, who must report stock holdings and trades to the SEC, investment professionals are unlikely to document such activities as using inside information.

One study of business ethics in general found that several variables are good predictors of ethical beliefs and decisions about insider trading (Terpstra, Reyes, and Bokor 1991). The authors hypothesized that ethical decisions are a function of personal variables, situational variables, and the interaction of these variables. The results of their study supported that contention.

Two studies have reported the results of surveys of investment professionals. One survey (Bauman 1980) asked members of the Financial Analysts Federation (FAF) and the Institute of Chartered Financial Analysts (ICFA) what they would do under various hypothetical circumstances, all of which posed ethical dilemmas. The central theme of the study was to decide whether FAF/ICFA members comply with the joint Standards of Professional Conduct

espoused by the two organizations.² Those surveyed had various job titles, including portfolio manager, supervisor of portfolio managers, and supervisor of securities research analysts. Bauman concluded that financial analysts generally have a commitment to “professionalizing” their practices, maintaining high standards of conduct, and protecting the public interest.

The second study (Veit and Murphy 1992) reported the results of a survey of securities analysts in North America who are members of the Association for Investment Management and Research (AIMR). This survey asked participants to describe their experiences and offer their opinions on various ethical issues. The study had several goals:

- to determine the level of analysts’ compliance with the standards of practice required by law and the ethical standards promoted by professional organizations;
- to identify the nature of violations of legal and ethical standards that may occur among analysts;
- to document the attitudes of analysts concerning the ethical behavior of investment professionals compared with other professionals;
- to report the opinions of analysts about appropriate sources of ethics education;
- to report the opinions of analysts on past and future trends in ethical behavior in the investment profession; and
- to present evidence about the ethical guidance provided to investment professionals by senior managers and by the policies of employing firms.

This survey provided much information about analysts living in North America and is the model for the current study, which is intended to provide similar information about investment professionals outside North America.

The Current Study

Much information now exists about the ethics-related attitudes and experiences of North American securities analysts (those who are AIMR members), but similar information about investment professionals outside North America is sparse. The current study adds to this information by surveying investment professionals employed in eight non-North American countries and reporting the results.

Several research issues motivated the study. First, evidence suggests that

²Although the FAF and ICFA have since Bauman’s 1980 study merged into a single organization, the Association for Investment Management and Research, each organization maintains its own identity.

environment influences an individual's view of ethics. Evidence also suggests that professional codes of ethics do not cross borders easily. Therefore, differences may exist among countries as to what constitutes ethical or legal behavior. The current study hopes to offer insights into these issues.

2. The Survey

The sample for this study was drawn from AIMR's total worldwide membership of about 24,000 with the exclusion of members in North America (for a total of 1,081 international members). This approach was chosen because, although not all analysts and other investment professionals in the countries sampled belong to AIMR, AIMR has more investment professionals associated with it than does any other investment organization.

The researchers selected the eight countries outside North America having the most AIMR members who identified themselves as securities analysts or portfolio managers. Four countries are Asian (Hong Kong, Japan, Singapore, and Thailand), and the other four are Australia, South Africa, Switzerland, and the United Kingdom. Table 1 shows the breakdown by country for the 964 securities analysts and portfolio managers to whom surveys were sent.

To enable comparisons between the results of the current survey with those of the earlier survey (Veit and Murphy 1992), the same basic questionnaire used in 1992 was used for this international study. Some tailoring was necessary, however, to reflect different terminology among the countries surveyed. Investment professionals from each country, including portfolio managers and research analysts, reviewed this study's questionnaire and suggested changes for clarity, which were made for each country questionnaire.

All questionnaires were written in English because, for several reasons, everyone in the sample was believed to be fluent in English. First, all survey participants were members of AIMR, which is based in North America and conducts all its business in English. Second, most survey participants were Chartered Financial Analyst (CFA) charterholders or candidates, who typically must complete their written examinations in English.

The initial survey was mailed on June 21, 1993, and was followed three weeks later by another letter and survey to nonrespondents. Of 964 questionnaires mailed, 958 were deliverable and 718 usable responses were received. After subtracting undeliverable questionnaires, the response rate was thus 74.9 percent. Not all 718 usable responses contained answers to every question, which lowers the response rate slightly on some questions. The appendix contains a copy of the questionnaire and the number of participants who

TABLE 1. Survey Response Rates by Country

Country	Mailed	Delivered	Responded	Response Rate
<i>Asian</i>				
Hong Kong	162	162	130	80.2%
Japan	138	138	95	68.8
Singapore	219	216	150	69.4
Thailand	63	63	39	61.9
<i>Other</i>				
Australia	44	44	33	75.0
South Africa	70	68	51	75.0
Switzerland	151	150	128	85.3
United Kingdom	<u>117</u>	<u>117</u>	<u>92</u>	<u>78.6</u>
Total	964	958	718	74.9

responded to each question.

As with all surveys, this one had the potential of nonresponse bias. The assurance of anonymity was intended to reduce this potential bias, however, and the unusually high response rate gives some assurance that nonresponse bias was minimized.

Two reasons warrant much caution in generalizing the findings to other investment professionals. First, the sample represents only a small percentage of the investment professionals in the countries surveyed. Second, all respondents hold membership in AIMR, implying greater awareness of and adherence to ethical behavior in the profession. However, the researchers believe that the results adequately represent the investment professionals surveyed.

3. Survey Results

The responses of each survey participant were first entered into a data base. (To maintain anonymity, individual respondents and their employers were not identified by name.) After the results for the international sample were recorded, these results were compared with the responses to a survey of investment professionals in the United States and Canada (Veit and Murphy 1992), which was conducted during the fall of 1990 and received 400 usable responses from 894 potential respondents.

In the remainder of this monograph, the current study will be referred to as the *international survey* and the earlier study as the *North American survey*.

Nonparametric tests were used to decide whether significant differences existed between various responses to the international and North American surveys. For all the chi-square tests, the null hypothesis was that the responses between any two questions or groups do not differ significantly. The Spearman rank correlation coefficient was computed to measure the association between two sets of rankings in the international and North American surveys. The 5 percent significance level was used for all statistical tests.

Respondent and Firm Attributes

Understanding the characteristics of the survey respondents and their employing firms is important when interpreting the results. Table 2 presents some attributes of the respondents to the international survey and of their firms. The key attributes are as follows:

- More than three-quarters of the respondents are male.
- More than three-quarters of the respondents are between 26 and 35 years old.
- Almost half the respondents have less than five years' experience in the investment business.
- For about half the respondents, the highest earned academic degree is a bachelor's degree; 44 percent of respondents have a master's degree.
- About three-quarters of the respondents are candidates in the CFA program.
- More than half the respondents operate on the buy side of investment

TABLE 2. Attributes of Survey Respondents and Employers: Full Sample

Attribute	International		North American	
	Number	Percent	Number	Percent
<i>Gender</i>				
Male	557	77.6%	300	75.0%
Female	<u>161</u>	<u>22.4</u>	<u>100</u>	<u>25.0</u>
	718	100.0	400	100.0
<i>Age^a</i>				
Under 25	44	6.1	5	1.3
26 to 35	562	78.3	192	48.0
46 to 55	105	14.6	102	25.5
56 to 65	5	0.7	62	15.5
Over 65	2	0.3	33	8.3
	<u>0</u>	<u>0.0</u>	<u>6</u>	<u>1.5</u>
	718	100.0	400	100.0
<i>Number of years employed in investment business^a</i>				
Less than 5	337	47.3	80	20.1
5 to 9	268	37.6	138	34.6
10 to 14	91	12.8	59	14.8
15 to 19	8	1.1	34	8.5
20 to 24	4	0.6	44	11.0
25 to 29	3	0.4	18	4.5
30 or more	<u>1</u>	<u>0.1</u>	<u>26</u>	<u>6.5</u>
	712	100.0	399	100.0
<i>Highest academic degree earned^a</i>				
High school diploma	8	1.1	3	0.8
Bachelor's degree	345	48.2	123	30.8
Master's degree	315	44.0	258	64.7
Doctorate	17	2.4	10	2.5
Other	<u>31</u>	<u>4.3</u>	<u>5</u>	<u>1.3</u>
	716	100.0	399	100.0
<i>CFA designation earned^a</i>				
CFA	158	22.0	280	70.0
CFA candidate	544	75.9	NA	NA
Neither	<u>15</u>	<u>2.1</u>	NA	NA
	717	100.0		
<i>Nature of respondent's investment activity</i>				
Buy side	404	56.5	218	54.8
Sell side	262	36.6	161	40.5
Other	<u>49</u>	<u>6.9</u>	<u>19</u>	<u>4.8</u>
	715	100.0	398	100.0

TABLE 2. Continued

Attribute	International		North American	
	Number	Percent	Number	Percent
<i>Employer^a</i>				
Broker or investment bank	278	38.8	154	38.6
Investment company or mutual fund	131	18.3	33	8.3
Investment counseling and money management	121	16.9	99	24.8
Insurance company	39	5.4	39	9.8
Commercial bank	78	10.9	45	11.3
Other	<u>69</u>	<u>9.6</u>	<u>29</u>	<u>7.3</u>
	716	100.0	399	100.0
<i>Number of analysts and portfolio managers employed by the respondent's firm^a</i>				
Less than 10	256	35.9	143	36.3
10 to 19	137	19.2	91	23.1
20 to 29	53	7.4	48	12.2
30 to 39	27	3.8	24	6.1
40 or more	<u>241</u>	<u>33.8</u>	<u>88</u>	<u>22.3</u>
	714	100.0	394	100.0

Note: The percentages may not add to 100 because of rounding.

