



INTEGRITY AND BUSINESS ETHICS MANUAL FOR SMALL AND MEDIUM-SIZED ENTERPRISES

In Collaboration with the Korea Chamber of Commerce and Industry, the USDOC International Trade Administration, and Partners in Barbados, Jamaica, and Trinidad and Tobago

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Introduction: Business Ethics for Small and Medium-Sized Enterprises

Small and medium-sized enterprises (SMEs) account for approximately ninety percent of all global businesses and employ nearly sixty percent of the global workforce. They include some of society's leading innovators and play an important role in the growth of national economies through job creation, investment, and exports. SMEs are the engine of economic growth around the world and can serve as key drivers in boosting domestic employment and revenues, as long as they are able to operate and innovate in open, transparent business environments. Small and medium-sized businesses face many challenges. Trying to operate in an unethical business environment should not be one of them!

Ethics in the business world is not only about global conventions and statements—it is also about meaningful actions and a personal commitment to live and work by ethical standards. Corruption and unethical business practices distort company resources and deter investment by entrepreneurs and investors. Competition, efficiency, and innovation are further undermined by unethical corporate behavior when market signals (product quality and competitive pricing) are not observed.

Corrupt behavior brings down employment rates, makes access to capital more expensive, undermines a company's ability to invest in its workforce and infrastructure because operating capital is diverted elsewhere, limits needed financial resources for research and development which would otherwise be used in the creation of new technology, and forces many small companies back into the informal sector. A recent World Bank study indicates that companies which engaged in bribery in order to win contracts did not reap long-term benefits. In fact, in the long run, companies adhering to ethical practices and following internal and external codes of conduct made larger profits.¹ A recent analysis by Transparency International concluded that “companies with anti-corruption and ethical guidelines are found to suffer up to 50 percent fewer incidents of corruption and be less likely to lose business opportunities than companies without such programs.”²

No business is too small to place ethical practices at the core of its business plan. This manual is designed to provide insights as to why business ethics are important to SMEs and to serve as a practical guide for trainers and practitioners advocating for clean business environments.

How to Use This Manual

The belief that only large multinational companies should be concerned with business ethics is a common misconception. SME owners should also consider developing an ethics program, because it can encourage compliance with local and international laws, reduce risk, and make their businesses more attractive to their workforce, customers, and business partners. In addition, it has been shown that banks are more likely to extend longer-term loans to SMEs that are more ethical and transparent, and larger companies (especially importers overseas) are much more likely to enter into longer-term business arrangements with SMEs that adopt best ethical practices.

1 World Bank, *Modern Institutions: Vietnam Development Report 2010*, Joint Donor Report to the Vietnam Consultative Group Meeting, 2009.

2 Transparency International, *Global Corruption Report 2009: Corruption and the Private Sector*, Cambridge University Press, 2009.

The concept of business ethics goes beyond the development of standardized business procedures. A successful ethics program will meet the needs of all business stakeholders and add value to the enterprise. Depending on the needs of your business, this manual will help you take the first steps toward transforming your business to meet the demands of today's economy.

The manual is designed to be used for the development and implementation of a business ethics program by owners and managers of SMEs. Just like any other business venture, developing an ethics program takes long hours of careful research and planning. The manual outlines a step-by-step procedure for successfully planning and implementing a business ethics program. Together with the accompanying business ethics worksheets, it can be used to help prepare your business for designing an ethics program.

Manual Roadmap: How The Guide Is Arranged

The Integrity and Business Ethics Manual is divided into three phases as illustrated in Figure 1. Each phase is broken down into steps outlining the process of planning and implementing a business ethics program. Phase I (Steps 1–3) will help you reach a shared understanding of business ethics, assess the ethics risks faced by your organization, and identify the core objectives of your business and the role your company plays in society. Once you have established your strategic vision, Phase I will help you build the foundations of a business ethics program. During this process, you will learn how to conduct an external analysis and stakeholder analysis, identify your organizational culture, and define the purpose and scope of your business ethics program.

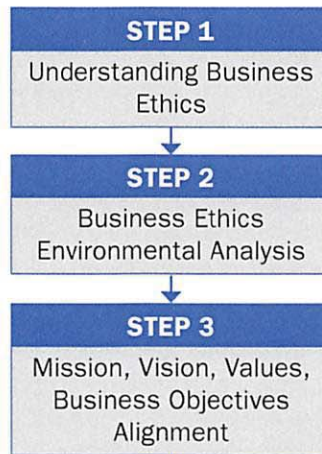
Phase II (Steps 4–8) outlines a step-by-step procedure for developing the various components of a business ethics program. Once you have established the project team and plan for your program (Step 4), you will learn the necessary steps for designing a code of conduct, a core component of your business ethics program (Step 5). A code of conduct serves a dual purpose, both as a commitment and a guide. Once the business ethics program is in place, you will need to develop organizational infrastructure (Step 6) and a solid training program for company employees (Step 7). The individuals responsible for the success of the business ethics program (i.e., Board members, the CEO, Senior Management, Ethics Officers, or members of an Ethics Committee) will learn how to design a communication strategy to successfully convey these new company policies to all stakeholders (Step 8).

The focus in Phase III (Step 9) is on implementation (Step 9.1), or on building commitment by helping employees understand how the business ethics program works and what is expected of them (Step 9.2). Skills (Step 9.3) and mechanisms will need to be developed for reinforcing desired behavior (Step 9.4), reporting and investigating ethical lapses, and monitoring overall program compliance (Step 9.5). Finally, business owners must evaluate the system as a whole (Step 9.6) to identify future ways of strengthening the program and track progress (Step 9.7).

These phases and steps are graphically outlined in Figure 1. The first three steps are sequential in nature. In other words, you will need to complete each step before moving on to the next. The work involved in Phase II is conducted simultaneously and coordinated, for the development of four mutually complementary components. In Phase III, the business ethics program (BEP) becomes an operational system, as illustrated by the subcomponents within Step 9.

Figure 1: Process of Developing a Business Ethics Program

Phase I—Foundation



Phase II—Preparation



Phase III—Implementation



Links to the Business Ethics Self-Diagnostic Tool

The Business Ethics Self-Diagnostic Tool (BEST), to be used in conjunction with the Business Ethics Manual, is a self-assessment guide for businesses to help them evaluate the current state of their ethics program, including its strengths and areas in need of further development.

Figure 2 illustrates the various components of the tool. The tool's Foundations Indicators are designed to be used to evaluate the status of the business' mission and vision, legal compliance, ethical principles, business management, and environmental consciousness. BEST is not intended as an exhaustive resource for addressing all aspects of these elements but, rather, is targeted specifically at the business ethics program and related components. There are other governance issues such as risk management and corporate social responsibility (CSR) that will need to be addressed through other processes.

The Infrastructure section of the tool is designed to be used in the Preparation Phase, providing guidance on issues that need to be addressed with regard to organizational infrastructure, ethics training, monitoring and evaluation, and communication strategies.

