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European Business Ethic Network

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Università degli Studi di Bergamo
Department Of Business Administration

FINANCE & SOCIETY IN ETHICAL PERSPECTIVE

EBEN Research Conference 2007

Bergamo (Italy) - June 21-23, 2007

University of Bergamo, Via dei Caniana 2

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eben2007@unibg.it

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irma@unibg.it

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FINANCE & SOCIETY IN ETHICAL PERSPECTIVE

Parallel Sessions

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1	Thursday 16.00-16.50	FREY MARCO (Università Commerciale Luigi Bocconi - Milano) . FABIO IRALDO (Università Commerciale Luigi Bocconi - Milano) AND MICHELA MELIS (Università Commerciale Luigi Bocconi - Milano) - Italy Sustainability Performance and Competitiveness: an empirica	PITLUCK AARON (Illinois State University) - USA Moral Behavior in Stock Markets is Shaped by Mandates and Market Structure	NOBOLO ALBERTO (Università degli Studi di Milano Bicocca) AND FRANCESCA MAGLI (Università degli Studi di Milano Bicocca) - Italy D.E.S. – Ethic and social districts: a national supportive economics network	CARNÀ ASCENSIONATO RAFFAELLO (University of Pisa) AND ANDREA GIANNINI (University of Pisa) - Italy Ethical rating: impacts on corporate governance process	AßLÄNDER MICHAEL (Kassel University) AND BRINK ALEXANDER (Bayreuth University) - Germany CSR as crucial factor for improving long-term financial prospects
2	Thursday 17.00-17.50	SECCHI DAVIDE (University of Wisconsin – La Crosse and University of Insubria - Varese) AND CHIARA BONA, LETIZIA GRAZIANI, ALESSIA MAZZEI, ROBERTO SACCO (University of Insubria - Varese) - Italy Italian Banks and Home Mortgage Lending: An Analysis of Per	GÓMEZ NAVA RAFAEL (IPADE Business School) - Mexico Stock Options: Humanitarism or Utilitarism? Analysis, Assessment and Future Perspectives	FERRONE CATERINA (University of Naples "Federico II") AND DANILO TUCCILLO (Second University of Naples) - Italy Financial instruments for social cooperatives	EDERY YARED (Huddersfield University Business School) – UK Ethical Financial Intermediation	BEEREL ANNABEL (Southern New Hampshire University-Manchester) - UK Global capitalism: Ethicists versus Economists
3	Thursday 18.00-18.50	ZAVANI MAURO (University of Modena and Reggio Emilia) , ULPIANA KOCOLLARI (University of Modena and Reggio Emilia) AND CHIARA NIGRISOLI (University of Modena and Reggio Emilia) - Italy An investigation on the CSR actions in the Italian banking sector. On	DRAGO SALVATORE (University of Messina) - Italy Ethical aspects of financial politics in the Catholic Church proposal among eight hundred and nine hundred	LEARDINI CHIARA (Università degli Studi di Verona) , ROSSI GINA (Università degli Studi di Udine) AND CLAUDIO TODESCO (Università degli Studi di Verona) - Italy Governance and accountability in Saving Bank Foundations	DOMMERHOLT EGBERT (Windesheim University) - The Netherlands Investor value of sustainability-index information	BHARDWAJ GUNJAN (Advisory Services, Ernst and Young) AND JUERGEN VOLKERT (Pforzheim University) - Germany Enterprise Risk Management and CSR-In search of a conceptual framework

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4	Friday 9,00-9,50	AYAYI AYI GAVRIEL (Audencia Business School) - France Microfinance: Debt or Equity? What implication for Social Welfare?	DE SCHEEMAEKERE XAVIER (Centre Emile Bernheim, Solvay Business School, Université Libre de Bruxelles) - Belgium The epistemology of modern finance	TOMMASETTI AURELIO (Università di Salerno) , MARCO BISOGNO (Università di Salerno) AND FRANCESCA CITRO (Università di Salerno) - Italy The ethical and social evaluation approach: the Banca Etica VA.R.I. model	CHIODO DONATELLA (Università degli Studi di Napoli Federico II) AND VALENTINO VECCHI (Università degli Studi di Napoli Federico II) - Italy Ethics code & finance: results of an empirical research	
5	Friday 10,00-10,50	PRIOR FRANCESC (IESE Business School - University of Navarra) AND ANTONIO ARGANDOÑA (IESE Business School - University of Navarra) - Spain Credit accesibility and Corporate Social Responsibility in Financial Institutions: the case of microfinance	ALM KRISTIAN (BI Norwegian School of Management) - Norway The utilitarian problem in management of the Norwegian Government Pension Fund	SAN JOSE RUIZ DE AGUIRRE LEIRE (University of the Basque Country) AND JOSE LUIS RETOLAZA AVALOS (Asoc. AURKILAN for the Investigation and Promotion of the Social and Shared in common Economy) - Spain Is there any difference between the ethical banking an	MORENO PÉREZ CARLOS (Universitat Ramon Llull - Barcelona) - Spain A comparison among codes of conduct of three mayor banks in Spain: Banco Santander Central Hispano (BSCH), Banco Bilbao Vizcaya Argentaria (BBVA) and Grupo Banco Popular (BP)	ARNOLD MONIQUE (Utrecht University) AND ENGELEN PETER JAN (Utrecht University) - The Netherlands Do financial markets discipline firms upon the announcement of illegal corporate behaviour by driving down stock prices
6	Friday 11,00-11,50		DEMBINSKI PAUL H (Observatoire de la Finance) - Switzerland Finance as servant or Finance as deceiver: can financial activities promote the "bene commune"?	ALLINI ALESSANDRA (Università degli Studi di Salerno) AND MANES ROSSI FRANCESCA (Università degli Studi di Salerno) - Italy The Evolution of Qualitative (Social) Disclosure in a European Perspective: Some Theoretical Evidence	BOSETTI LUISA (University of Brescia) - Italy Corporate Governance financial markets' vitality and codes of ethics. An international comparison in public utilities sector.	AYAYI AYI GAVRIEL (Audencia Business School) AND CHRISTINE NOËL (Audencia Business School) - France The cost of probity: A comparison of the impact of financial legislative reforms in US and in Europe.