NA = not asked in the survey.

^aThe distributions of responses differ significantly between the international and North American surveys based on chi-square tests.

transactions.

- The most common employer group is a brokerage or investment bank.
- Firms having fewer than 10 analysts and portfolio managers employ more than one-third of the respondents, and firms with 40 or more analysts and portfolio managers employ another third.

A comparison of attributes of the international respondents and the North American respondents revealed both similarities and differences. The chi-square tests show that the attributes are similar for gender and for nature of the respondent's investment activity but differ significantly on all other attributes shown in Table 2. For example, the chi-square tests show that the respondents in the international survey are significantly younger, have less experience in the investment business, are less well educated, and among them hold fewer CFA charters than do respondents in the North American survey. The type of employer and number of analysts and portfolio managers of the respondent's firm also differ significantly between the two surveys.

Differences in respondent characteristics between the two populations could

account for some dissimilar responses that will be discussed later. Nonetheless, the characteristics of both studies are representative of their respective groups. On balance, the distribution of the AIMR member population as to age and experience is more even in North America than outside the continent. In addition, 70 percent of the respondents in North America had already earned their CFA designations versus almost 76 percent outside North America who are still CFA candidates; this finding attests to the dramatic growth of AIMR internationally.

Professional Comparisons

One objective of the study was to discover how investment professionals view their ethical behavior as compared with their perceptions about five other professional groups: lawyers, commercial bankers, corporate managers, politicians, and engineers. For each profession, respondents were asked to give their perceptions of actual ethical behavior on a four-point scale, in which 1 = not ethical, 2 = somewhat ethical, 3 = moderately ethical, and 4 = highly ethical.

Table 3 presents perceptions about ethical behavior of the six professions. In the international survey, investment professionals gave their profession a weighted-average rating of 2.70, which falls between “somewhat ethical” and “moderately ethical.” Only 3.5 percent of the respondents perceive that investment professionals are “not ethical”; 7.3 percent believe investment professionals are “highly ethical.” The ranking for investment professionals falls below both engineers and commercial bankers but above lawyers, corporate managers, and politicians. Politicians are the only group to receive a rating falling between “not ethical” and “somewhat ethical.” Chi-square tests show that the responses for each professional group differ significantly from responses for each other professional group.

Table 3 also shows similar rankings between the international and North American surveys on the perceived ethical behavior of various professions. The Spearman rank correlation coefficient of 0.89 confirms a statistically significant association between the rankings. Investment professionals rank third and second in the international and North American surveys, respectively. In both surveys, the respondents reported believing that engineers exhibit the highest level of ethical behavior and politicians the lowest. Chi-square tests, however, show that the distributions of responses between the international and North American surveys differ significantly for each profession.

Table 4 reports the responses on a country basis. The respondents ranked investment professionals anywhere from second to fourth among the six

TABLE 3. Opinions About the Perceived Ethical Behavior of Various Professions: Full Sample

Profession	Number	International ^a				North American ^b	
		Not Ethical (1)	Somewhat Ethical (2)	Moderately Ethical (3)	Highly Ethical (4)	Weighted Average of Ratings	Rank
Engineers	703	2.4%	14.7%	56.8%	26.2%	3.07	1
Commercial bankers	711	3.8	30.4	54.3	11.5	2.74	2
Investment professionals	708	3.5	30.1	59.0	7.3	2.70	3
Lawyers	709	7.5	33.1	44.4	5.0	2.67	4
Corporate managers	710	5.1	40.3	49.2	5.5	2.55	5
Politicians	712	48.9	34.7	12.5	.9	1.71	6

Note: The percentages may not add to 100 because of rounding.

^aThe distributions of responses between each professional group in the international survey differ significantly based on chi-square tests.

^bThe distributions of responses for each professional group differ significantly between the international and North American surveys based on chi-square tests.

TABLE 4. Ranking the Perceived Ethical Behavior of Various Professions for the International Survey: By Country

Country	Engineers		Commercial Bankers		Investment Professionals		Lawyers		Corporate Managers		Politicians	
	Rating	Rank	Rating	Rank	Rating	Rank	Rating	Rank	Rating	Rank	Rating	Rank
<i>Asian</i>												
Hong Kong	3.02	1	2.75	2	2.60	4	2.66	3	2.44	5	1.68	6
Japan	3.24	1	2.45	3	2.43	4	3.02	2	2.41	5	1.26	6
Singapore	3.04	1	2.78	2	2.72	3	2.56	4	2.55	5	2.30	6
Thailand	2.90	1	2.79	2	2.69	3	2.62	4	2.49	5	1.49	6
<i>Other</i>												
Australia	3.45	1	2.67	4	2.97	2	2.58	5	2.76	3	1.58	6
South Africa	3.24	1	3.02	2	2.88	3	2.80	4	2.66	5	1.30	6
Switzerland	2.84	1	2.84	1	2.75	3	2.56	5	2.60	4	1.85	6
United Kingdom	3.16	1	2.63	4	2.83	2	2.60	5	2.67	3	1.48	6

Note. The rating is a weighted average based on a four-point scale, where 1 = not ethical, 2 = somewhat ethical, 3 = moderately ethical, and 4 = highly ethical.

professions. At the same time, the respondents from each country consistently perceive engineers as exhibiting the highest level and politicians the lowest level of ethical behavior. These results suggest that the low esteem in which politicians are held is a global phenomenon.

Ethical Trends

The international survey also examined the perceptions of respondents about past and future ethical standards of investment professionals. As Table 5 shows, more than 65 percent of the respondents believe that ethical standards of investment professionals in their countries have improved during the past ten years. About 20 percent said that ethical standards have not changed, and about 6 percent thought that standards have deteriorated. More than two-thirds of the respondents expect future ethical standards of investment professionals to improve, another 12.3 percent expect standards to remain unchanged, and only 6.4 percent expect ethical standards to deteriorate.

Chi-square tests show that the results of the international survey differ significantly from those of the North American survey on the issues of past and future ethical standards of investment professionals. As Table 5 shows, a

TABLE 5. Perceived Trends in Ethical Standards of Investment Professionals

Trend	International		North American	
	Number	Percent	Number	Percent
<i>During the past ten years, ethical standards of investment professionals in your country^a</i>				
Improved	471	65.8%	96	24.3%
Remained unchanged	145	20.3	109	27.6
Deteriorated	46	6.4	138	34.9
No opinion	<u>54</u>	<u>7.5</u>	<u>52</u>	<u>13.2</u>
	716	100.0	395	100.0
<i>During the next ten years, ethical standards of investment professionals in your country are likely to^a</i>				
Improve	559	78.1	247	63.0
Remain unchanged	88	12.3	108	27.6
Deteriorate	46	6.4	21	5.4
No opinion	<u>23</u>	<u>3.2</u>	<u>16</u>	<u>4.1</u>
	716	100.0	392	100.0

Note: The percentages may not add to 100 because of rounding.

^aThe responses of the international participants differ significantly from those of the North American participants.

much larger percentage of the international respondents than of their North American counterparts believe ethical standards in the investment profession have improved. This difference may reflect the timing of the studies. The North American study was conducted in 1990 and may reflect the views of the respondents about several highly publicized cases of insider trading that occurred in the United States in the late 1980s. This difference may also reflect the population differences mentioned earlier. Almost half the respondents surveyed in North America had been in the industry ten years before the survey was conducted, compared with about 15 percent in the international survey. Another possible explanation is that ethical standards improved and AIMR membership increased as some of these markets developed and international participation increased. In any event, the international study is not only more current but also covers more countries than the North American survey.