For the best results, BEST should be completed during Phase I of the design and implementation process for a business ethics program (BEP), as defined in this manual.

Figure 2: Business Ethics Self-Diagnostic Tool Component Overview



PHASE I: FOUNDATIONS

Step 1: Understanding Business Ethics

KEY QUESTION:	OUTCOMES:
What is business ethics and is it relevant for SMEs? What does a business ethics program involve?	<ul style="list-style-type: none">• Shared understanding of what constitutes business ethics• Overview of the benefits of a business ethics program• Clarity as to the basic principles and practices for a business ethics program

Now, more than ever, companies will need to reassess how they operate if they want to stay in business for the long run. As became clear to many firms during the recent global financial crisis, a lax approach to business ethics does not make for a sustainable business. Financial service companies in particular, taking advantage of an operating environment with little regulation and oversight, were particularly hard hit in the end, though they may have made huge profits initially.

Businesses across the globe are expected to be responsible—to satisfy customers, improve performance, make profits, and contribute to the economic development of their communities by learning how to meet the reasonable expectations of their stakeholders: customers, employees, suppliers, investors, the environment, etc. Moreover, an enterprise does not stop being a member of its community simply by virtue of engaging in business. It is still responsible for respecting community norms, values, and standards.

The purpose of any company is ‘to provide ethically and profitably the goods and services people want or need.’³ A responsible business realizes that it can add value in many ways:

- Serving the most important needs of its customers and consumers (the conventional and, still, the main function of a business);
- Providing gainful employment for its employees and agents, so that they can provide for their families and be responsible citizens;
- Providing a superior return to investors;
- Purchasing goods and services from its suppliers and service providers;
- Ensuring free and fair competition;
- Forming strategic partnerships and alliances to create new business opportunities;
- Supporting community infrastructure through taxes and fees;
- Respecting the environment.

For a business to be responsible, it must ensure that the choices and actions of its owners, managers, employees, and agents are: (a) in keeping with their authority; (b) well-informed; (c) intended to fulfill its purpose and meet stakeholder expectations; and (d) sustainable over time. It is this kind of responsible business conduct that enables an enterprise to improve its business performance, make profits, and contribute to the sustainable economic progress of its community.

3 Charkham, J. and Ploix, H. 2005:21

Business owners and managers have learned that a business ethics program (BEP) helps them achieve their goals by better recognizing political, economic, social, and technological pressures; understanding organizational culture, including core beliefs, participation, responsibility, knowledge-sharing, and conflict resolution mechanisms; fostering reasonable stakeholder expectations; developing responsible management practices to meet stakeholder expectations; and learning from company decisions and activities (also see Appendix A.2 for other potential benefits of a BEP).

1.1 What is Business Ethics?

The concept of “ethical business practices” is part of a global trend expanding on corporate social responsibility (CSR) that focuses on relationships among companies and their internal and external stakeholders. In general, CSR is deemed to include economic, legal, ethical, and discretionary responsibilities and, thus, to cover a larger scope than ethical business practices. Another related concept currently in use is CSM (corporate sustainable management). These concepts are compared in Table 1 below.

Table 1: Comparison of Ethical Business Practices with Other Similar Concepts

	ETHICAL BUSINESS PRACTICES	CSR	CSM
Conceptual development process	Provides guidelines on compliance with laws and regulations and ethical decision-making for employees.	Contributes to social aspects of growth as part of corporate responsibility.	Grew out of the concept of ‘sustainable growth’ designed to protect the earth’s environment.
Current definition	Has been expanded to include business transparency involving the disclosure of business information, as well as certain aspects of corporate social responsibility. However, it is more actively used as a basis for ethical decision-making by employees.	Has been expanded to include environmental as well as social considerations.	Has evolved into ‘sustainable management’ to improve company sustainability by incorporating the concept of ‘sustainable growth’ into business administration methods. <ul style="list-style-type: none"> • As the two concepts have become mutually inclusive, they have developed into a single approach balancing economic soundness, environmental integrity, and social responsibility. • Currently, CSR and CSM are used virtually interchangeably, with a broad definition. • If a company’s ‘goal’ is sustainability, CSR and CSM represent a ‘process’ for achieving sustainability.

Source: Trends and responses emerging from a discussion of corporate sustainable management by the KIET (Korea Institute for Industrial Economics & Trade) and ISP (Institute for Industrial Policy Studies), 2005.

Each of these terms has clearly evolved from its original meaning. The general trend is towards conversion, which is why people have been using the terms interchangeably—depending on their purpose, as the boundary between the concepts has blurred.

Nevertheless, in this manual, we define ethical business practices as including the evolved meaning of ethical business, though not automatically including the larger scope of CSR or CSM as described in Table 1 above. Instead, we take the approach that you can extend the issues and values you commit to as part of the BEP to include elements of CSR or CSM, and that the BEP will represent a useful process in helping your organization adhere to them with transparency and accountability, but that there are aspects of a full-fledged CSR program that are not covered in a BEP program. For example, the organization of volunteer activities by staff is very common in CSR programs, while a BEP does not promote a volunteer program.

The stakeholders affected by ethical business processes and outcomes vary depending on the specific circumstances of each company but, in general, range from shareholders, executives, and employees to customers, communities, suppliers, competitors, foreign companies, the public sector, and wider society.

The concept of ethical business embraces all these stakeholders. Thus, it is imperative for your company to build moral relationships with all different stakeholders as you endeavor to implement business ethics.

1.2 Small and Medium-Sized Enterprises (SMEs)

1.2 (a) SMEs: Are Business Ethics Programs Relevant?

SMEs, which form the vast majority of companies in emerging markets, are breaking new ground as they help build a robust economy. Like in most economies, they provide most of the jobs, especially new jobs, and make a significant contribution to the welfare of their communities because they are so closely connected to them. There are a number of ways an SME can benefit by learning other, similar lessons.

- Today's SME is more apt to become the large corporation of tomorrow by adopting emerging global standards and the best practices of successful companies.
- By embracing global standards and best practices where it makes sense to do so, owners and managers are able to distinguish their SMEs from the competition.
- By understanding the basic principles and practices of the global marketplace, owners and managers will be better able to recognize responsible business conduct issues earlier and work with stakeholders to find solutions.
- First impressions count, especially in a business environment that some perceive as risky. Developing a business ethics program will help owners and managers more clearly communicate a core set of beliefs and standards demonstrating their enterprise's commitment to being a responsible business in the global marketplace to potential investors and customers.
- If an SME's workforce is conversant in the language of global standards and best practices, it will be better able to speak the language of the global marketplace—and take advantage of the opportunities to be found there. Its employees will also be much more committed to the company, since they will find an ethical environment much more conducive to their own professional growth and development.
- While banks may well finance SMEs that do not adopt ethical best practices, such financing will usually be short-term in nature. SMEs that adopt ethical practices are in a better position to obtain longer-term financing.

- In a world where large companies are being pressed by their stakeholders to “know your customer,” an SME that embraces best ethical practices will have an advantage in winning the confidence of these larger companies. This is especially true of SMEs making exports to large overseas firms.