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7	Friday 14,00-14,50	FANELLI EMANUELE (KPMG Global Sustainability Services) - Italy Corporate Social Responsibility and Corporate Responsibility Reporting in the Banking Sector: Analysis and Critical Issues	STRUDLER ALAN (Wharton School of the University of Pennsylvania) - USA The wrong in insider trading	LACOVARA LUISA (Vienna University of Economics and Business Administration) - Austria Islamic equity finance in the microfinance context: the need to balance high efficiency costs and social gains	SCHÄFER HENRY (University of Stuttgart) AND LINDENMAYER PHILIPP (University of Stuttgart) - Germany The Assessment of Intra-Firm Labor Relationships in the Light of Corporate Sustainability Ratings – Conceptual and Empirical Findings from Germany	ALBAREDA VIVÓ LAURA (Institute for Social Innovation and ESADE - Universidad Ramón Llull, Barcelona) AND MARÍA ROSARIO BALAGUER FRANCH (Jaume I University, Castellón) - Spain Exploring the links between Socially Responsible Investment and Financial Perfo
8	Friday 15,00-15,50	ANDREAUS MICHELE (University of Trento) , PAOLO ANDREI (University of Parma), FEDERICA BALLUCHI (University of Parma), ERICKA COSTA (University of Trento) - Italy Communication and social responsibility of corporate groups	SCIARELLI SERGIO (Università degli Studi di Napoli Federico II) AND ARTURO CAPASSO (Università del Sannio - ECGI) - Italy Financial management and business ethics	LOEHR ALBERT (International Graduate School Zittau) AND MILENA VALEVA (International Graduate School Zittau) - Germany Supporting the rapid growth of finance based on moral standards: the case of islamic banking	AARSET MAGNE (Norwegian School of Management BI in Oslo) AND JOHANNES BRINKMANN (Norwegian School of Management BI in Oslo) - Norway Truly interdisciplinary risk and insurance research: outlining a research agenda for a business school	CÉU CORTEZ MARIA (University of Minho) , FLORIDA SILVA (University of Minho) AND NELSON AREAL (UNIVERSITY OF MINHO) - Portugal European social responsible fund performance and persistence
9	Friday 16,00-16,50	LOMBARDO GIOVANNI (University of Genoa) - Italy Accountability and CSR in the finance sector. IT instruments for improving stakeholders value	ROLOFF JULIA (ESC Rennes School of Business) - France Financing Saddam Hussein German Companies in the Oil-for-Food Scandal	BERBERICH KERSTIN (Head of Degree Programme Banking and Insurance Industry - Graz) - Austria Teachability of Capital Market Ethics in university business administration courses from the example of capital market ethics in banking and insurance industry	BRINKMANN JOHANNES (Norwegian School of Management BI in Oslo) WITH MONIKA EIGENSTETTER (Jena Germany) - Norway- Germany Insurance Broker Ethics	SIGNORI SILVANA (University of Bergamo) - Italy Socially responsible investments: what really matters?

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10	Saturday 9,30-10,20	ROY ACHINTO (School of Business Christchurch Polytechnic Institute of Technology) - New Zealand Ethical Issues in Indian Financial Markets	BRUTON JAMES (Salzburg University of Applied Sciences) - Austria Implementation of CSR in banking	LEWICKA-STRZALECKA ANNA (Business Ethics Centre, Institute of Philosophy and Sociology, Polish Academy of Sciences and Leon Kozminski Academy of Entrepreneurship and Management, Warsaw) - Poland Financial Ethics of Polish Consumers	LIGETI GYÖRGY (Kurt Lewin Foundation) - Hungary Ethical investment in Transitional Hungary	GRABNER-KRAEUTER SONJA (University of Klagenfurt) AND MICHAEL GETZNER (University of Klagenfurt) - Austria Environmentally responsible investing in Austria: How to target private investors?
11	Saturday 10,30-11,20	SOPPE ALOY (Erasmus University Rotterdam) - The Netherlands Finance as an instrument to a sustainable company	SEELE PETER (KWI Essen - Institute for Advanced Studies in the Humanities) - Germany Corporate Social Responsibility and Regional Embeddedness–The MoMA in Berlin and the moral paradox of CSR and business strategy of the Deutsche Bank	GUYATT DANYELLE (University of Bath) - Uk A study of investment beliefs and behavioural obstacles to lengthening the investment horizon and promoting good corporate governance and responsibility	YORK JEFFREY G. (University of Virginia - Darden Graduate School of Business) AND EDWARD FREEMAN (University of Virginia - Darden Graduate School of Business) - USA Cold, Hard Facts: Collapsing the Fact/Value Dichotomy in Environmental Business Ethics	VAN LIEDEKERKE LUC (Katholieke Universiteit Leuven) , LIEVEN DE MOOR (European University College Brussels Katholieke Universiteit Leuven) AND DIETER VANWALLEGHEM (University of Oxford) - Belgium- UK The risk-return profile of Belgian SRI funds

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CORPORATE GOVERNANCE, FINANCIAL MARKETS' VITALITY AND CODES OF ETHICS. AN INTERNATIONAL COMPARISON IN PUBLIC UTILITIES SECTOR.

Luisa Bosetti

Abstract

At the beginning of the Nineties, privatization processes in the public utilities sector affected a lot of European countries. At that time, public utilities companies controlled by the State had a significant role in the national economies, in terms of gross domestic product, added value, revenues, number of employees.

The need to reduce the public debt, together with the purpose of improving the international competitiveness of public utilities and of promoting a managerial approach based on efficiency and effectiveness, caused the choice to privatize these companies and usually to sales the public shares on the stock exchange.

After the privatization and the listing, the public utilities have to face some relevant phenomena:

1. the new importance of the financial matter: indeed, the protected financing system based on capital transfers by the State ceases as a consequence of the privatization;
2. the integration of social, economical and competitive aims, as assumption of enduring success;
3. the necessity to adopt widely shared ethical principles, in order to develop and maintain the stakeholders' consent, despite of the heavy financial scandals which have involved several listed companies all over the world, since the end of the last century, laying stress on corporate governance issues.

In listed companies, the various and numerous expectations involved in their ongoing produce a stronger need of ethics in all directors' and managers' behaviours: in this sense, their individual decisions and actions should systematically reflect the company's aims, in order to realize an equitable composition of economic and social targets, excluding the pursuit of private interests.

The principles of ethics and responsibility should also spread across the whole firm, marking out all employees' behaviours, especially in the interactions with the company's stakeholders.

Codes of ethics and conduct for directors, top managers and employees are useful means to diffuse uniform standards of behaviours inside the company, which can be widely accepted and shared by the stakeholders. Indeed, the adoption of codes of ethics and conduct is one of the best practices of corporate governance, able to hamper opportunistic phenomena and attempts to fraud, which have taken place over and over again in recent years in the capital markets, with serious damages for shareholders and small savers.