Both studies show that most respondents believe that ethical standards in the investment profession are likely to improve, but the international respondents are more positive about this improvement than were their North American counterparts. Again, this finding may reflect a sample bias.

Table 6 presents the responses about past and future ethical standards of investment professionals by each country represented in the international survey. The percentage of respondents believing that ethical standards of investment professionals have improved in their country during the past ten years ranges from almost 80 percent in Switzerland to about 41 percent in South Africa.

In seven of the eight countries, the number of respondents who expect ethical standards of investment professionals in their countries to improve during the next ten years exceeds the number who perceive standards to have improved in the past ten years. In Hong Kong, however, the percentage of respondents expecting ethical standards to improve during the next ten years is slightly less than the percentage of those saying that such standards have improved during the past ten years (67.7 percent versus 68.5 percent, respectively). Among the eight countries surveyed, respondents from Japan and South Africa expect the most relative improvement in ethical standards between the two ten-year periods. Despite that finding for South Africa, more than 29 percent of the respondents from South Africa expect ethical standards to deteriorate in that country during the next ten years.

Learning about Ethics

To find out how people learn ethical behavior, respondents were asked to indicate how much of an investment professional's training and education

TABLE 6. Perceived Trends in Ethical Standards of Investment Professionals for the International Survey Only: By Country

Country	Number	Improve(d)	Deteriorate(d)	Remain(ed) Unchanged	No Opinion
<i>Trends in the ethical standards of investment professionals during the past ten years</i>					
<i>Asian</i>					
Hong Kong	130	68.5%	4.6%	17.7%	9.2%
Japan	95	53.7	4.2	33.7	8.4
Singapore	149	64.4	4.0	19.5	12.1
Thailand	39	74.4	7.7	14.4	2.6
<i>Other</i>					
Australia	32	65.6	3.1	18.8	12.5
South Africa	51	41.2	29.4	27.5	2.0
Switzerland	128	79.7	1.6	17.2	1.6
United Kingdom	92	67.4	9.8	14.1	8.7
Total	716				
<i>Expected trends in the ethical standards of investment professionals during the next ten years</i>					
<i>Asian</i>					
Hong Kong	130	67.7	11.5	15.4	5.4
Japan	95	83.2	1.1	13.7	2.1
Singapore	149	79.2	6.7	8.7	5.4
Thailand	39	89.7	2.6	5.1	2.6
<i>Other</i>					
Australia	33	72.7	0.0	21.2	6.1
South Africa	51	60.8	29.4	9.8	0.0
Switzerland	127	87.4	0.8	11.8	0.0
United Kingdom	92	79.3	3.3	14.1	3.3
Total	716				

Note: The percentages may not add to 100 because of rounding.

about ethical behavior should come from various sources. Respondents gave their views on this issue using a four-point scale, in which 1 = none, 2 = small amount, 3 = moderate amount, and 4 = large amount. As Table 7 shows, more than half the respondents believe that a “large amount” of an investment professional’s training in ethical behavior should come from four sources: senior management, the employing firm, professional organizations, and the home environment. Based on the weighted-average ratings, the respondents clearly view the example set by senior management as the single most impor-

TABLE 7. Opinions about Appropriate Sources of Ethics Training

Source	Number	International ^a				North American			
		None (1)	Small Amount (2)	Moderate Amount (3)	Large Amount (4)	Weighted Average of Ratings	Rank	Weighted Average of Ratings	Rank ^b
Senior management (by example)	714	0.6%	5.9%	21.0%	72.5%	3.66	1	3.45	1
Employing firm (training programs)	714	1.0	8.3	34.6	56.2	3.46	2	3.04	3
Professional organizations	714	1.3	9.2	34.0	55.5	3.44	3	2.92	4
Home environment	713	2.8	11.6	28.5	57.1	3.40	4	3.39	2
School, college, or university	716	3.5	17.5	45.5	33.5	3.09	5	2.54	5.5
Religious education	704	23.6	30.3	25.0	21.1	2.44	6	2.54	5.5

Note: The percentages may not add to 100 because of rounding.

^aThe distributions of responses to each source of ethics are significantly different between the international and North American surveys.

^bNo significant relationship exists between the rank placed on various sources of ethics training by international and North American respondents.

tant source of ethical training and education. The two lowest ranking sources are school, college, or university and religious education. Chi-square tests show that the responses differ significantly between each source and the other sources except between the employing firm and professional organizations.

Table 7 also presents the rankings of the six sources of ethics training, based on their weighted-average ratings, for the international and North American surveys. A Spearman rank correlation coefficient of 0.81 shows no significant association between the rankings of the two groups. Although most rankings differ, a firm's senior management and religious education rank first and last, respectively, in both surveys as appropriate sources of an investment professional's training and education in ethical behavior. Chi-square tests show that the distributions of responses for each source in the international survey differ significantly from the distributions for corresponding sources in the North American survey.

Table 8 reports the respondents' views by country about how much of an investment professional's training and education in ethical behavior should come from each source. The rankings are consistent at the extremes. Senior management ranks as the primary source of an investment professional's training and education; school, college, or university ranks fifth; and religious education ranks sixth.

Table 9 contains the respondents' opinions about *how effective* the six sources *have been* in providing useful training and education in ethical behavior. Respondents gave their views on this issue using a four-point scale, in which 1 = not effective, 2 = slightly effective, 3 = moderately effective, and 4 = highly effective.

In the international study, investment professionals gave home environment the highest weighted-average rating, 3.38, which falls between "moderately effective" and "highly effective." Almost 58 percent of the respondents believe that their home environment has been highly effective. The remaining sources of useful training and education in ethical behavior are, in declining order of effectiveness, professional organizations; senior management (by example); employing firm (training programs); school, college, or university; and religious education. Chi-square tests show that the responses for each source differ significantly from those for the other sources.

A comparison of the responses from the international and North American surveys shows no significant association between the rankings of the sources based on the Spearman rank correlation coefficient of 0.75. Nevertheless, the respondents to both surveys rank home environment first as providing useful training and education in ethical behavior.

Table 10 provides a country breakdown of the perceived effectiveness of the

TABLE 8. Ranking of Appropriate Sources of Ethics Training for the International Survey Only: By Country

Country	Senior Management		Employing Firm		Professional Organizations		Home Environment		School, College, or University		Religious Education	
	Rating	Rank	Rating	Rank	Rating	Rank	Rating	Rank	Rating	Rank	Rating	Rank
<i>Asian</i>												
Hong Kong	3.50	1	3.36	3	3.47	2	3.27	4	3.15	5	2.39	6
Japan	3.56	1	3.48	2	3.31	4	3.35	3	2.80	5	2.01	6
Singapore	3.68	1	3.42	3	3.44	2	3.40	4	3.19	5	2.91	6
Thailand	3.36	1	3.31	3	3.15	4	3.38	2	3.21	5	2.46	6
<i>Other</i>												
Australia	3.91	1	3.52	3	3.56	2	3.45	4	2.94	5	2.61	6
South Africa	3.84	1	3.43	4	3.49	2	3.49	2	3.20	5	2.64	6
Switzerland	3.77	1	3.61	2	3.50	3	3.46	4	3.27	5	2.23	6
United Kingdom	3.73	1	3.50	2	3.46	4	3.47	3	2.85	5	2.27	6

Note: The rating is a weighted average based on a four-point scale, where 1 = none, 2 = small amount, 3 = moderate amount, and 4 = large amount.

TABLE 9. Opinions About the Effectiveness of Various Sources of Ethics Training and Education

Source ^a	Number	International				North American	
		Not Effective (1)	Slightly Effective (2)	Moderately Effective (3)	Highly Effective (4)	Weighted Average of Ratings	Rank
Home environment	714	4.5%	10.5%	27.2%	57.8%	3.38	1
Professional organizations	712	6.3	22.2	38.6	32.9	2.98	2
Senior management (by example)	711	13.9	32.8	34.0	19.3	2.59	3
Employing firm (training programs)	709	16.8	34.6	31.5	17.2	2.49	4
School/college/university	716	20.5	34.2	35.8	9.5	2.34	5
Religious education	696	33.6	25.7	23.0	17.7	2.25	6
						2.66	4

Note: The percentages may not add to 100 because of rounding.

^aThe distributions of responses to each source are significantly different.