While the process of developing standards, procedures, and expectations is the same for all enterprises, the answers for each company will depend on its size and complexity. The goal for SMEs is not to replicate the standards, procedures, infrastructure, practices, and expectations of large corporations, but to learn from them and adapt them to suit their own purposes and circumstances.

1.2 (b) SMEs: What Features Make it Easier to Institute a Business Ethics Program?

There are certain characteristics of SMEs, such as having a smaller staff, that make it harder to institute a conventional business ethics program (BEP). On the other hand, there are important features of SMEs that make it easier for them to adopt a BEP.

First, the general assumption is that Management’s role is simply to maximize profits and report results to shareholders, who are separate from Management. In many SMEs, the owners are also the managers. This consolidation of power enables SMEs to streamline their decision-making process and more easily incorporate ethical values. The implication of this for instituting a BEP is that, for most SMEs, the challenge lies not so much in convincing the CEO/Chairman of the Board/Owner of its importance, or even of its intrinsic benefits but, rather, in showing that the effort of establishing a full-fledged BEP system is worthwhile.

The second advantage enabling SMEs to more easily institute a BEP lies in the enormous differences between the accountability processes in SMEs and those of larger corporations. In the case of SMEs, accountability is often based less on reports than on direct relationships due to the frequent face-to-face interaction between Management and staff, and between company employees and their communities.

1.3 Benefits of a Business Ethics Program

In creating a business ethics program SMEs also gain process benefits: (i) effectiveness (which means that areas of work are not chosen by chance but, rather, by addressing the most important issues first; (ii) efficiency (results are achieved with the smallest possible outlay of financial and human resources); and (iii) adaptability (to change circumstances, including the emergence of high-risk situations). The following are some of the specific practical benefits of such a program (also see Appendix A.2 on page 90).

Integrity and Reputation

An enterprise’s reputation for integrity is important for building customer loyalty, recruiting and retaining the most professional and honest employees, becoming the business partner of choice, winning local community acceptance, and increasing access to capital and credit. An enterprise that provides adequate guidance to its employees and agents ensures they know what responsible business conduct is by helping to foster reasonable stakeholder expectations, which minimizes disputes with customers and other stakeholders and increases stakeholder satisfaction.

Lower Risks

A responsible business develops processes with which it identifies, assesses, and manages a whole range of factors liable to pose a risk to its social and financial performance. Such processes include assessing risks, establishing adequate standards and procedures, providing training, and establishing monitoring and

auditing systems. These processes help owners and managers plan, organize, and control the enterprise's day-to-day operations to minimize risks to its capital, earnings, and reputation. They include the management of risks associated with accidental losses, as well as operational risks such as those arising from financial mismanagement, fraud and embezzlement, corruption, and loss of reputation.

Lower Costs

A business ethics program provides employees with clear guidelines on a host of day-to-day activities such as how to administer bids and proposals, how to negotiate contracts, how to use confidential information, how to avoid conflicts of interest, and how to work with customers, suppliers, service providers, and competitors. These guidelines for conducting day-to-day business activities can reduce costs. The cost of bribery, kickbacks, and other forms of illegal or corrupt conduct is not only the amount paid out. The full cost includes the effort expended by Management to set aside time to work with the authorities, to maintain a second set of books, and to deal with threats of extortion and blackmail.

Protection from Unethical Employees and Agents

The enterprise itself is oftentimes abused by its employees and agents. The embezzlement of company funds is a prime example. Cheating on time cards or walking off with supplies and tools, while relatively minor offenses, can add up to significant losses sustained each year by large and small businesses alike. A business ethics program is designed to establish standards and procedures for preventing and detecting violations of the trust placed in employees. Among these standards and procedures are processes designed to protect company assets. These particular processes may include the establishment of standards and procedures, monitoring and auditing systems, and reporting mechanisms. However, at the heart of a business ethics program is the desire of owners and managers to build a commitment to the welfare of the enterprise as a whole among their employees.

Improvements in Performance, Productivity, and Competitive Position

A responsible business improves efficiency and effectiveness by enabling stakeholders to work closely together based on mutual respect, shared values, and mutual trust. Such efforts lead to what one author refers to as "invisible savings" by discouraging employee conduct which may be harmful to the enterprise, but difficult to detect and measure. For example, many large, complex enterprises, most of which have business ethics programs, are establishing preferred supplier lists to reduce the number of suppliers they deal with. A business ethics program will often help improve employee morale. Better morale leads to productivity gains and more innovation.

Expanded Access to Capital, Credit, and Foreign Investment

A business ethics program may increase a responsible business' attractiveness to investors. Before making a loan, international lending institutions and domestic banks perform due diligence to determine whether an enterprise is well-managed. They look at whether it has strong financial supervision and internal controls. If so, financial institutions may view such an enterprise as a worthy credit risk and give Management access to capital at lower rates and with longer maturities. Foreign investors entering new markets are looking for reliable partners able to demonstrate integrity and to operate with transparency.

Larger Profits and Sustained Long-Term Growth

Engaging in responsible business conduct does not always deliver immediate results. However, in time, a business ethics program, including infrastructure and processes for the continuous monitoring of

compliance with laws and ethics requirements, should help an enterprise become more reliable and stable. A business able to demonstrate its ability to prevent and detect violations of laws and ethics requirements earns greater confidence from its stakeholders. This confidence can lead to an appreciation in the value of its stock, wider access to capital and credit, new clients, customers, and partners, and more opportunities for expansion.

Increased International Respect

Adherence to principles of responsible business conduct encourages compliance with laws and regulations that require a high level of transparency. When the generally accepted business practices of a community are based on sound standards and reasonable expectations, fair competition is the norm and responsible businesses can operate on a level playing field. Fair competition may encourage trading partners to reduce trade barriers such as tariffs and quotas. The belief is that the basic elements of a business ethics program may help members of what are oftentimes very different organizational cultures manage their differences until they are able to find common ground. Such elements include core beliefs, standards and procedures, high-level program personnel, and dedicated resources to help employees seek advice.

1.4 Principles of Business Ethics

The starting point for all organizations is compliance with domestic legislation. Company Boards and Board-appointed executives use a range of different policies and prescribed processes to ensure compliance by their organizations with established regulations. However, if a business truly wants to reap the benefits of business ethics, it should not rely solely on compliance with regulatory requirements. Even in the most exemplary or advanced economies, regulations alone are not enough to prevent corruption. Instead, ethical business practices invariably depend on good leadership by individuals and a commitment on the part of the organization.

In practice, an ethical organization must be infused with the following values:

1. honesty;
2. fairness;
3. integrity;
4. transparency; and
5. accountability

Other examples of short-hand for ethical business are encapsulated in the phrases:

- Do what you say you are doing; and
- Do the right thing—that will increase your well-being and that of others.