Taking into consideration listed public utilities, this paper wants to analyse the diffusion and the contents of the companies' codes of conduct addressed to directors and managers, and of the codes of ethics directed also to the employees. An international comparison is realized, considering that:

- the adoption of codes of ethics and conduct is recommended or imposed in different countries (for instance: in the United States, after Enron case and Sarbanes-Oxley Act; in Italy, where the code of ethics is a tool of control in the model requested by the legislative decree 231/2001; and in Spain, where the corporate governance code was born as "code of ethics");
- the tradition of outsider systems or insider systems – typical of each country – can affect the adoption of these codes. In countries where there is a clear separation of firm property and control and where the ownership is really shared out, the codes of ethics are a further guarantee of managers' correctness and responsibility towards all the shareholders, with manifest advantages for the other stakeholders too. Also in countries where the firm property tends to be concentrated, the adoption of codes of ethics and conduct offers a valid support to companies that are facing a greater opening towards stock exchanges and the connected larger and more different stakeholders' expectations.

This research focuses on a sample of listed public utilities belonging to the principal stock indexes of the major industrialised countries (USA, Canada, Great Britain, Italy, France, Germany, Spain, Russia, Japan).

On the whole, the purpose of the research is to verify if public utilities adopt ethical principles and rules of behaviour according to shareholders' interests and users' expectations, as well as adequate to safeguard all the company's stakeholders.

More exactly, the empirical analysis wants to understand the role of codes of ethics for the coordination of behaviours inside the company, which tends also to riduce risks and to facilitate the financing of privatized public utilities.

LUISA BOSETTI
PhD in Corporate Value Determination and Disclosure – Business Administration (2006).
Expert in business administration, management control systems and cost accounting, corporate governance and disclosure to the stakeholders.
Author of articles and papers about corporate governance, corporate disclosure, not-for-profit organizations' disclosure.
Researcher of CREAP – Research Centre on Economics and Organization of Public Administration of University of Brescia.

Luisa Bosetti, PhD
Department of Business Administration
Faculty of Economics, University of Brescia
Contrada Santa Chiara, 50
25122 Brescia, Italy
Tel. +39 030 2988570 – Fax +39 030 295814
bosetti@eco.unibs.it

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CORPORATE GOVERNANCE, FINANCIAL MARKETS' VITALITY AND CODES OF ETHICS. AN INTERNATIONAL COMPARISON IN PUBLIC UTILITIES SECTOR.

Luisa Bosetti
University of Brescia

1. The evolution of public utilities companies and the importance of financial dimension

At the beginning of the Nineties, the phenomenon of privatisation in the public utilities sector affected a lot of European countries. At that time, public utilities companies controlled by the State through Ministries and state holding companies had a significant role in the national economies, in terms of gross domestic product, added value, revenues, number of employees: this situation was common to Italy, France and Spain, as well as Russia and Eastern European countries[1].

For instance, in 1991 twelve out of the first twenty Italian non-financial enterprises were public, and more than one third out of the first fifty. The added value generated by state-owned companies was the 18 percent of the gross domestic product. Moreover, half a million employees worked in firms controlled by three specific public institutes (IRI, the Industrial Reconstruction Institute; ENI, the Hydrocarbon National Institute; and EFIM, the Institute for the Finance of Manufacturing Industry).

During the Nineties, relevant political and economical changes had place in France too, where a wide privatisation process began: this facts influenced a lot the national economical context, which was coming out of a period characterised by a strong public control over the strategic industrial and financial sectors. Indeed, in 1985 the French public enterprises produced the 15 percent of the gross domestic product.

In Spain, until the Eighties the public ownership represented an important solution adopted by the State to avoid the closure of a lot of companies in crisis or scarcely competitive. Social aims connected to employment often prevailed over considerations about effectiveness and efficiency in the firms' activities. In 1985, the 5 percent of the gross domestic product and the 8 percent of the employment were realized by state-owned companies.

The political and economical transformation in Eastern Europe, after the downfall of the soviet system, started significant privatisation processes in every sector. During the three-year period 1991-1993, per means of the Russian privatisation law, citizens obtained the property of shares in a lot of big companies through the voucher method, and 40.000 small enterprises became private.

The evolution incurred by ownership assets and the role of the State in Italy, France, Spain and Eastern Europe reduced – but not eliminated – the differences between these countries and the others where privatisation happened in previous decades, such as in the United Kingdom and in Germany.

Since the half of the Seventies, in the United Kingdom, the State has divested its control stocks as the best solution to make the national economical system more competitive, despite of the difficulties caused by the oil crisis. In that period, the state-owned firms employed 1,800,000 workers and contributed the 11 percent to the gross domestic product.

[1] Source: www.privatizationbarometer.net.

In the Eighties the privatisation started in Germany too, involving companies already active and well-known in the international context.

On the whole, divesting public stocks pursues three main objectives:

a) Reducing the public debt, thanks to the collection of financial resources obtained by the sale of shares;
b) Realizing a structural reform of the economy, based on the combination of privatisation and liberalisation, which originates new financial and industrial private poles. That is accompanied by the enlargement and the strengthening of the stock exchanges' functioning, transferring the ownership to a lot of shareholders and placing the public firms' equity on the financial market, totally or partially;
c) Recovering a managerial culture oriented to the market, to the competition, to the effectiveness and the efficiency in the run of activities, also in the public businesses: particularly, these conditions should replace the previous and diffuse attitudes moved by mostly political valuations.

With specific reference to the recovery of a managerial approach, the privatisation process usually proceeds together with structural reforms, direct to the liberalisation of sectors that were characterised in the past by public monopolies. The reforms focus on the markets functioning and the introduction of laws aimed at guaranteeing competition on the markets, avoiding the development of private monopolies and other situations, which are detrimental to the citizens-users of services. In these terms, the intervention of a Competition Authority (Antitrust) and of several sectorial Authorities (especially for the energy sector) is widely justified by the nature of services produced and distributed by public utilities companies.

Simultaneously, a relevant phenomenon of globalisation regarding markets and information impose to the privatised companies, as well as to the other ones in phase of privatisation, to dialogue with new categories of stakeholders, such as international investment banks and institutional investors all over the world.

The shortly described situation leads privatised companies:

- To pay wider attention to the individuation of strategies in order to reach results in line with financial markets' expectations, correlating economic, social and environmental performances obtained in the short term, to a sustainable development in the long term;
- To adopt valid principles, structures and processes of corporate governance, oriented to realize an equitable treatment of all the legitimate expectations addressed to the company.

Especially in case of large-sized firms, the privatisation is followed by the listing at a national stock exchange, and sometimes also abroad, as a consequence of the growing economic globalisation.

In fact, the conversion of state-owned companies into private companies produces a considerable problem about the finance. Until the firm's property is strongly controlled by the State or by other public bodies (local governments or economic institutes), the availability of funds isn't a critical dimension. In substance the public owner transfers financial resources to the enterprises, disguised as risk capital and loan capital, providing the latter through the public bank system: in other words, the public enterprise takes advantages of protect financing and loss coverage, when necessary.

However, the preferential conditions in obtaining and redeeming capitals reduce the company's attention to the achievement of satisfactory economic results, able to remunerate all the financial resources coming from owners and financial backers.