^bNo significant relationship exists between the rankings by respondents of the North American survey and those of the international survey.

TABLE 10. Ranking of Effectiveness of Various Sources of Ethics Training and Education for the International Survey: By Country

Country	Home Environment		Professional Organizations		Senior Management		Employing Firm		School, College, or University		Religious Education	
	Rating	Rank	Rating	Rank	Rating	Rank	Rating	Rank	Rating	Rank	Rating	Rank
<i>Asian</i>												
Hong Kong	3.13	1	3.01	3	2.68	2	2.61	4	2.52	5	2.25	6
Japan	3.35	3	3.31	4	3.56	2	3.48	1	2.80	5	2.01	6
Singapore	3.34	1	2.94	2	2.67	4	2.56	5	2.45	6	2.69	3
Thailand	3.48	1	2.82	3	2.79	4	2.64	5	3.03	2	2.41	6
<i>Other</i>												
Australia	3.48	1	3.21	2	2.64	3	2.52	4	1.91	6	2.09	5
South Africa	3.61	1	2.90	2	2.90	2	2.55	4	2.12	6	2.45	5
Switzerland	3.52	1	2.97	2	2.40	4	2.44	3	2.21	5	2.10	6
United Kingdom	3.51	1	3.03	2	2.67	3	2.48	4	2.25	5	2.05	6

Note: The rating is a weighted average based on a four-point scale, where 1 = not effective, 2 = slightly effective, 3 = moderately effective, and 4 = highly effective.

six sources of ethical training and education. The rankings are similar at the extremes, with some notable exceptions, but show variability for the midranked sources. For example, home environment ranks first in effectiveness except by the respondents from Japan, who view the employing firm as the most effective source of ethics training and education. Religious education ranks fifth or sixth in effectiveness except among the respondents from Singapore, who rank this source third.

The respondents differed in their views about how much of an investment professional's training and education in ethical behavior *should* come from a certain source and *how effective* the source is. Table 11 shows the difference between the weighted-average rating for each source appearing in Tables 7 and 9.

For the international survey, the results suggest that respondents believe all six sources are less effective than they should be. The largest gap among the sources occurs for senior management, followed by the employing firm and then school, college, or university. For the North American survey, the gap is smaller for these three sources than in the international survey, but both surveys suggest that opportunities exist for senior management, employing firms, and schools, colleges, or universities to improve their ethics training and education for investment professionals.

Deterrents to Unethical Behavior

Many factors may deter people from behaving unethically. Survey participants were asked to give their opinions about the importance of six deterrents using a four-point scale, in which 1 = not important, 2 = slightly important, 3 = moderately important, and 4 = highly important.

TABLE 11. Appropriate Sources of Ethical Education Compared with the Effectiveness of Those Sources

Source	Difference in Weighted-Average Rating ^a	
	International	North American
Senior management (by example)	-1.07	-0.53
Employing firm (training programs)	-0.97	-0.73
School, college, or university	-0.75	-0.23
Professional organizations	-0.46	-0.01
Formal religious education	-0.19	+0.12
Home environment	-0.02	+0.27

^aA minus sign shows the source has been a less effective source of training and education than respondents think it should be; a plus sign shows the source has been a more effective source than respondents think it should be.

Table 12 shows the most highly ranked deterrent to unethical behavior for the international respondents to be concern about disciplinary action by the professional's employer. More than 88 percent of the respondents believe this deterrent is either "moderately important" or "highly important." The next most important deterrent to unethical behavior is concern about sanctions from government agencies. Concern about sanctions from self-regulatory organizations ranks third, followed by moral or religious beliefs, having a published code of ethics, and concern that family or friends will find out. The chi-square tests show that the six deterrents differ significantly from one another.

Table 12 also shows the responses about deterrents to unethical behavior from the North American survey. The results are not fully comparable with those of the international survey because the North American survey excluded the deterrent concerning disciplinary action by the professional's employer. The most important deterrent to unethical behavior in the North American survey is sanctions from government agencies. Having a published code of ethics ranks as the least important deterrent.

The chi-square tests between the respondents of the international and North American surveys show that the distributions of responses differ significantly on all five deterrents. As a group, the international respondents view concern about sanctions from self-regulatory organizations and having a published code of ethics as more important deterrents than do the North American respondents. Conversely, the North American respondents view moral or religious beliefs and concern that family or friends will find out as greater deterrents than do the international respondents.

Table 13 presents the rankings of the six deterrents to unethical behavior for each country surveyed. The rankings of the deterrents are similar at the extremes. Respondents from all eight countries rank concern about disciplinary action by the professional's employer as either the first or second most important deterrent to unethical behavior. Respondents from half the countries surveyed rank the concern that family or friends will find out as the least important deterrent. Only in South Africa did this deterrent rank among the three most important deterrents.

Framework for Ethical Behavior

To learn more about ethical practices within the survey participants' firms, participants were asked several questions in order to ascertain whether the firms have their own codes of ethics and, if so, require investment professionals to read them. As Table 14 shows, slightly more than 40 percent of the

Deterrent	Number	International ^a					North American ^b		
		Not Important (1)	Slightly Important (2)	Moderately Important (3)	Highly Important (4)	Weighted Average of Ratings	Rank	Weighted Average of Ratings	Rank
Concern about disciplinary action by the professional's employer	713	1.7%	9.8%	42.2%	46.3%	3.33	1	NA	NA
Concern about sanctions from government agencies	713	4.1	16.4	34.4	45.2	3.21	2	3.20	1
Concern about sanctions from self-regulatory organizations	714	5.3	21.3	45.5	27.9	2.96	3	2.60	4
Moral or religious beliefs	708	11.3	26.0	31.9	30.8	2.82	4	3.07	2
Having a published code of ethics	711	10.0	33.3	37.1	19.5	2.66	5	2.31	5
Concern that family or friends will find out	713	10.0	34.1	37.9	18.1	2.64	6	2.86	3

Note: The percentages may not add to 100 because of rounding.

NA = not asked in the survey.

^aThe distributions of responses to all deterrents differ significantly from each other.

^bThe responses to the North American survey differ significantly for all five deterrents listed.

TABLE 13. Ranking of Various Deterrents to Unethical Behavior of Investment Professionals for the International Survey: By Country

Country	Concern about Disciplinary Action by Employer		Concern about Sanctions from Government Agencies		Concern about Sanctions from Self-Regulatory Organizations		Moral or Religious Beliefs		Having a Published Code of Ethics		Concern that Family or Friends will Find Out	
	Rating	Rank	Rating	Rank	Rating	Rank	Rating	Rank	Rating	Rank	Rating	Rank
<i>Asian</i>												
Hong Kong	3.36	2	3.39	1	2.83	3	2.75	4	2.53	5	2.39	6
Japan	3.27	1	2.98	2	2.79	4	2.94	3	2.79	4	2.62	6
Singapore	3.30	2	3.49	1	3.09	3	2.93	4	2.60	5	2.62	6
Thailand	3.13	1	3.15	2	3.05	3	2.62	5	2.55	6	2.74	4
<i>Other</i>												
Australia	3.41	2	3.42	1	3.06	3	2.79	4	2.41	6	2.79	4
South Africa	3.29	1	2.63	6	2.78	4	3.04	2	2.75	5	2.96	3
Switzerland	3.42	1	3.12	2	3.12	2	2.64	6	2.79	4	2.77	5
United Kingdom	3.36	1	3.11	2	2.90	3	2.82	4	2.74	5	2.61	6

Note: The rating is a weighted average rating based on a four-point scale, where 1 = not important, 2 = slightly important, 3 = moderately important, and 4 = highly important.

TABLE 14. Employers' Codes of Ethics

Trend	International		North American	
	Number	Percent ^a	Number	Percent ^a
<i>Does your firm publish its own code of ethics separately from that of any professional organization's code of ethics?^b</i>				
Yes	291	40.6%	206	51.6%
No	370	51.7	193	48.4
Don't know	<u>55</u>	<u>7.7</u>	<u>NA</u>	<u>NA</u>
Total	716	100.0	399	100.0
<i>If your firm endorses a code of ethics (either its own or that of a professional organization), does it require its investment professionals to read the code of ethics?^b</i>				
Yes	321	45.3	202	58.9
No	163	23.0	141	41.1
Don't know	69	9.7	NA	NA
Not applicable	<u>155</u>	<u>21.9</u>	<u>NA</u>	<u>NA</u>
Total	708	100.0	343	100.0
<i>If yes, how frequently does your firm require investment professionals to read the code of ethics it endorses?</i>				
One time only when employment begins	178	55.6	29	14.7
Once each year	82	25.6	151	76.6
Once every two years	9	2.8	5	2.5
Other	<u>51</u>	<u>15.9</u>	<u>12</u>	<u>6.1</u>
Total	320	100.0	197	100.0
<i>If yes, are the investment professionals in your firm required to provide written verification that they have read and will comply with the code of ethics it endorses?^b</i>				
Yes	201	61.8	165	82.5
No	115	35.4	35	17.5
Don't know	<u>9</u>	<u>2.8</u>	<u>NA</u>	<u>NA</u>
Total	325	100.0	200	100.0

NA = not asked in the survey.