1.5 Basic Practices of Business Ethics

Since all organizations are different and operate in different environments, there is no single or unique way of ethically conducting business in the form of a program. Many variations are possible and necessary. However, at the core of all sound business ethics programs is the interplay of three basic practices. Imagine business ethics or an ethical business as a three-legged stool (as illustrated in Figure 3)—extremely stable if it has all three legs, but highly unstable if even one leg is missing.

Figure 3: Basic Practices of Business Ethics



1.5 (a) Statement(s) of Commitment

The development of a code of ethics, sometimes referred to by other names such as a code of business standards, declaration of business principles, code of conduct, etc., is generally the first step taken by an organization once it decides that it is committed to business ethics. A code of ethics outlines the organization's values, beliefs, and, in some cases, corresponding implementation procedures, and ties them to its mission, vision, and values. In order to truly qualify as a commitment, the written word must also be embodied in speech and deed, especially by the organization's top leaders.

1.5 (b) Follow-through System

Roles, processes, tools, and a framework all work together to form a system. Whatever the size of the organization, evidence of a functioning business ethics system can be found in the following six areas:

1. The frontline or **operations**, where interactions with customers and other outside stakeholders take place and goods or services are produced. Here, you will find staff making decisions on how to interact with stakeholders and clarifying questions of ethics as they face dilemmas and gray areas of compliance, and managers trying to help them make ethical choices. Any suspected breaches of the code of ethics—including potential conflicts of interest—are reported.
2. The organization's **supporting and coordinating** functions, where there are general standards and references to possible FAQs, as well as IT systems for data entry and consolidation.
3. **Operations management**, where there are performance plans with ethical business considerations requiring follow-up.
4. The organization's **auditing and monitoring** function, in the pursuit of ethical business commitments.
5. The organization's **strategic** functions monitoring and engaging the organizational environment and its current operations to determine what the company needs to decide on now in order to be viable in the future. Any factors affecting its ability to meet its ethical commitments must be systematically included in the analysis and decision-making process.
6. The organization's **policy** and normative function, where its values, commitments, and policies need to be actively managed and must include guidance on its approach to ethics.

1.5 (c) Accountability System

If being ethical means acting with the intent of and a commitment to try and improve your own well-being and that of others (both inside and outside the company), then you also need to determine and be accountable for the impact of your actions on others. This process of discovery and of being accountable to those to whom you have made a commitment is the third leg of the three-legged stool. It can take a variety of different forms, as described in detail in subsequent steps.

What is important is that it is a process in which others judge whether, in their opinion, you have lived up to your commitment. The most common types of accountability activities are: (i) **surveys** (annual surveys of internal and stakeholder perceptions); (ii) **publication** of BEP processes and outcomes in Annual Reports; and (iii) **meetings** (large or small meetings where staff and others are invited to express their opinion on Management's view of the extent to which the company is living up to its commitments).

1.6 Conclusions

The purpose of this first step is to reach a shared understanding of what constitutes a business ethics program (BEP), its different dimensions, the benefits you can expect it to deliver, and the basic components of the program per se.

At this point, Management must decide whether it wants to proceed with an analysis of the organization's specific business environment in light of everything discussed above.

Step 2: Business Ethics Environment Analysis

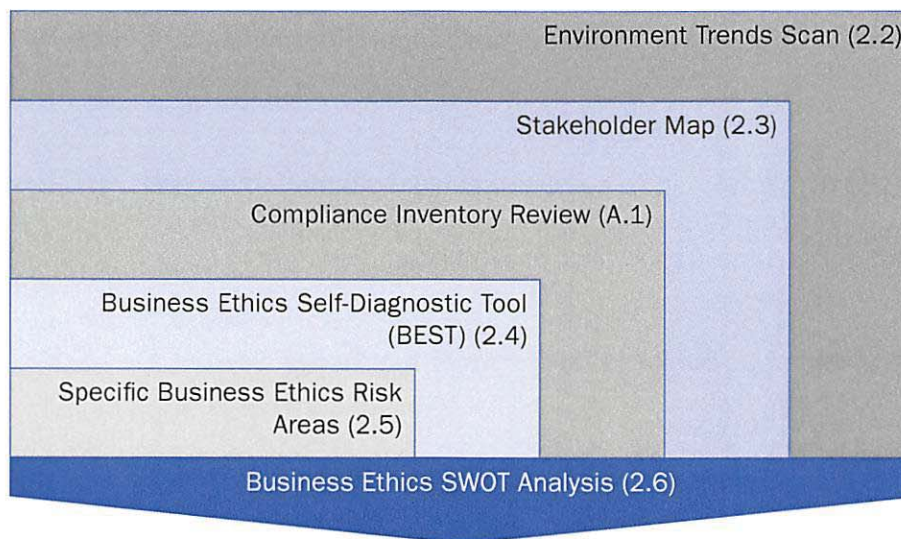
KEY QUESTION:	OUTCOMES:
How do we assess the business ethics environment—in terms of our strengths and weaknesses as an organization?	<ul style="list-style-type: none">• Stakeholder Analysis• Dimensions of Business Ethics & Key Dynamics• Business Ethics SWOT Analysis• Board & Management Decision: Agreement with Results, Recommendations, and Mandate to Continue

2.1 Process

The purpose of this step is to understand the internal and outside business environment and its implications for ethical behavior to ensure that the business ethics system under development addresses current realities.

The outcome from this step is an analysis serving as the basis for establishing a specific vision of the role that can be played by business ethics in helping the organization achieve its objectives.

Figure 4: Process Overview for Business Environment Analysis



Who is Involved in This Step?

An adequate assessment of the current situation requires participation by the following groups within the organization:

- (i) The **Board**, because it is ultimately accountable for the organization's operations and conduct and because questions of business ethics involve the entire corporation;

- (ii) **Executive Management**, because corporate executives or managers are responsible for developing and implementing the organizational strategy and are accountable to the Board for achieving agreed-on objectives within specific constraints (including ethics);
- (iii) **Operations Management**, because it is responsible for developing and implementing the strategies and processes for actual operations and accountable to the Executive or Corporate Management.

The expectation is that a representative of one of these groups will take the operational lead for the BEP. At this stage, the organization is not yet expected to have committed to a particular BEP approach. Instead, the task is to establish current operating standards, identify real and potential weaknesses, and offer recommendations. If and when the Board decides to move ahead with the development of a full-fledged BEP, this assessment will also serve as a useful benchmark against which to measure progress.

2.2 Business Environment Trends

In order to determine the business ethics issues to be addressed by the program, we need to look at both the present and the future environment in which the organization is and will be operating. Today's business environment is very dynamic. All across the globe, changes are more radical and are taking place faster than ever. The organization's current operations also need to be viewed in this context. Thus, the first task is to determine the implications of trends in the business environment for your organization.

Worksheet 1 lists a number of possible areas to review. You will not have accurate data for all such areas, but it is important to begin by identifying the 5-10 most important trends and to decide what their implications are (to be captured later by the SWOT Analysis in Worksheet 5 and by data you will need to collect later on).

Include the following possible drivers in your scan: regulations (standards, codes, and international agreements), competitors, workforce attitudes, communication transparency, market dynamics, enforcement, evolution of your own business (next generation, several countries, etc.)