On the contrary, after the privatisation the firm has to compete with the other companies to acquire capitals. Therefore, the financial dimension acquires a new value and stimulates to find the greatest coherence between the company's economic results and the expectations of actual and potential stockholders and financial backers. In these terms, the satisfaction of expectations is a necessary requirement to obtain consents and further financial resources.

In particular, the listing on the stock exchange is useful to raise capitals from the savers. Nowadays, also in countries where financial investments have traditionally preferred State securities and private bonds, the stock exchanges are rapidly growing, thanks to the development of institutional investors (investment funds, pension funds, etc.), but also as a consequence of the lower yield offered by fixed-interest securities, compared with the past.

Furthermore, savers can be attracted to invest their money on the stock exchange by the rigorous principles provided or suggested by market regulators and controllers in their detailed rules and voluntary codes of best practices. These documents are addressed to all listed companies and tend to optimise:

- The effectiveness of the adopted corporate governance systems;
- The correctness in directors', managers' and auditors' behaviours;
- The transparency towards shareholders and other stakeholders, in order to generate and manage a positive and enduring dialogue, based on the reciprocal comprehension of expectations.

The described circumstances signal the privatisation's and listing's influence on the relationships and expectations converging into the public utilities, causing manifest modifications of the key factors for a lasting success. On the whole, the firms' stakeholders are increasing and differing; the same is happening as regards their expectations.

Actually, new primary stakeholders (such as individual investors, institutional investors and banks) and secondary ones (for instance: financial analysts and the State, in the role of regulator) join the traditional stakeholders, represented by the citizens-users and the suppliers.

The public utilities begin also to consider the need of pursuing and reaching economic and competitive aims together with social purposes. These latter refer to the quality of services produced for the community, as well as to the needs of environment protection originated by the public utilities' typical activities, which could be polluting and dangerous for people's health. In fact, the social dimension is the public utilities' original sphere of action, which has justified the state ownership in the past; nevertheless, it has rarely caused the adoption of codes of conducts direct to diffuse ethical values inside the company.

Instead, the evolution of markets and corporate governance emphasises the need of integration among social, economic and competitive objectives; in the meantime, it stresses the importance to affirm governance founded on ethical principles, transparency and equitable behaviours.

Summarizing, the privatisation and the listing of public utilities affect, first of all, the governance and the way to raise financial resources. These phenomena are accompanied by an increasing demand for:

a) Models of accountability inspired by wide transparency about the relations among the resources used, the activities run, the results obtained and the value distributed to the company's stakeholders;
b) Fair principles of responsibility towards the financial market, even though complying with the social and ecological expectations, which spring from the services' characters too.

The financial dimension has assumed therefore an absolutely new role in the governance of public utilities, imposing a change in guidance, the adoption of effective management control and risk management systems, as well as the spread of ethical principles in the whole organization.

2. Corporate governance, corporate responsibility and codes of ethics

The listing of public utilities underlines the relevance of effectiveness, correctness and accountability in corporate governance, as assumptions to guarantee the equitable treatment of all the different interests converging into the firm.

In particular, since the beginning of this century various scandals have involved important listed companies, drawing attention to managers' power abuse, pursuit of private aims, lack or superficiality of internal and external controls, tacit agreements between companies and their statutory auditors. This situation has drastically reduced investors, backers and community's confidence. Moreover, the first heavy "case" implicated Enron, the American energy giant: in that time Enron was the seventh American enterprise for sales.

As answer to scandals, rules about corporate governance, internal control, statutory auditing and corporate responsibility were progressively strengthened by the lawmakers in the US and in Europe, as well as by associations representing directors, auditors, banks, investment funds, etc.. Some examples are: the American Sarbanes-Oxley Act (July 2002) – defined as "an Act to protect investors by improving the accuracy and reliability of corporate disclosures" – and the European Parliament and Council's directives on market abuse (2003/6/EC) and on statutory auditing (2006/43/EC).

Anyway, sometimes the regulations' rigour and the recommendations' authoritativeness seem not to be sufficient to avoid reprehensible facts. Indeed, decisions and actions' fairness, aimed at satisfying all the internal and external expectations, is connected to the attitude assumed at the company's top levels by directors, chief executive officer, chief financial officer, chief accounting officer and other managers, and by each board charged with internal or external powers of control and expected to be perfectly independent in its operating. More exactly, the diffusion of a culture based on ethics and responsibility becomes crucial to obtain the most legality, impartiality and fairness in direction, management and control.

Directors and managers' ethical behaviours are clear key factors for the firm success and durability, so business ethics should characterise the relationship with every stakeholder in all kinds of companies.

As regards public utilities – especially after privatisation and listing – the following circumstances should stimulate ethical attitudes.

a) In the relations with the citizens-users of services, the public utility has chiefly to consider the social relevance of its own activity.
b) In the relationships with the State or other public body, the firm has to guarantee a wide protection of community's welfare; as matter of fact, this purpose has to remain even if the firm's ownership has become totally or partially private.
c) In the connection with the suppliers, the public utility has to realize a careful selection of its commercial partners, to be sure that ethical values are largely shared and respected in the whole supply chain.
d) To satisfy shareholders' expectations, the company has to protect and increase the equity value, thanks to an enduring income, financial and assets balance.
e) In the interactions with the financial market, broadly construed, the adoption of ethical principles avoids that managers and directors avail themselves of confidential information at their disposal, about company's strategies, operations and results, carrying out transactions on the corporate securities.
f) For future generations' common good, the public utility has to realize a sustainable development and to assume a social and ecological responsibility, in accordance with the heavy use of natural resources and the strong impact of its activities on the environment.

Ethics and consciousness of economic and social responsibilities towards the firm's stakeholders should exist at every level inside the organization; in these terms, directors and top managers should set an example of integrity, correctness and commitment for the employees. Furthermore, the board of directors should establish neutral bodies – like an ethics committee or a CSR committee – charged with discussing the most relevant ethical matters and the connected social implications, as well as monitoring the compliance to ethical values promoting inside the company.

Codes of ethics and conduct for directors, top managers and employees are useful means to spread uniform standards of behaviours in the firm, according to stakeholders' expectations. Indeed, the adoption of codes of ethics and conduct is one of the best practices in corporate governance, able to hamper opportunistic phenomena and attempts to fraud, which have taken place over and over again in recent years in the capital markets, with serious damages for shareholders and small savers.

In several countries, new corporate governance measures and the increasing diffusion of best practices have encouraged the adoption of codes of ethics and conduct in order to guide and to control the interactions between the company's exponents (directors, managers and employees) and the external stakeholders.