^aThe percentages may not add to 100 because of rounding.

^bThe responses to this question in the international survey differ significantly from those in the North American survey.

international respondents reported that their firms publish a code of ethics separately from that of any professional organization. Of those firms endorsing a code of ethics, either their own or that of a professional organization, about

45 percent require investment professionals to read the code.

Those survey participants required to read a code of ethics were also asked how often they must do so. About 56 percent report that they must read the code of ethics one time only, when employment begins. More than a quarter report that employers require them to read the code once a year. About 62 percent of participants required to read a code of ethics must provide written verification that they have read and will follow the code.

Based on chi-square tests, the responses to each question shown in Table 14 differ significantly between the international and North American surveys. Far fewer international firms than North American firms publish their own codes of ethics and require investment professionals to read the codes they endorse. For those North American firms requiring investment professionals to read the firm's code of ethics, a much larger percentage than in the international group also require them to read the code once a year and to provide written verification that they have read and will follow the code.

Table 15 presents the percentage of firms publishing a code of ethics and requiring their investment professionals to read a code of ethics, either their own or that of a professional organization, for each country surveyed. The percentage of firms publishing a code of ethics ranges from 23.5 percent in South Africa to 64.1 percent in the United Kingdom. The percentage of firms requiring their investment professionals to read the code of ethics endorsed by the firm also varies widely, ranging from 30.0 percent in South Africa to 71.7 percent in the United Kingdom.

TABLE 15. Employers' Codes of Ethics for the International Survey: By Country

Country	Percent of Firms Publishing Their Own Code of Ethics	Percent of Firms Endorsing a Code of Ethics that Requires Investment Professionals to Read the Code of Ethics
<i>Asian</i>		
Hong Kong	42.6%	45.7%
Japan	49.5	43.6
Singapore	37.6	42.3
Thailand	33.3	36.8
<i>Other</i>		
Australia	54.5	54.5
South Africa	23.5	30.0
Switzerland	24.2	36.6
United Kingdom	64.1	71.7

The eight countries were ranked based on two variables—the percentage of firms in each country publishing a code of ethics and the percentage of firms in each country requiring their investment professionals to read the code of ethics endorsed by the firm. A Spearman rank correlation coefficient of 0.98 shows a significant association between these two variables. That is, firms that publish their own codes of ethics typically require their investment professionals to read the codes.

Three questions were asked about the presence of officers within respondent firms whose duties are to ensure compliance with legal and ethical standards. As Table 16 shows, about half the respondents in the international survey reported that their firms have a compliance officer. Of those respondents, more than 80 percent know the name of this officer. In a related question, survey participants were asked to indicate the position of the firm's compliance officer. The most often cited position of the compliance officer is director (27.6 percent), followed by vice president (19.4 percent), and executive or senior vice president (18.1 percent).

Chi-square tests show differences between the responses from the international and North American surveys concerning compliance officers. Specifically, a significantly smaller percentage of respondents from the international survey than from the North American survey reported that their firms have a compliance officer (49.2 percent versus 75.3 percent, respectively). The positions of the compliance officer also differ significantly between the two surveys. For example, the most common position of the compliance officer in the international survey is director (27.6 percent), whereas vice president (43.5 percent) is the most common position in the North American survey. The percentages of respondents who know the name of their firm's compliance officer, however, are similar in the two groups of respondents.

As Table 17 shows, the percentage of firms with a compliance officer varies widely among the eight countries. Less than 30 percent of the respondents from Thailand and Switzerland but more than 90 percent in the United Kingdom reported that their firms have a compliance officer. The eight countries are ranked according to three variables: the percentage of firms with a compliance officer, the percentage of firms that publish a code of ethics, and the percentage of firms that require investment professionals to read a code of ethics. The analysis shows a significantly positive correlation between the percentage of firms in each country with a compliance officer and the other two variables. In both relationships, the Spearman rank correlation coefficient is 0.88. Thus, firms with a compliance officer typically publish a code of ethics and require their investment professionals to read a code of ethics.

TABLE 16. Compliance Officers

Question	International		North American	
	Number	Percent ^a	Number	Percent ^a
<i>Does your firm have a compliance officer to ensure legal and ethical standards are maintained?^b</i>				
Yes	352	49.2%	298	75.3%
No	284	39.7	98	24.7
Don't know	<u>80</u>	<u>11.2</u>	<u>NA</u>	<u>NA</u>
Total	716	100.0	396	100.0
<i>If yes, do you know the name of your firm's compliance officer?</i>				
Yes	293	81.2	256	85.9
No	<u>68</u>	<u>18.8</u>	<u>42</u>	<u>14.1</u>
Total	361	100.0	298	100.0
<i>If yes, what is the position of your firm's compliance officer?^{b,c}</i>				
Chairs the board of directors	1	0.3	6	2.4
Director	84	27.6	16	6.3
President	23	7.6	13	5.1
Executive or senior vice president	55	18.1	89	34.9
Vice president	59	19.4	111	43.5
Below the vice president level	31	10.2	20	7.8
Other	39	12.8	NA	NA
Don't know	<u>12</u>	<u>3.9</u>	<u>NA</u>	<u>NA</u>
Total	304	100.0	255	100.0

NA = not asked in the survey.

^aThe percentages may not add to 100 because of rounding.

^b"The distributions of responses to the question differ significantly between the international survey and the North American survey."

^cThe survey used different but roughly equivalent names to describe the positions of compliance officers in various countries. For "director," the term "managing director" was used in Japan. For "president," the term "managing director" was used in South Africa and "officer" was used in the United Kingdom. For "executive" or "senior vice president," the term "department head" was used in Japan, "executive" or "senior director" was used in South Africa, and "senior manager" was used in the United Kingdom. For "vice president," the term "section chief" was used in Japan, "management" was used in South Africa, and "below senior manager" was used in the United Kingdom. For "below the vice president" level, the term "below section chief" was used in Japan and "below management level" was used in South Africa.

Nature and Frequency of Ethics Violations

An important issue in this study is the extent to which ethical violations occur in the investment profession. The survey participants were thus asked to indicate the frequency of often types of ethical or legal violations *based on their personal experience or observation*. Each respondent was asked to state how frequently the violation occurs on a four-point scale, in which 1 = never, 2 =

TABLE 17. Compliance Officers for the International Survey: By Country

Country	Percent of Firms Having a Compliance Officer
<i>Asian</i>	
Hong Kong	50.0%
Japan	63.4
Singapore	40.0
Thailand	28.2
<i>Other</i>	
Australia	54.5
South Africa	35.3
Switzerland	28.9
United Kingdom	91.3

seldom, 3 = sometimes, and 4 = often.

As Table 18 shows, at least 50 percent of the international respondents reported that four of the ten violations occur “sometimes” or “often.” The two most frequently cited violations involve inside information—either trading based on inside information or communicating inside information. The two other most frequently cited violations are the failure to use diligence and thoroughness in making recommendations and writing reports that support predetermined conclusions.

The fifth and sixth most frequent violations relate to dealings with clients. More than 46 percent of the respondents reported that failure to disclose conflicts of interest to clients and not dealing fairly with all clients when taking investment action occur “sometimes” or “often.”

The ethical violation ranked seventh is plagiarizing another’s work. More than 42 percent of the respondents reported experiencing or observing plagiarism in the investment profession. The eighth most common ethics violation is front running (making personal trades before client trades). Almost 46 percent reported experiencing or observing front running either “sometimes” or “often.”

The least common ethics violations listed in Table 18 are failure to disclose conflicts of interest to the professional’s employer and misrepresenting a firm’s past or expected future performance. Although least common, these violations were reported by more than 36 percent of the respondents as occurring “sometimes” or “often.”