Complete Worksheet 1: Business Environment Key Trends Scan

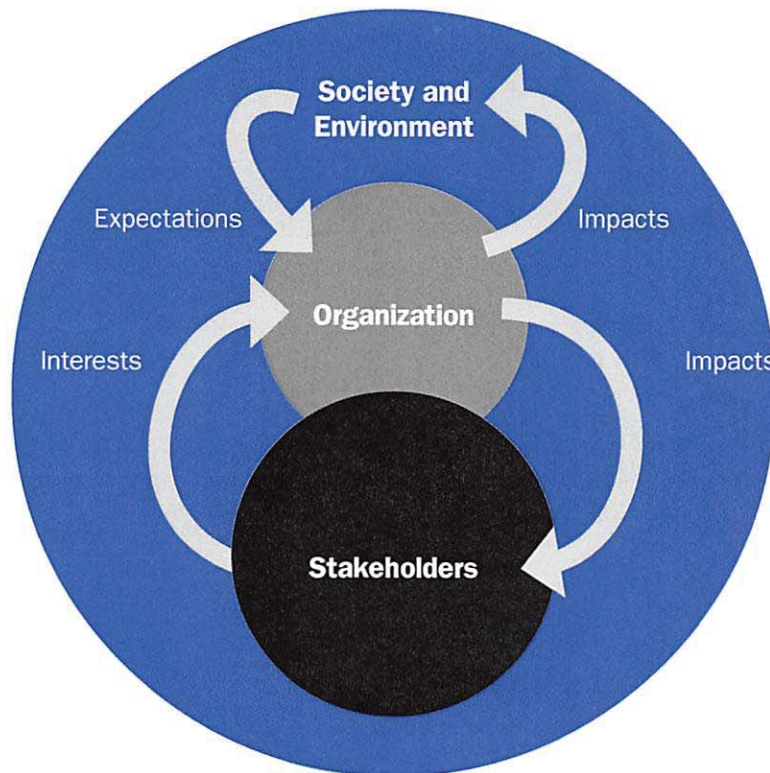
2.3 Stakeholders and Society

The second assessment is of the people and groups who have something to gain and lose from the way your business operates: your stakeholders. Begin with a wider scan to take in all dimensions and then focus in on those with the most impact—though without completely ignoring the others.

Figure 5 illustrates the three types of relationships you need to take into account (ISO 26000, Clause 5.2.1):

1. **Relationships between your organization and society:** Society has expectations of the corporations and organizations whose actions affect it.
2. **Relationships between your organization and its stakeholders:** Stakeholders are specific individuals or groups whose interests could be affected by the decisions and activities of your organization, and may be both internal and external to the organization. Your organization needs to know who its stakeholders are and its impact on them.
3. **Relationships between stakeholders and society:** While stakeholders are part of society, their specific interests may not be aligned with those of society as a whole. Therefore, it is important for the organization to understand the relationship between the stakeholder interests that are being affected and society's expectations.

Figure 5: Relationships between an Organization, Its Stakeholders, and Society

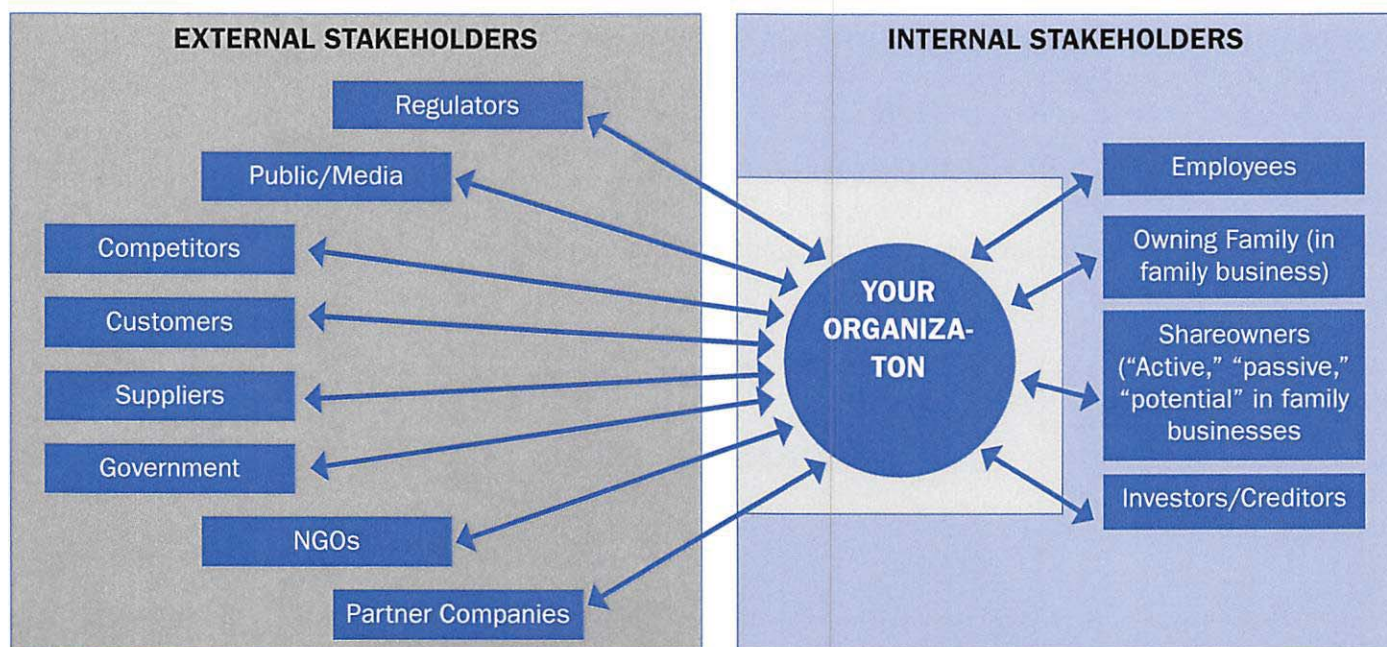


Source: ISO 26000 (Clause 5.2)

Focusing on these relationships, the first task is to identify the organization's specific stakeholders. In order to assess the outside business environment, we need to identify your business' stakeholders and influencers and examine your relationship with each of them in greater detail.

Figure 6 shows a wide range of possible stakeholder groups. Your organization may have more than one stakeholder in certain groups and none in others. It is common practice in the case of family businesses to distinguish between “active” and “passive” shareholders (‘active’ shareholders are also involved in Management, while ‘passive’ shareholders may be spouses or other family members with shares in the business). Family Business Consultant, Annette Rahael, points out another category of shareowners with a large interest in the affairs of a business, namely that of “potential” shareowners who may not own any stock at present but who are likely to do so in the future.

Figure 6: Stakeholder Mapping



Complete Worksheet 2: Stakeholder Overview Assessment

To help you analyze your organization's relationships, use the left-hand column of Worksheet 2 to list the names of stakeholders you can identify in each group. Once you have made a complete list, the next task is

to examine your relationships with each stakeholder from two perspectives: how **powerful or influential** their interests are, and the degree of their **interest** in the specific impacts of your organization.