For instance, in the United States, the Sarbanes-Oxley Act requires companies to adopt a code of ethics for senior financial officers: the law ascribes this code the role to promote honest and ethical conducts, in case of conflicts of interests too, and full, fair, accurate, timely and understandable disclosure in the periodic reports. In Italy, the use of codes of ethics has increased after the legislative decree 231/2001 about companies' administrative liability: in fact, the code is part of the organizational model whose implementation exonerates the firm from the liability for offences by its representatives, directors, managers and agents. In Spain, the code of best practices for the corporate governance has been prepared by a government commission initially charged with the task to produce a code of ethics for directors (1997-1998).

As specifically regards directors and managers, the adoption of codes of ethics and conduct can be influenced by the corporate governance model and by the role of financial markets, which are typical of each national context: on this matter, it's possible to distinguish between *outsider systems* and *insider systems*.

In the outsider systems – characteristic of Anglo-Saxon countries – corporate ownership and control are really separated: the first is widely shared; the second is practiced by professional managers. In the presence of suitable information, the market carries on a regulatory function: it supports the financial raids and it produces the replacement of managers unable to maximize the value of shareholders' investments. Therefore, in the outsider systems the adoption of codes of ethics and conduct can stress the guarantees of managers' commitment, responsibility and impartiality towards the shareholders, involving clear benefits for the other stakeholders too. Actually, the codes can stem managers' abuses of power, in absence of shareholders' direct control.

In the insider systems – typical of Continental and Latin Europe – financial markets are less active or still in expansion, property tends to be unitary and stable, and important financial and sharing connections bind enterprises and banks. In such context, minority shareholders risk that management is conducted profitably for the majority, excluding an equitable treatment of the other expectations. In such cases, the codes of ethics and conduct can integrate the institutional means (as the appointment of a large number of independent directors) to increase the protection of minority shareholders. In these terms, the codes of ethics contribute to develop the savers' confidence and the markets' vitality, promoting honesty, correctness, transparency and legality.

The previous considerations are fully suitable for public utilities too. Moreover, it's possible to identify a parallelism between the financial markets' characteristics and the public utilities' historical evolution.

In the outsider systems, these companies were founded by private entrepreneurs or, after having been controlled by the State, they were totally privatised long ago: this happened respectively in the US and in Great Britain, countries where, in any case, public utilities' sectors are subject to solid regulations. From a corporate and financial point of view, these utilities can be defined as "public companies" with shared property, whose major source of funds is the stock exchange.

In the insider systems, privatisation and listing are more recent and sometimes still in progress for a lot of firms. As a result, it isn't rare that States, local governments or economical public bodies continue to maintain quotes of capital (according to a privatisation process structured in steps), as well as they have special rights to vote, fixed by the law or in company's articles. In the reminded circumstances, the placing of shares on the stock exchange produces limited modifications in the corporate governance assets; nevertheless, it assures a systematic flow of money towards the public utility. As a matter of fact, privatisation and listing are often justified by need of capitals in phase of dimensional or geographical expansion or enlargement of the range of services offered to the citizens, free of charge for the State's or local government's finance.

In spite of the manifest differences between the two models here identified, the adoption of fair ethical principles continues to be crucial, in order to support the development of favourable relationships among public utilities, financial markets and the community. The consent about values and rules of conduct is a really fundamental condition to obtain and maintain the stakeholders' confidence and it permits indirectly to sustain corporate securities' attractiveness on the stock exchange.

3. An empirical analysis of codes of ethics and conduct in public utilities, based on an international comparison

In the light of the theoretical preamble, this paper wants now to analyse the real behaviours of public utilities companies with reference to the adoption of codes of ethics and conduct.

The research is based on an international comparison among public utilities of the most industrialised countries in the world, considering both the context conditions (outsider or insider systems) and the evolution of this kind of companies in their countries (market liberalization, privatisation, listing).

The purpose of the research is to verify if public utilities adopt ethical principles and rules of behaviour according to shareholders' interests and users' expectations, as well as adequate to safeguard all the company's stakeholders.

Moreover, the empirical analysis wants to understand the role of codes of ethics for the coordination of behaviours inside the company, which tends also to reduce risks and to facilitate the financing of privatised public utilities.

The international comparison considers the G8 countries (United States, Canada, Great Britain, Italy, France, Germany, Japan, Russia) and Spain. Spain has been selected because it is similar to Italy as concerns its present growth and its recent attention to corporate governance and stakeholder relations, based on effectiveness and transparency.

On the whole, the research is realized on 29 companies, which are listed on their national stock exchange and sometimes abroad too. The existence of a specific index for public utilities (or for enterprises operating in electricity, gas and water sectors) is useful in order to select the companies object of research.

Focus on listed companies should permit also to identify the most diffuse best practices, whose adoption is often encouraged by the economical globalisation, which induces firms to interact with different stakeholders all over the world.

More exactly, this study is conducted on the 9 biggest Italian public utilities – listed the homonymous sector of the national stock exchange and belonging to the Blue Chip segment – and on 20 public utilities of other countries. These latter have been selected after a preventive analysis of their websites, where codes of ethics or conduct should be inserted: indeed, not all public utilities have adopted the document or they declare only to have introduced it, without publishing it on the web.

The preventive analysis of the websites allowed me to select 3 companies from France, Germany, Great Britain, Spain, the United States and Canada, but just one from Russia and Japan (Table 1). Moreover, that confirms little attention by Russian and Japanese companies to corporate governance matters and it sometimes reveals a censurable negligence in the disclosure to the stakeholders in the international context[2].

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[2] In this regard, it's important to underline that a Russian public utility – different from the selected one – inserts its codes of conducts on the corporate website just in Cyrillic, even if the website can be translated into English.

Table 1. Companies object of research.

Country	Companies
Italy	ACEA, AEM, ASM, Edison, Enel, Hera, Iride, Snam Rete Gas, Terna
France	Suez, Veolia Environnement, EDF
Germany	E.On, MVV Energie, RWE
Great Britain	Kelda Group, United Utilities, Severn Trent
Spain	Endesa, Iberdrola, Gas Natural
United States	Cascade Natural Gas, KeySpan, Aquila
Canada	EnCana, Husky Energy, Talisman Energy
Russia	Lukoil
Japan	Osaka Gas

The analysis was conducted on the codes of ethics and conduct present in companies' websites in the period May, 15th – June, 15th, 2007.

Information were collected in schedules, focalised on:

- Structure and addressees of codes of ethics or conducts;
- Sanctions in case of violation;
- Ethical principles;
- Relationships with the personnel;
- Relationships with suppliers;
- Relationships with customers;
- Relationships with shareholders;
- Relationships with the State and the Public Administration;
- Relationships with political parties;
- The environment and sustainability.

The following paragraphs contain a comprehensive analysis of the results.