A test of the rankings of the ten violations between the international and

TABLE 18. Perceived Frequency of Various Ethical or Legal Violations

Violations	International					North American			
	Number	Never (1)	Seldom (2)	Sometimes (3)	Often (4)	Weighted Average of Rating	Rank	Weighted Average of Ratings**	Rank
Trading based on inside information ^d	712	13.9%	25.6%	36.8%	23.7%	2.70 ^a	1	2.44	4
Communicating inside information ^d	714	13.2	26.3	39.2	21.3	2.69 ^a	2	2.59	3
Failure to use diligence and thoroughness in making recommendations ^d	712	10.1	34.3	37.9	17.7	2.63	3	2.77	1
Writing reports that support predetermined conclusions	709	14.8	32.2	38.6	14.4	2.53	4	2.60	2
Failure to disclose conflicts of interest to clients ^{a,d}	709	21.3	32.4	29.6	16.6	2.42	5	2.13	10
Not dealing fairly with all clients when taking investment action	705	19.6	33.8	33.2	13.5	2.41 ^b	6	2.34	5
Plagiarizing another's work ^d	712	18.5	39.3	31.7	10.4	2.34	7	2.25	7
Front running (making personal trades before client trades) ^d	705	25.7	28.5	33.3	12.5	2.33	8	2.18	9
Failure to disclose conflicts of interest to the professional's employer ^{a,d}	707	23.8	40.2	26.3	9.8	2.22 ^c	9	2.13	5
Misrepresenting a firm's past or expected future performance	705	23.7	39.1	29.5	7.7	2.21 ^c	10	2.23	8

^aThe North American survey combined these two questions as "failure to disclose conflicts of interest to clients and/or employer." To compare the rankings between the two surveys on ethical violations, we divided this question into two parts and considered each a tied response.

^{**}Four-point response scale (1 = never, 2 = rarely, 3 = periodically, and 4 = frequently) differs slightly for the North American survey.

^{a,b,c}Violations with matching letters are not significantly different from each other at the 5 percent level.

^dThe responses to these questions differ significantly between the international and North American surveys.

North American surveys shows no significant association (i.e., the Spearman rank correlation coefficient is 0.63). Chi-square tests of the frequency of each violation in the international survey and in the North American survey indicate a significant difference in the frequencies of the ethics violations in the following seven violations:

- trading based on inside information,
- communicating inside information,
- failure to use diligence and thoroughness in making recommendations,
- failure to disclose conflicts of interest to clients,
- plagiarizing another's work,
- front running, and
- failure to disclose conflicts of interest to the professional's employer.

Except for the last violation listed, the international respondents cited a higher frequency of ethics violations than their North American counterparts reported.

Table 19 presents the rankings of the ten ethical or legal violations for each country surveyed. For five of the eight countries, the top-ranked violation is trading based on inside information. Respondents in Japan and the United Kingdom rank insider trading as sixth and seventh, respectively, in order of frequency. The differences in rankings on insider trading among the countries surveyed may reflect the impact of different laws and sanctions. In both of those countries, failure to use diligence and thoroughness in making recommendations ranks as the most common ethical or legal violation in the investment profession. Respondents from Switzerland view the failure to disclose conflicts of interest to clients as the highest ranking violation. In four countries, misrepresenting a firm's past or expected future performance is the least frequent violation. Participants in two countries rank front running and failure to disclose conflict of interest to the professional's employer as the least frequently occurring violation.

Personal Experiences with Unethical Behavior

Survey participants were asked several questions about their recent personal experiences with perceived unethical behavior by others. In one question, respondents were asked if they had seen any unethical behavior by employees of their firm during the past 12 months, and if so, what action they took. As Table 20 shows, slightly over a quarter of the respondents reported seeing unethical behavior by an employee of their firm during the previous 12 months. When asked what action they took, the most common response is "took no action" (41.3 percent), followed by "discussed the unethical behavior

TABLE 19. Ranking of Perceived Ethical or Illegal Violations for International Survey Only: By Country

Country	Trading Based on Inside Information		Communicating Inside Information		Failing to use Diligence and Thoroughness in Making Recommendations		Writing Reports that Support Predetermined Conclusions		Failing to Disclose Conflicts of Interest to Clients	
	Rating	Rank	Rating	Rank	Rating	Rank	Rating	Rank	Rating	Rank
<i>Asian</i>										
Hong Kong	3.01	1	2.95	2	2.93	3	2.71	4	2.45	5
Japan	2.30	6	2.41	4	2.84	1	2.56	2	2.25	7
Singapore	2.83	1	2.80	2	2.50	4	2.56	3	2.41	6
Thailand	3.41	1	3.18	2	2.54	5	2.28	8	2.56	4
<i>Other</i>										
Australia	2.73	1	2.73	1	2.36	5	2.45	3	2.33	6
South Africa	3.14	1	3.06	2	2.76	3	2.49	7	2.59	4
Switzerland	2.44	4	2.39	5	2.55	3	2.26	8	2.60	1
United Kingdom	2.29	7	2.40	3	2.82	1	2.68	2	2.14	8
Country	Not Dealing Fairly with all Clients when Taking Investment Action		Plagiarizing Another's Work		Front Running		Failing to Disclose Conflicts of Interest to Professional's Employer		Misrepresenting a Firm's Past or Expected Future Performance	
	Rating	Rank	Rating	Rank	Rating	Rank	Rating	Rank	Rating	Rank
<i>Asian</i>										
Hong Kong	2.43	6	2.36	8	2.43	6	2.34	9	2.22	10
Japan	2.42	3	2.31	5	1.83	10	2.07	9	2.13	8
Singapore	2.42	5	2.34	8	2.41	6	2.29	9	2.19	10
Thailand	2.33	7	2.28	8	2.70	3	2.36	6	2.05	10
<i>Other</i>										
Australia	2.42	4	2.21	8	2.06	10	2.21	8	2.33	6
South Africa	2.56	6	2.37	8	2.59	4	2.23	10	2.29	9
Switzerland	2.35	7	2.37	6	2.59	2	2.24	9	2.14	10
United Kingdom	2.37	5	2.35	6	1.97	9	1.96	10	2.38	4

Note: The rating is a weighted average of the responses based on a four-point scale where 1 = never, 2 = seldom, 3 = sometimes, and 4 = often.

TABLE 20. Personal Observation of Unethical Behavior

Question	International		North American	
	Number	Percent ^a	Number	Percent ^a
<i>In the past 12 months, have you witnessed an employee of your firm acting in a matter you feel is unethical?</i>				
Yes	184	25.7%	95	24.1%
No	438	61.3	300	75.9
Don't know	93	13.0	NA	NA
Total	715	100.0	395	100.0
<i>If yes, what action did you take?^a</i>				
Took no action	76	41.3	34	35.8
Discussed it with the person making the infraction	61	33.2	30	31.6
Made the activity known to my supervisor or other person in the chain of command	58	31.5	39	41.1
Made the activity known to the ethics compliance officer	12	6.5	11	11.6
Other	8	4.3	NA	NA
Total	215		114	

NA = not asked in the survey.

^aRespondents could indicate more than one action. Because the percentages are based only on those individuals who reported seeing unethical behavior (i.e., 184 respondents in the international survey and 95 respondents in the North American survey), the total exceeds 100 percent.

with the person making the infraction” (33.2 percent). Almost 32.0 percent of the respondents made the activity known to their supervisors or other persons in the chain of command. Only 6.5 percent informed their compliance officers of the violation.

A chi-square test shows no significant difference in the percentages of respondents from the international and from the North American surveys reporting that they have seen a colleague act unethically. To perform the chi-square test in this study, the “no” and “don’t know” responses were combined into a single category because the respondents in the North American survey did not have a “don’t know” option. About a quarter of the respondents from both surveys reported seeing such unethical behavior in the past 12 months. A chi-square test also shows no differences in the actions taken by those seeing a colleague act unethically between the respondents to the two surveys. For this chi-square test, the “other” category was omitted because the North American survey did not contain this category.

As Table 21 shows, the percentages of respondents witnessing unethical behavior by a colleague during the past 12 months vary widely among the eight

TABLE 21. Personal Observation of Unethical Behavior for International Survey: By Country

Country	Percent of Respondents Seeing an Employee of Their Firms Act Unethically in the Past 12 Months
<i>Asian</i>	
Hong Kong	28.7%
Japan	20.2
Singapore	22.8
Thailand	25.6
<i>Other</i>	
Australia	30.3
South Africa	11.8
Switzerland	33.6
United Kingdom	27.2

countries surveyed. Only 11.8 percent of the respondents from South Africa reported seeing unethical behavior by a colleague, compared with 33.6 percent of the respondents from Switzerland.