As you perform this analysis, we encourage you to also review Table 2 through Table 7 below presenting an outline of key issues often associated with specific stakeholder groups.

As you complete Worksheet 2 with all this information in front of you, you should already be thinking of measures you can take to positively influence the relationship through your BEP. We encourage you make notes of these thoughts on the worksheet, since you will be able to make good use of them in subsequent steps.

Table 2: Business Ethics for your Executives and Employees

CLASSIFICATION	DETAILS
Respect executives & employees	<ul style="list-style-type: none"> • Provide healthcare, education, and other benefits for employees and their families to improve their quality of life • Ensure respect for the dignity and value of individuals • Foster a friendly working environment and keep the jobsite safe • Ensure personal privacy protection • Respect independence and creativity
Guarantee equal opportunities	<ul style="list-style-type: none"> • Afford equal opportunities • No discrimination based on sex, regionalism, kinship, school connections, etc.
Guarantee basic labor rights	<ul style="list-style-type: none"> • Guarantee the basic labor rights of executives & employees
Establish a performance-based system	<ul style="list-style-type: none"> • Performance-based reward and merit-based payment system (performance-based principle) • Create a new, work-based corporate culture • Conduct fair evaluations and provide reasonable rewards based on each individual's contribution to the company's growth

Table 3: Business Ethics for your Customers

CLASSIFICATION	DETAILS
Create customer values	<ul style="list-style-type: none"> • Provide goods and services that meet customer needs and demands • Ensure a prompt and fair response to customer complaints
Guarantee customers' rights to know	<ul style="list-style-type: none"> • No suppression of information • Provide accurate information on products & services
Customer satisfaction, customer pleasure	<ul style="list-style-type: none"> • Promote customer satisfaction by offering quality products & services • Compliance with the Customer Service Charter and service standards • Develop new values
Protect customer interests	<ul style="list-style-type: none"> • Protect customer assets, property rights, customer information, etc. • Ban harmful products, overblown advertising, false labeling, etc.

Table 4: Business Ethics for your Investors

CLASSIFICATION	DETAILS
Ensure gains for investors (maximize share value)	<ul style="list-style-type: none"> • Generate stable profits through the sustainable growth of your corporate value, maximizing return on investment • Improve gains for investors by maximizing your market value
Guarantee investor participation in decision-making processes	<ul style="list-style-type: none"> • Present regular reports on the company's status, its main policies, and miscellaneous information subject to mandatory disclosure requirements and guarantee investors an opportunity to take part in major decision-making processes
Disclosure of information on investors	<ul style="list-style-type: none"> • Disclose business-related information
Maximize investor satisfaction through IR	<ul style="list-style-type: none"> • Improve the company's image through active internal and outside promotions • Make proper use of IR and other tools permitted by applicable legislation to ensure a fair rating according to your corporate value

Table 5: Business Ethics for your Competitors and Suppliers

CLASSIFICATION	DETAILS
Abide by government policies and applicable business regulations	<ul style="list-style-type: none"> • Ensure strict compliance with fair trade laws and abide by regulations and directives by the supervisory authority
Promote free competition	<ul style="list-style-type: none"> • Ban anti-competitive practices such as collusion, cartel agreements, etc.
Ensure transparent and fair business transactions	<ul style="list-style-type: none"> • Afford equal opportunities in bidding and contracting processes • Conduct all transactions on equal terms • Do not abuse your position to make unfair demands or ask for personal favors such as requests for money, pressure for unfair business terms and conditions, management intervention, etc. • Sign an integrity agreement at the time of the transaction and abide by it
Ensure the co-existence and co-prosperity of suppliers	<ul style="list-style-type: none"> • Consider your suppliers partners in your growth, building ties of mutual respect and cooperation

Table 6: Business Ethics for your Community

CLASSIFICATION	DETAILS
Help promote job creation and income generation in your community	<ul style="list-style-type: none">• Bring in new jobs and more income to your community
Help provide more benefits for your community	<ul style="list-style-type: none">• Provide assistance for cultural activities and educational institutions• Support education for low-income children and vocational training for teens• Operate various volunteer programs, including grants
Help sustain the local culture and promote local community development	<ul style="list-style-type: none">• Help sustain and promote the local culture• Participate in regional development projects

Table 7: Business Ethics for your Country

CLASSIFICATION
Reconcile publicity and entrepreneurship
Comply with applicable legislation and government policies
Contribute to the country's growth through the creation of social value added
Ban tax evasion, bribery, illegal political contributions

The next task is to use the information from Worksheet 2 to complete Worksheet 3, generating a prioritized stakeholder map as basis for a general differentiated approach to dealing or engaging with each identified stakeholder. You will use this information in two ways: (i) to help you prioritize, which means focusing limited resources on areas of greatest impact; and (ii), to create your communication plan in Step 8.



Complete Worksheet 3: Prioritized Stakeholder Map

2.4 Business Ethics Self-Diagnostic Tool (BEST) Baseline Results

The previous review of the wider context and your stakeholders has better prepared you to complete and analyze the tool associated with this manual (a visual summary of BEST is presented in Figure 2 on page 9).

BEST consists of six Indicators representing the basic building blocks for the implementation of a business ethics program. The four groups of Key Practices refer to the necessary elements for organizing and instituting a successful program (which are discussed in greater detail in Steps 5–8 of the manual).

Instructions for completing BEST are found in that document, which also suggests practical solutions for improving your score. Worksheet 4 complements the content of this manual for the development of a business ethics program (BEP) by capturing important information from the tool for use in the overall analysis to be performed in this step of the process (the Business Ethics SWOT Analysis).

The reason for completing the entire tool now, even though it is unlikely that you will score high on BEP practices since you have not yet instituted the BEP, is that this assessment will also serve as a benchmark you can come back to and compare your progress to in Step 9.



Complete Worksheet 4: Business Ethics Assessment Conclusions from BEST

2.5 Analysis of Specific Business Ethics Risk Areas

In the first three tasks in this step, you started with the bigger picture and proceeded to focus in on your organization. To make certain that you identify all important business ethics risk areas, you should begin this part of the analysis with a review of the inventory of possible compliance issues presented in Appendix A.1 on page 88. Even though you may have probably already identified most of these issues, or they may not apply to your business, it is still good to do a more complete check.

The next task in this step is to refine the analysis and delve deeper into specific risks and causal factors that you can address in order to avoid or mitigate these risks.