Structure and addressees of codes of ethics or conduct

Adoption of codes of ethics or conduct is quite recent in all the companies considered and it happened in this century. It's surely partially due to specific national laws (like in Italy and in the United States), but it has probably been determined also by market globalisation and the consequent spread of best practices. Besides, codes of ethics or conduct are the companies' answers to the wide mistrust of investors and other stakeholders after the financial scandals that involved many important enterprises in different sectors. In this regard, the code seems useful to develop positive and durable relationships with the stakeholders, based on approval and able to help the company attract resources.

Different roles and duties attributed to different company members (directors, officers, managers of various levels, employees) can justify the adoption of specific and separated codes, as typical in the United States. In France, companies tend to treat single matters in different documents (for instance, with reference to values, ethical rules of behaviour for employees and for senior officers, ethical commercial relationships); nevertheless, these documents are connected in a unitary complex. In the other countries object of research, companies usually adopt only a document including ethical principles and rules of conduct, which must be applied in the interactions with stakeholders; sometimes there is also information on the company's internal authority, which is responsible for the enforcement of the code.

In this first step of research, the analysis stresses the peculiarities of the Russian company's and the Japanese company's codes, which are very different from the others under review:

a) Lukoil's "Social Code" establishes just the company's commitment towards its employees and, in smaller measure, towards the local community: in spite of the privatisation, the company seems still to reflect the previous state approach to management and its code does not specify either the ethical principles promoted and adopted or the rules of conduct for directors, officers and employees;

b) Osaka Gas's "Management Principles" remind us just the general purposes of company's activities, as concerns value creation for shareholders, customer satisfaction and social and environmental responsibility, but there is no indication about rules of conduct.

Since these two documents are not very homogeneous with the others considered in the research, from now on they are left out of the analysis. Therefore, following considerations concern 27 companies: 9 Italian and 3 from each of France, Germany, Great Britain, Spain, the United States and Canada (Table 2).

Table 2. Structure of codes.

Country	Unitary document	System of documents	Total
Italy	9	0	9
France	0	3	3
Germany	2	1	3
Great Britain	2	1	3
Spain	2	1	3
United States	0	3	3
Canada	3	0	3
Total	**18**	**9**	**27**

The validity of codes of ethics and conduct to develop trust and approval, which bring about capitals for the company, depends also on the addressees of the documents. Indeed, it is important that the codes lead and bind the behaviour of directors and officers, besides employees: ethics should inspire corporate governance choices and interaction with all the stakeholder; after that, ethics should be applied in operational activities too.

In this sense, results are disappointing: just 17 companies (all the Italian included) address expressly the code of ethics or conduct to directors, CEO and other senior officers; on the other hand, all companies make the code explicitly mandatory for the employees. Probably, companies are afraid that the personnel can meet difficulties in the ethical interpretation of current management, with the risk of little equality and fairness in the relations with the stakeholders. On the contrary, a general opinion seems to exist, that the top levels are able to evaluate on their own all the consequences of their actions on financial, competitive, social and environmental success of the company.

Moreover, some companies – in particular the Italian ones – strive to extend their codes also to their major operational and commercial partners, as the external collaborators (9), suppliers (10) and consultants (5). Therefore, these companies promote the adoption of ethics in the value-creating chain for the benefit of shareholders, customers and other stakeholders.

The above-mentioned concept is confirmed by the introduction of sanctions, in case of violation of the codes. Sanctions can consist in reprimands, suspensions and resolution of labour, cooperation or supply contract, but it can determine the recovery of company's loss from the offenders.

Ethical principles

The nature of public utility and the listing on stock exchanges influence the ethical principles on which corporate governance is founded in the companies object of research, apart from their original countries (Table 3).

Table 3. Ethical principles.

	Italy	France	Germany	Great Britain	Spain	United States	Canada	**Total**
Transparency	9	3	2	2	3	2	3	**24**
Integrity – honesty	7	2	3	3	3	2	2	**22**
Lawfulness	6	3	2	2	3	3	2	**21**
Environmental respect	7	3	1	2	2	1	1	**17**
Fairness	7	1	0	2	0	3	2	**15**
Loyalty	5	2	1	0	3	0	1	**12**
Equality – impartiality	5	1	0	3	0	0	0	**9**
Competition	5	1	1	0	1	0	1	**9**
Quality	4	2	1	2	0	0	0	**9**
Efficiency	6	1	0	0	2	0	0	**9**
Responsibility towards the community	3	3	0	1	1	0	0	**8**
Shareholder protection	4	1	0	1	1	0	0	**7**
Spirit of service	2	1	0	0	0	1	0	**4**
Independence	1	0	1	0	1	0	0	**3**

Transparency on purposes, strategies and results is a requirement in order to obtain and manage approval and so it is crucial for the company's durability. The listing process and the connected separation of ownership from control make it necessary to realize effective disclosure to the stakeholders, useful to clarify the relationship among resources obtained and used, activities realized and results obtained. This kind of information offers solid guarantees of equitable choices of value distribution, in order to satisfy shareholders' financial expectations, but also to contribute to the social and environmental development. Indeed, 24 out of 27 companies recognize the importance of transparency, specifying it in their codes of ethics.

The recall of integrity and honesty (22 cases), lawfulness (21), fairness (15) and loyalty (12) stresses the indispensable connection between individual liability and global corporate responsibility; moreover, it should reassure the company's shareholders as concerns the investment of financial resources by directors and officers. Nonetheless, the ethical principle of shareholder protection is underlined just by 7 public utilities, 4 of which Italian: probably, these latter feel principally the commitment towards their shareholders further to the privatisation and the listing process, which have partially reduced the role of the State or of the other local governments in decision-making processes and which have produced financial expectations.

Concerning Great Britain and the United States, it's important to underline that just one company emphasizes the shareholder protection as an ethical duty. It may depend on the tradition of outsider system, which is typical of these countries, where the purpose of satisfying the external financial expectations is implicit[3].

In any case, the typology of services rendered (services of general interest for the community) and the environmental impact of the activities in the sectors of water, gas and electricity involve also ethical principles connected to: quality (reminded us by 9 companies); respect for fair competition rules in liberalized markets, even if regulated (9); responsibility towards the community (8); commitment for the environmental respect (17).

Summarizing, it is evident the companies' will to reach effectively financial, competitive, social and environmental success.

[3] In Great Britain and United States, codes of conduct have the major function of ethical control on employees' behaviours. More rarely the codes are oriented to the positive management of external relations.

Ethics in stakeholder relations and rules of conduct

General ethical principles are further defined in additional principles and rules directed to give effectiveness to operational practices and to encourage transparency in both internal and external communication.

More exactly, all the codes of ethics and conduct analysed give principles and rules of behaviour to the employees, sometimes comprehensive of directors, officers and other managers. Furthermore, there are other principles and rules of differing intensity and detail finalized to manage the stakeholder relations adopting an ethical approach.