Survey participants were also asked if someone in the firm where they worked had ever asked them to do anything they considered unethical. As Table 22 shows, slightly more than 22 percent of the analysts and portfolio managers reported that they have been asked to do something unethical. Those who answered this question affirmatively were asked whether the request came from a person senior to, junior to, or at the same level as themselves within the organization. Most responded that the person was senior to them. Despite this finding, slightly less than 60 percent of the respondents believe that their firm's senior management seeks high ethical standards for all employees.

To perform the chi-square tests on the first and third questions in Table 22, the "no" and "don't know" responses were combined into a single category because the respondents in the North American survey did not have a "don't know" option. The chi-square tests show no significant differences between the international and North American surveys on the first two questions in Table 22, but the results do indicate that a significantly smaller percentage of international than North American respondents believe their firms' senior managers seek high ethical standards for employees. This finding suggests that senior management from countries represented in the international survey should take steps to improve the ethical standards within their firms.

Table 23 summarizes the results by country for the questions (1) "Have you

TABLE 22. Requests to Do Something Unethical and Ethical Standards of Management

Question	International		North American	
	Number	Percent ^a	Number	Percent ^a
<i>Have you ever been asked to do anything you considered to be unethical by someone in a firm where you worked?</i>				
Yes	159	22.2%	91	22.9%
No	541	75.7	307	77.1
Don't know	15	2.1	NA	NA
Total	715	100.0	398	100.0
<i>If yes, was this person (or persons) senior to you, junior to you, or at the same level as you in the organization?</i>				
Senior to you	141	88.7	84	92.3
Junior to you	6	3.8	3	3.3
Same level as you	19	11.9	8	8.8
Total	166		95	
<i>In your opinion, does your firm's senior management truly seek high ethical standards from all employees?^b</i>				
Yes	426	59.8	343	86.6
No	150	21.1	53	13.4
Don't know	136	19.1	NA	NA
Total	712	100.0	396	100.0

NA = not asked in the survey.

^aThe percentages reflect the answers of only those individuals who reported being asked to do something that they considered unethical (i.e., 159 respondents in the international survey and 91 respondents in the North American survey). Because respondents could indicate more than one level, the total exceeds 100 percent.

^bThe responses to this question differ significantly between the international and North American surveys.

ever been asked to do anything you considered to be unethical by someone in a firm where you work?" and (2) "In your opinion, does your firm's senior management truly seek high ethical standards for all employees?" The percentage of respondents asked to do something considered unethical is lower in the Asian countries, except Japan, than in the other countries. For example, fewer than 20 percent of the respondents from Thailand, Singapore, and Hong Kong reported someone asking them to do something unethical, whereas more than 20 percent of the respondents from the remaining countries surveyed reported experiencing such events. The respondents from the four

TABLE 23. Requests to Do Something Unethical and Ethical Standards of Management for International Survey: By Country

Country	Something Unethical in a Firm Where They Worked	Respondents Who Believe Their Firm's Senior Management Seeks High Ethical Standards of Employees
<i>Asian</i>		
Hong Kong	19.4%	51.2%
Japan	28.4	56.4
Singapore	16.8	53.0
Thailand	12.8	56.4
<i>Other</i>		
Australia	24.2	75.8
South Africa	23.5	78.4
Switzerland	26.8	54.0
United Kingdom	25.0	80.2

Asian countries believe that a smaller percentage of their senior management seek high ethical standards for employees than do those from the other countries except Switzerland. More than three-quarters of the respondents from Australia, South Africa, and the United Kingdom believe their senior managers seek high ethical standards.

4. Summary and Conclusions

This report of the results of an international ethics survey of securities analysts and portfolio managers extends a previous study (Veit and Murphy 1992) that focused on U.S. and Canadian investment professionals. The opinions expressed by the respondents to the current survey provide a cross-section of opinions about ethical issues on the part of the investment profession in the countries surveyed. This survey also provides an opportunity to compare ethical perceptions and behavior between investment professionals inside and outside North America.

Based on the statistical tests, several key differences exist between the responses from the international and the North American surveys.

- The respondents to the international survey are significantly younger, have less experience in the investment business, are less well educated, and hold fewer CFA charters than respondents in the North American survey. The type of firm and the number of analysts and portfolio managers in each firm also differ significantly between the two surveys. Most participants in the international survey are employed by investment companies or mutual funds, and fewer are employed by investment counseling and money management firms than in the North American survey. In addition, more participants in the international survey than in the North American survey are employed by very large firms (those having 40 or more analysts).
- A much larger percentage of the international respondents than of their North American counterparts believe that ethical standards in the investment profession improved during the previous ten-year period. The international respondents are also more positive about future improvement in ethical behavior.
- The importance attached to various sources of an investment professional's training and education differs significantly between the two groups of respondents. Both groups, however, view senior management as the most important source.
- The importance attached to various deterrents to unethical behavior differs significantly between the two surveys. A higher percentage of

international than of North American respondents believe that concern about sanctions from self-regulatory organizations and having a published code of ethics are greater deterrents to unethical behavior than other factors. Conversely, a higher percentage of North American than of international respondents believe that moral and religious beliefs and concern that family or friends will find out are greater deterrents than other factors.

- Compared with their North American counterparts, a much smaller percentage of international firms publish a code of ethics and require their investment professionals periodically to read the code endorsed by the firm.
- A much smaller percentage of respondents to the international survey report that their firms have a compliance officer. The positions (ranks) of the compliance officers also differ significantly between the two surveys. Far more directors are shown to be compliance officers in the international survey than in the North American survey. Conversely, far more executive or senior vice presidents or vice presidents are shown to be compliance officers in the North American survey than in the international survey.
- The frequencies of seven of the ten ethics violations differ significantly between the two groups. Compared with their North American counterparts, the international respondents cite a higher frequency of ethical violations for trading based on inside information, communicating inside information, failure to disclose conflicts of interest to clients, plagiarizing another's work, front running, and failure to disclose conflicts of interest to the professional's employer. Failure to disclose conflicts of interest to the professional's employer is a more frequently cited violation in the North American survey than in the international survey.
- A much smaller percentage of international respondents believe their firms' senior managers seek high ethical standards for all employees than the percentage for North American respondents.

The major findings of the survey regarding ethical issues among the investment professionals in the eight countries surveyed are as follows:

- More than 65 percent of the respondents believe that ethical standards of investment professionals in their countries have improved during the past ten years. Respondents are even more optimistic about future improvements in ethical standards.
- Respondents perceive that the ethical behavior of investment professionals ranks about midway among six occupational groups: below engineers and commercial bankers but above lawyers, corporate man-

agers, and politicians.

- Respondents believe that an investment professional's training and education in ethical behavior should come primarily from senior management by example and the employing firm through training programs. Respondents also believe that these two sources currently are not as effective as they should be. Respondents perceive the most effective source of useful training and education in ethical behavior to be the home environment.
- More than a quarter of the respondents report witnessing a colleague acting unethically during the previous 12 months. Their most common response was to take no action; the next most common response was to discuss the behavior with the person who made the infraction.
- More than a fifth of the respondents report being asked to do something unethical by someone in a firm where they worked. This individual is most commonly senior to them.
- The two most commonly reported ethical or legal violations by investment professionals involve inside information—either trading based on inside information or communicating inside information.
- The two most important deterrents to unethical behavior are concern about disciplinary action by the professional's employer and concern about sanctions from government agencies.
- Respondents report that most of their firms neither have their own codes of ethics nor require investment professionals to read a code of ethics. Almost half the firms have an officer to ensure compliance with legal and ethical standards.
- Most respondents believe that their firms' senior management seeks high ethical standards for all employees.

The findings of the current survey suggest that, despite the progress made in improving ethical standards among investment professionals worldwide, additional changes are necessary to improve the ethical behavior and enhance the reputation of the profession. Evidence suggests that senior managers must by example set the tone for ethical behavior. Employing firms also need to provide effective training programs to help ensure that investment professionals act ethically. For example, investment professionals need to know not only the ethical standards of their firms but also how to respond properly after observing unethical practices. The high incidence of ethical violations reported in the international survey, especially those involving inside information, implies that sufficient deterrents are not in place in some organizations. Endorsing a code of ethics and having a compliance officer are not enough to ensure uniform observance of legal and ethical standards. In addition to

providing ethical training and education, organizations employing investment professionals need to establish and enforce appropriate disciplinary procedures to deal with those who violate ethical standards.