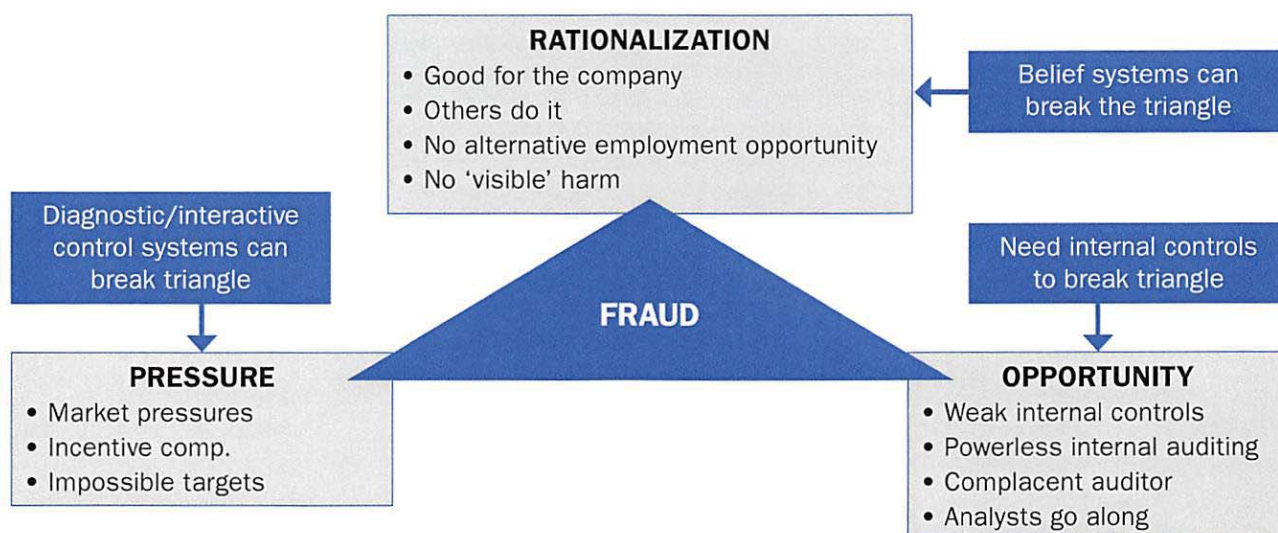
2.5 (a) Business Ethics Risk Analysis

There is a concept in fraud analysis which can help you find the most likely areas and causes of exposure to ethics risks. Ethics is not the same as non-fraudulent activity, but fraudulent activity is an example of unethical behavior.

The “Fraud Triangle” analysis tool developed by Donald R. Cressey is useful in examining the extent to which your organization is exposed to ethics risks, including fraudulent activity. The “Fraud Triangle” describes three causal factors present in every instance of fraud and which, by implication, need to be eliminated in order to deter fraud (also see Figure 7), namely:

1. Motive (or pressure)—the need for committing fraud (need for money, etc.);
2. Rationalization—the perpetrator’s mindset justifying the commission of fraud; and
3. Opportunity—the circumstances making the commission of fraud possible (often the case when internal controls are weak or nonexistent).

Figure 7: The Fraud Triangle⁴



Fraud prevention systems most often and directly seek to institute internal control systems to eliminate the element of “opportunity.” While considering the other elements as well, the main focus of a business ethics program is on the element of “rationalization”—because being clear as to what exactly being ethical means and what values the organization stands for and what it condones makes rationalization much less likely.

Having clear systems and standards of behavior also reduces pressure—because while targets may be set high and very hard to achieve—a code of ethics and clear and frequent statements by ethics leaders and managers will make it plain that the organization’s ethical commitments may not be broken under any circumstances.

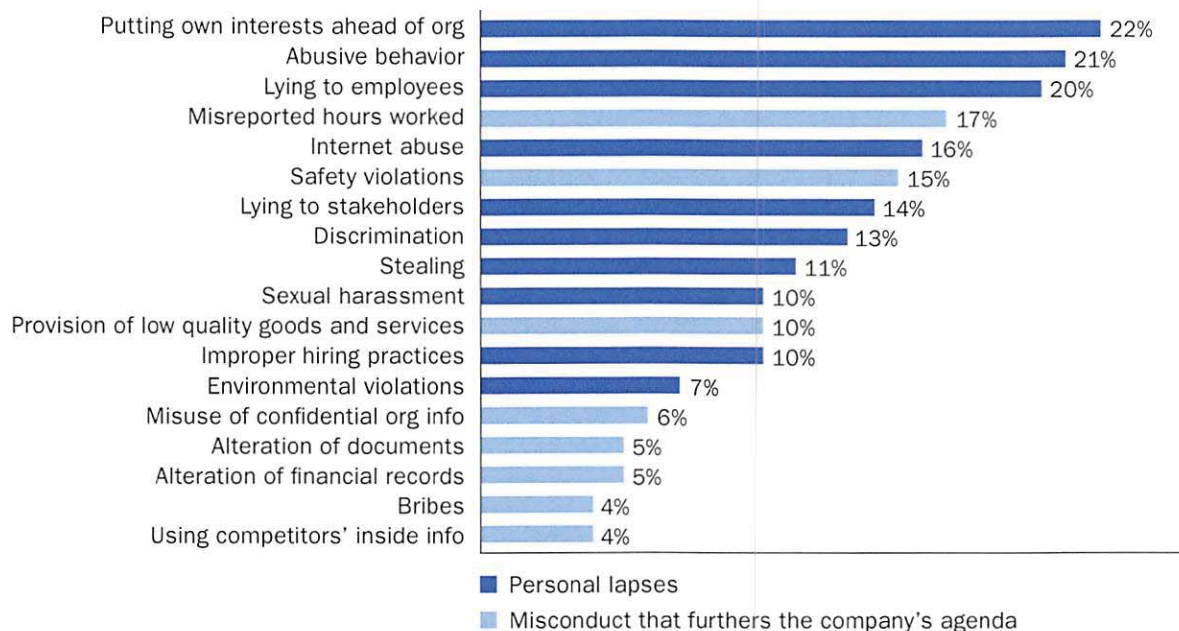
The work conducted by the Ethics Resource Center (ERC, 2007:8) can provide a better understanding of ethics risks. Figure 8 shows that, among surveyed risks in U. S. companies, the highest risk was associated

⁴ Based on: Anon, Fraud Triangle. Available at: http://hbsgrill.weblogs.jp/photos/uncategorized/2007/12/31/fraud_triangle_7.gif [accessed April 7, 2011].

with “personal lapses,” as opposed to misconduct that could be viewed as furthering the company’s agenda. The important points here are:

- (i) Knowing the common types of risks generally faced by an organization and their relative pervasiveness (granted, this is a pre-defined list of possible violations) is helpful in designing your BEP: it shows what to pay attention to and what you can actively use in the awareness and communication program developed in step 8. It is also very useful in developing processes and initiatives for transforming your organizational culture.
- (ii) Defining risk is an effective way of looking at ethical risks and has implications for your BEP. In the ideal situation, instances of misconduct or lapses are rare but, when they do occur, you want to be sure they show up in your records. In other words, having records that suggest there are not even any suspected violations or issues on which people are looking for clarification may actually create a false sense of security.

Figure 8: ERC Survey Results on the Most Common Types of Misconduct Observed by Employees (USA, 2007)



Source: ERC (2007:14)

In order to reduce the elements of the Fraud Triangle and move those affecting risk severity in a positive direction, your business ethics risk analysis should consider the following factors.