Table 4 takes into consideration the principles that inspire the relationships with *employees* and the duties imposed to the personnel, as well as to the *managers* and sometimes to the *directors*.

Table 4. *Ethical principles and rules of conduct for employees.*

	Italy	France	Germany	Great Britain	Spain	United States	Canada	**Total**
Ethical principles								
➢ Human resources optimisation	7	0	1	1	1	0	0	**10**
➢ Impartial treatment	8	1	1	2	3	2	1	**18**
➢ Promotion of employees' professional growth (and related offer of learning initiatives)	9	1	1	1	3	0	0	**15**
Rules of conduct concerning the code of ethics								
➢ Knowing and respecting the code	9	2	1	2	3	3	1	**21**
➢ Supervising on its implementation	4	1	1	1	0	2	1	**10**
➢ Informing superiors or ethics authorities when violations are known or suspected	8	3	2	2	2	2	1	**20**
➢ Informing superiors or ethics authorities about requests for violation received by the employee	5	0	0	0	2	0	1	**8**
Rules of conduct concerning information handling								
➢ Maintaining supporting evidence of company's activities	6	0	0	1	0	3	2	**12**
➢ Signalling any omission, misrepresentation and negligence in accounting	4	0	0	0	0	2	1	**7**
➢ Respecting the procedure for confidential information handling	7	3	2	3	3	3	2	**23**
➢ Allowing superiors and authorized boards to gain access to information	5	0	0	1	0	1	0	**7**
➢ Respecting the internal dealing (or insider trading) code or procedure	3	1	1	0	1	2	2	**10**
Rules of conduct directed to prevent conflicts of interests								
➢ Definition and general indications	9	2	3	2	1	3	2	**22**
➢ Prohibition of personal uses of information obtained working	7	2	1	1	3	3	3	**20**
➢ Incompatibility between tasks at company's top levels and pursuit of financial interests with suppliers, customers and competitors	7	1	0	1	2	2	1	**14**
➢ Incompatibility between purchase functions in the company and realization of activities on behalf of suppliers	7	0	0	0	1	1	2	**11**
➢ Prohibition to accept money and gifts from suppliers	8	2	2	1	3	3	2	**21**
➢ Duty to state conflicts of interests	7	1	1	2	2	3	3	**19**
Rules of conduct about the use of corporate resources								
➢ Taking diligence and care in the use of corporate resources	8	2	0	1	2	3	2	**18**
➢ Avoiding personal uses of corporate resources	8	1	0	1	2	3	3	**18**
➢ Signalling risks lying on corporate resources	4	0	0	0	0	1	0	**5**
➢ Taking diligence and care in the use of ICT systems	5	0	0	1	1	1	1	**9**
➢ Making proper use of the internet and corporate e-mails	4	0	0	1	0	1	2	**8**

First of all, Italian and Spanish companies stress the importance of "optimising human resources", by means of impartial treatment in phase of personnel selection, attribution of tasks, assessment and compensation, and supporting the professional growth by learning initiatives.

In the other countries, the code of ethics or conduct is principally used to define punctually the rules of behaviour for the employees, as clearly showed by the research. In particular, companies tend to bind information handling, conflict of interests and use of company's resources by the employees.

Regarding information handling, 23 companies – without exception in any country – emphasise the duty to respect the specific procedure, with particular reference to confidential information (on financial and commercial matters). The mentioned procedure forbids the employees to use confidential information for personal purposes before they are known on the markets. In this sense, 20 companies insert a similar rule into their codes in order to avoid conflicts of interests.

The procedure for confidential information handling, which is compulsory also for officers and directors, is oriented to preserve the interests of shareholders who do not exercise a direct and systematic control on the management; in fact, shareholders would suffer the effects of unforeseen, unjustified and unfair prices modifications on the stock exchange, produced by insiders' operations by means of confidential information.

The same purposes can be obtained thanks to the internal dealing or insider trading procedure, imposed to the directors and officers and specified in 10 codes of ethics or conduct. In other words, even realizing financial operations on company's securities on their own, directors and officers are obliged to respect rules of conduct in order to protect shareholders' and other stakeholders' interests, with clear links among individual and business ethics, financial responsibility, approval and company's ability to obtain capitals.

The code of ethics or conduct can also be used in the relationships with *suppliers* (Table 5), with several purposes.

Table 5. Ethical principles and rules of conduct in the relations with suppliers.

	Italy	France	Germany	Great Britain	Spain	United States	Canada	**Total**
Attention to the ethical supply chain	6	3	1	2	1	0	1	**14**
Preventing favouritism towards one or more suppliers								
➢ Job rotation of procurement employees	3	0	0	0	0	0	0	**3**
➢ Separation between the unit requiring supplies and the unit executing the contract	4	0	0	0	0	0	0	**4**
➢ Congruity between price and service	2	1	1	0	0	0	0	**4**
➢ Maintenance of evidence about the selection procedure, in order to control it	4	0	0	0	0	0	0	**4**
➢ Prohibition to accept gifts and benefits from suppliers	9	3	0	1	3	3	1	**20**
➢ Prohibition to realize secondary activities cooperating with suppliers	6	2	0	0	0	0	1	**9**

First of all, it can encourage companies to adopt both economic and ethical principles in the selection of suppliers and for interacting with them, creating an ethical supply chain.

Indeed, 14 companies, variously geographically distributed, undertake to respect jointly economic criteria (competitiveness, quality of products and services, price, innovation, technical fitness and professional qualification of the suppliers) and ethical criteria (loyalty, labour protection, environmental respect, social commitment) selecting their suppliers.

Moreover, 20 companies clearly forbid employees to accept gifts and other benefits offered by suppliers, while 9 enterprises prohibit secondary activities and personal cooperations with them.

Additional rules in order to prevent the risk of favouritism for one or more suppliers are fixed by Italian companies: this confirms the intention of these latter to manage ethically the relationships with all the stakeholders, adopting an approach based on equitable treatment of all the interests in order to avoid abuses by some groups with detriment of others.

As concerns the relations with *customers/users* too (Table 6), the code of ethics or conduct is widely used by Italian companies, even if the commitment to the customer satisfaction is declared by 17 firms, all of them European. They undertake also to realize a clear and true communication for the customers, to lay out complete and simple contracts, and to give immediate replies to claims.

On the whole, the choice of using the code as instrument for the assumption of commitment towards the customers seems suitable to avoid risks (even of image) connected to the unsatisfied users. On the opposite, the ethical approach to the supply of services helps development of confidence, considering also the special nature of services rendered by public utilities, which were provided by the State or by local governments before the privatisation. On evidence, the aim of companies is to strengthen the users' approval to reach the competitive success, improving the corporate image together with the possibility to attract financial resources for the growth.

Table 6. Ethical principles and rules of conduct in the relations with customers/users.