Appendix: Ethics in the Investment Profession Survey

This survey is being conducted to help the investment and academic communities better understand the attitudes and practices of investment professionals relating to ethical practices in the investment profession.

Definitions:

Ethical means abiding by accepted standards of professional conduct.

Standards of professional conduct are standards described and encouraged by a professional organization such as the Association for Investment Management and Research (AIMR).

Investment professionals refers to all professionals who work in the investment field, including, but not limited to, securities analysts, portfolio managers, and officers of companies specializing in the management of financial assets and/or the selling of advice or research relating to the management of financial assets.

Q-1 In your opinion, how have the ethical standards of investment professionals in your country changed over the *past ten years*?

They have improved	471
They have deteriorated	46
They have remained unchanged	145
No opinion	<u>54</u>
Total	716

Q-2 In your opinion, how are the ethical standards of investment professionals in your country likely to change over the *next ten years*?

I expect them to improve	559
I expect them to deteriorate	46
I expect them to remain unchanged	88
No opinion	<u>23</u>
Total	716

Q-3 How do you perceive the *actual ethical behavior* of most people in the following professional groups?

	Not Ethical	Somewhat Ethical	Moderately Ethical	Highly Ethical	Total
Lawyers	53	235	315	106	709
Commercial bankers	27	216	386	82	711
Corporate managers	36	286	349	39	710
Investment professionals	25	213	418	52	708
Politicians	348	247	89	28	712
Engineers	17	103	399	184	703

Q-4 In your opinion, how much of an investment professional's training and education about ethical behavior *should* come from each of the following sources?

	None	Small Amount	Moderate Amount	Large Amount	Total
School, college, or university	25	125	326	240	716
Home environment	20	83	203	407	713
Professional organizations	9	66	243	396	714
Employing firm (training programs)	7	59	247	401	714
Senior management (by example)	4	42	150	517	713
Religious education	166	213	176	149	704
Other (specify)	25	9	17	30	81

Q-5 In your opinion, *how effective* has each of the following been in providing you with useful training and education about ethical behavior?

	Not Effective	Slightly Effective	Moderately Effective	Highly Effective	Total
School, college, or university	147	245	256	68	716
Home environment	32	75	194	413	714
Professional organizations	45	158	275	234	712
Employing firm (training programs)	119	245	223	122	709
Senior management (by example)	99	233	242	137	711
Formal religious education	234	179	160	123	696
Other (if specified in Q-4)	28	12	16	21	77

Q-6 In your opinion, how important is each of the following in deterring the unethical behavior of investment professionals?

	Not Effective	Slightly Effective	Moderately Effective	Highly Effective	Total
Moral or religious beliefs	80	184	226	218	708
Concern about sanctions from state or provincial agencies	29	117	245	322	713
Concern about sanctions from self-regulatory agencies such as the AIMR	38	152	325	199	714
Concern that family or friends will find out	71	243	270	129	713
Concern about disciplinary action by the professional's employer	12	70	301	330	713
Having a published code of ethics	71	237	264	139	711

Q-7 Does your firm publish its own code of ethics separate from that of any professional organization's code of ethics?

Yes	291
No	370
Don't know	<u>55</u>
Total	716

Q-8 If your firm endorses a code of ethics (either its own or that of a professional organization), does it require its investment professionals to read the code of ethics?

Yes	321
No (go to Q-9)	163
Don't know (go to Q-9)	69
Not applicable (go to Q-9)	<u>155</u>
Total	708

If *yes*, how frequently does your firm require investment professionals to read the code of ethics it endorses?

One time only, when employment begins	178
Once each year	82
Once every two years	9
Other (specify) _____	<u>51</u>
Total	320

If *yes*, are the investment professionals in your firm required to provide written verification that they have read and will comply with the code of ethics it endorses?

Yes	201
No	115
Don't know	<u>9</u>
Total	325

Q-9 Does your firm have a compliance officer to ensure legal and ethical standards are maintained?

Yes	352
No (go to Q-10)	284
Don't know (go to Q-10)	80
Total	716

If *yes*, do you know the name of your firm's compliance officer?

Yes	293
No (go to Q-10)	68
Total	361

If *yes*, what is the position of your firm's compliance officer? [*Note: The titles for the positions of the compliance officer differed in various countries.*]

Chairs the board of directors	1
Director	84
President	23
Executive or senior vice president	55
Vice president	59
Below the vice president level	31
Other (specify)	39
Don't know	12
Total	304

Q-10 Listed below are several types of behavior that are considered unethical and/or illegal in the investment profession. *Based on your personal experience or observation*, indicate how often these violations occur.

	Never	Seldom	Sometimes	Often	Total
Trading based on inside information	99	182	262	169	712
Communicating inside information	94	188	280	152	714
Front running (making personal trades before client trades)	181	201	235	88	705
Writing reports that support predetermined conclusions					
Plagiarizing another's work	105	228	274	102	709
Failing to use diligence and thoroughness in making recommendations	72	244	270	126	712
Misrepresenting a firm's past or expected future performance	167	276	208	54	705
Not dealing fairly with all clients when taking investment action	138	238	234	95	705
Failing to disclose conflicts of interest to clients	151	230	210	118	709
Failing to disclose conflicts of interest to the professional's employer	168	284	186	69	707
Other (specify)	7	1	5	9	22

Q-11 In the past 12 months, have you witnessed an employee of your firm acting in a manner you feel is unethical?

Yes	184
No (go to Q-12)	438
Don't know (go to Q-12)	<u>93</u>
Total	715

If *yes*, what action did you take? (Circle the number of *all* that apply).

Discussed it with the person making the infraction	61
Made the activity known to my supervisor or other person in the chain of command	58
Made the activity known to the ethics compliance officer	12
Took no action	76
Other (specify)	8

Q-12 Have you ever been asked to do anything you considered to be unethical by someone in a firm where you worked?

Yes	159
No (go to Q-13)	541
Don't know (go to Q-13)	<u>15</u>
Total	715

If *yes*, was this person (or persons) senior to you, junior to you, or at the same level as you in the organization? (Circle the number of *all* that apply).

Senior to you	141
Junior to you	6
Same level as you	19

Q-13 In your opinion, does your firm's senior management truly seek high ethical standards for all employees?

Yes	426
No	150
Don't know	<u>136</u>
Total	712

Q-14 With what type of firm are you now employed?

Broker or investment bank	278
Investment company or mutual fund	131
Investment counseling and money management	121
Insurance company	39
Commercial bank	78
Other (specify)	68

Q-15	On which side of financial transactions is most of your professional activity involved, the “buy-side” activities (managing portfolios) or “sell-side” activities (marketing securities or conducting research)?	
	“Buy side”	404
	“Sell side”	262
	Other (specify)	<u>49</u>
	Total	715
Q-16	About how many analysts and portfolio managers does your firm employ?	
	Less than 10	256
	From 10 to 19	137
	From 20 to 29	53
	From 30 to 39	27
	40 or more	<u>241</u>
	Total	714
Q-17	How many years have you been employed in the investment business?	
	Less than 5 years	337
	5 to 9 years	268
	10 to 14 years	91
	15 to 19 years	8
	20 to 24 years	4
	25 to 29 years	3
	30 years or more	<u>1</u>
	Total	712
Q-18	What is your highest earned academic degree?	
	High school diploma	8
	Bachelors degree	345
	Masters degree	315
	Doctorate	17
	Other	<u>31</u>
	Total	716
Q-19	Have you earned the CFA designation or are you a candidate for that designation?	
	I am a CFA charterholder	158
	I am a CFA candidate	544
	Neither apply to me	<u>15</u>
	Total	717
Q-20	What is your gender?	
	Male	557
	Female	<u>161</u>
	Total	718

Q-21 How old are you?

Under 25 years	44
26 to 35 years	562
36 to 45 years	105
46 to 55 years	5
56 to 65 years	2
Over 65 years	0

Q-22 In what country are you primarily employed? (Specify)

Australia	37
Hong Kong	128
Japan	97
South Africa	51
Singapore	145
Switzerland	127
Thailand	38
United Kingdom	86
United States	1
Other	<u>2</u>
Total	712

Q-23 Of what country are you a citizen? (Specify all that apply)

Australia	38
Hong Kong	72
Japan	45
South Africa	42
Singapore	125
Switzerland	110
Thailand	31
United Kingdom	80
United States	82
Other	<u>86</u>
Total	711

Q-24 Would you like to receive a copy of the survey results?

Yes	648
No	<u>64</u>
Total	712

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