	Italy	France	Germany	Great Britain	Spain	United States	Canada	**Total**
Ethical principles (proper and impartial treatment, quality, courtesy, spirit of service, transparency)	8	2	0	1	1	0	0	**12**
Commitment to customer satisfaction	9	2	2	1	3	0	0	**17**
Rules about external communication	7	1	0	2	3	0	0	**13**
Rules about contracts	5	0	0	0	1	0	0	**6**
Reply to claims	4	1	0	2	1	0	0	**8**

Regarding the *shareholders* (Table 7), ethics require protection to capitals, impartial treatment and information for all categories of shareholders, as well as their active participation to corporate events.

The spread of fair and timely financial information has specific relevance to satisfy shareholders' valuational needs. This necessity has a primary role owing to the privatisation and the listing on the stock exchange: in fact, transparent disclosure to the shareholders is emphasized by companies from Italy, France and Spain, where privatisation and the entry into the stock market are quite recent and sometimes still in course.

10 companies assume the general engagement to the protection of investments, finalised to the long-term value creation, while 5 (quite all Italian) strive to improve shareholders' participation to corporate events (for instance, promoting a proper course of shareholders' meetings and simplifying the proxy vote system). In this case too, it is evident the will to abandon the previous situation in which the sole or majority shareholder – the State – controlled the decisions taken in the shareholders meeting, promoting active and participative behaviour by the minorities.

Table 7. Rules of conduct in the relations with shareholders.

	Italy	France	Germany	Great Britain	Spain	United States	Canada	**Total**
Fair and timely information	8	3	1	2	3	2	0	**19**
Commitment to improve shareholders' participation to corporate events	4	0	0	1	0	0	0	**5**
Protection of assets	5	1	1	2	1	0	0	**10**

Excluding Spain, in all countries the analysed companies use their codes of ethics or conduct to bind employees', managers' and directors' behaviours in the relations with the *State*, the *Public Administration* and *political parties*. More exactly, 16 companies establish rigorous rules of conduct according to national anti-corruption laws and, in 12 cases, they prohibit the financing of political parties (except for a specific procedure governed by the chairman). These rules are useful to guarantee the company's independence from political bodies that could abuse of their power in order to address the management, damaging the stakeholders.

Finally, codes of ethics or conduct can be useful for the assumption of *social and environmental responsibility*. On this profile, Table 8 shows attention by the considered public utilities to environmental protection, minimization of activity impact, R&D in energetic and environmental fields: indeed, 10 companies undertake to integrate these issues in their strategies, according to sustainable development.

On the whole, environmental engagement is mostly assumed by Italian, French and British companies.

The importance of pursuing social and environmental purposes, together with financial and competitive ones – seems to be confirmed and requires monitoring systematically the key factors in order to reduce risks of environmental damages and related negative consequences in terms of approval and resource obtaining.

Table 8. Social and environmental responsibility and sustainable development.

	Italy	France	Germany	Great Britain	Spain	United States	Canada	**Total**
Integration of social-environmental concerns in corporate strategies	5	0	0	1	2	0	2	**10**
Pollution prevention	3	1	0	2	1	1	1	**9**
Minimization of company's activity impact on the environment	7	2	0	2	2	0	1	**14**
Proper use of natural resources	5	2	0	1	1	0	0	**9**
R&D in energetic and environmental fields	9	2	1	1	0	0	0	**13**
Social and environmental certifications	5	2	0	0	0	0	0	**7**
Efforts to improve employees' awareness of sustainability issues	5	0	0	1	0	2	0	**8**
Efforts to improve citizens' awareness of sustainability issues	2	1	0	2	0	0	0	**5**
Environmental, health and safety reporting	6	2	0	1	0	0	1	**10**

4. Final considerations

Although based on a small set of companies and on internal spread of ethical values, this research allows us to consider some important links among ethics, connected codes and financial dimension in privatised and listed public utilities.

First of all, the analysis of codes of ethics or conduct allows us to state that these documents are potentially valid in order to orient and control the company members' behaviours in the internal and external relationships. The address function is realized by means of specification of widely spread and appreciated principles, which are actualised in compulsory rules of conduct at every level in the company (at the top and across the organization), completed by sanctions for transgressors.

On the whole, the code of ethics or conduct can help the company prevent damaging or illegal events connected to individual behaviours, preserving the company's image and the stakeholders' confidence. In this sense, the adoption of the code maintains the approval and makes it easier to obtain financial resources.

Nevertheless, the empirical research emphasises differences among the considered countries.

Indeed, Italian experience and partially the French and Spanish ones seem to confirm fully the previous considerations; on the opposite, in the other countries, the code of ethics and conduct seems to be less important. More exactly, it is used as instrument of control on employees', managers' and directors' behaviours, but it is rarely employed to define the way of interaction with external stakeholders (users of services, suppliers, shareholders). Perhaps it depends on the existence of more specific tools finalized to regulate relations with other stakeholders: by way of example, corporate governance guidelines, which optimise the relations between the company and its shareholders.

With special reference to the analysed public utilities, it is important to underline that the privatisation and the listing processes have often quicken the adoption of codes of ethics or conduct: the increasing of stakeholders typologies require companies to fix rigorous rules of management, as the consequences of wrong behaviours are amplified and produce effects on the quotation and on the opportunity to be financed.

The recent listing of several Italian analysed public utilities can explain the punctual care of these companies to the effects of ethics on all the internal and external relationships.

Finally, the nature of outsider or insider system can influence the contents of codes of ethics or conduct with reference to every kind of stakeholders.

In this sense, the research shows that in the outsider systems (typical of United States and Great Britain) the code is mostly used to regulate employees' and senior officers' attitudes, but not to address the interactions with supplier and customers. It seems that the incidental ineffectiveness of these relations, having financial repercussions on stock prices, is enough to replace managers without fixing further rules of conduct in the commercial relationships.

On the opposite, in the insider systems, the code has a wide role, justified by the will of the majority shareholder (often the State) to develop cooperative and durable relations with all the stakeholders in order to create confidence, which is necessary to obtain resources on the financial markets.

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Biographical notes

LUISA BOSETTI

PhD in Corporate Value Determination and Disclosure – Business Administration (2006).

Expert in business administration, management control systems and cost accounting, corporate governance and disclosure to the stakeholders.

Author of articles and papers about corporate governance, corporate disclosure, not-for-profit organizations' disclosure.

Researcher of CREAP – Research Centre on Economics and Organization of Public Administration of University of Brescia.

Luisa Bosetti
PhD and Post-doc Fellow
Department of Business Administration
Faculty of Economics, University of Brescia
Contrada Santa Chiara, 50, 25122 Brescia, Italy
Tel. +39 030 2988570 – Fax +39 030 295814
bosetti@eco.unibs.it