2.5 (b) Human Resources

In order to encourage and enable people to do the “right thing,” their responsibilities and relationships to each other must be clear (‘clear’ means that a person’s interpretation of what he has to do and how he is expected to do it is consistent with the way others see it). Their job descriptions and ways of working together must also be appropriately structured—conflicting or incomplete “messages” will, at the very least, lead to confusion.

- Is there role clarity for all (or at least the key) roles in your organization? (Also see the RASCI worksheet for step 6 as probably the best tool for getting an overview.)
- Review job descriptions (best accomplished using the RASCI worksheet) for necessary segregations of duties to prevent conflicts of interest.
- Ensure that BEP elements are included in core job descriptions. In other words, ethical compliance and the role of line management functions in the ethics program are not optional or extra add-ons, but part of the organization's core functions and expectations.
- Perform background checks for possible ethics violations—but be sure to consult your legal counsel on what is permissible and obtain consent from the individuals whose backgrounds you are planning to check.
- Include BEP elements in checklists for interviews—this conveys important signals and also helps you avoid risks.

2.5 (c) Technology

- Identify which IT systems or other technology systems should have restricted access. This includes software and hardware restrictions and the establishment of clearly identified user groups with different access privileges. If one of your commitments, for example, is ensuring the privacy of customer information, you must have a way of physically preventing unauthorized persons from even accidentally stumbling across private data (including unshredded paper from wastepaper baskets).

2.5 (d) Physical Controls

You should consider building in physical controls similar to the technology controls referred to above to reduce the probability of non-compliance or misconduct.

- Determine which physical areas necessitate restricted access in order to meet mandated requirements, protect human health and safety, protect environmental conditions, and safeguard key information equipment such as computers, laptops, smart phones, USB drives, and other storage devices used by staff.

2.5 (e) Culture

The most reliable predictor of the effectiveness of your business ethics program is the culture of the organization per se. The culture of an organization refers to the specific combination of shared beliefs, values, language, policies, and practices shaping what members of the organization think and feel and how they act on both a conscious and subconscious level.

There are many ways in which to think of and analyze organizational culture. From the perspective of a BEP, it would be especially helpful to know which organizational indicators or factors have the greatest effect on achieving successful BEP outcomes. According to research conducted by the Ethics Resource Center (also see ERC, 2007:25), the eight most influential factors are:

1. Perceiving that leadership cares about ethics and values as much as the bottom line;
2. Feeling safe to deliver bad news;
3. Feeling treated fairly;

4. Feeling valued as an employee;
5. Not feeling pressured to compromise values;
6. Believing ethical behavior is rewarded;
7. Believing unethical behavior is punished; and
8. Recognizing whether the enterprise has an employee, community, or self-interest focus.

Another study singled out the following factors as the four most important building blocks of a strong business-wide ethical business culture (ERC, 2009):

1. **Ethical leadership:** tone at the top and belief that leaders can be trusted to do the right thing;
2. **Supervisor reinforcement:** the individuals directly above employees in the company chain of command set a good example and encourage ethical behavior;
3. **Peer commitment to ethics:** ethical actions by peers support employees who “do the right thing;”
4. **Embedded ethical values:** values promoted through informal communication channels are consistent with and complement the company’s official values.

2.6 Business Ethics SWOT Analysis

The SWOT analysis refers to the familiar analytical tool comparing two internal (strengths and weaknesses) and two external (opportunities and threats) dimensions of the organization.

The purpose of performing the SWOT analysis is to recap the analysis conducted in this step in a prioritized and summarized form and serve as the basis for constructing systematic strategies for incorporation in your BEP.



Complete Worksheet 4: Business Ethics Assessment Conclusions from



Complete Worksheet 5: Business Ethics SWOT

Exploring both dimensions, refer back to the previous worksheets and the results of the study of the BEST Foundations Indicators to establish your specific strengths, weaknesses, opportunities, and threats.

This can be used to produce four key types of strategies:

1. SO (strategies for seizing opportunities using your strengths);
2. ST (strategies for capitalizing on your strengths to avoid or minimize any threats);
3. WO (strategies for seizing opportunities by overcoming your weaknesses);
4. WT (strategies for avoiding or minimizing threats while striving to overcome your weaknesses).



Complete Worksheet 6: Core Strategies and Issues

From these strategies, you can then select a few core strategies crucial to your business. In selecting each strategy, you should take into account the importance and feasibility of achieving its goal and the competitive advantage it creates.

2.7 Cautionary Notes

- Assumptions too conservative.
- No connection with real, vital business processes.
- Failure to recognize that there are sub-cultures.

Checklist

- Ensure that people from different sub-cultures are involved in the process.

Step 3: Vision, Mission, Values, and Business Objectives Alignment

KEY QUESTION:	OUTCOMES:
What is the real mission of the organization, its vision, and its values? How does ethics fit into this vision, and what does it mean in practical terms?	<ul style="list-style-type: none">• Definition of the mission, vision, and values of the organization as a whole• Written definition of the role played by ethics in the business

3.1 Process

What separates good companies from great ones, in large part, is the vision framework they provide for their employees and how they align their choices and actions with that framework. A good vision framework has three components: **a mission, core values, and an envisioned future.**

This step provides guidance for defining the organization's vision, mission or purpose, and core values aligning its strategic orientation and business objectives within an ethical framework. This ensures the existence of necessary conditions for creating an ethical environment and provides a context for ethical behavior and decision-making at all levels and in all areas of the organization.

If the organization's vision, mission, and values are already defined, it would be useful to re-examine them based on the guidelines furnished in this step and incorporating the outputs from steps 1 and 2.

In developing/revising the corporate vision, mission, and values, you will also need to develop a vision statement and statement of purpose (mission statement) for the business ethics program per se following the same process.

There are three approaches to developing the vision framework:

1. The leader or leadership team can do it by itself;
2. A committee can be charged with developing the vision framework; or
3. It can be an organization-wide process involving all staff.

At this stage of the process, the most advisable options are 1 or 2. However, there should also be a mechanism for engaging and consulting with staff at a later stage of the process to ensure that there is a shared understanding of the purpose, values, and vision of the organization as a whole and the ethics program in particular by all members of the organization.

3.2 Core Purpose or Mission

Responsible management involves establishing the fundamental reason for the enterprise's existence in the form of a statement of purpose (or mission statement) that inspires its employees and agents. A purpose beyond profit helps define the enterprise. Unlike goals and objectives, the purpose is never actually achieved. Defining the organization's purpose is the role of the organization's leadership and should involve both the Board and Senior Management.

The statement of purpose should be a succinct statement of how the enterprise intends to meet certain important needs of its community. It encapsulates the reasons why its employees and agents are eager to

go to work. It takes as a given that owners want profits and that employees want livelihoods. However, most employees definitely do not go to work eager to make more money for the owners or even to earn their next paycheck. They go to work eager to make a contribution, because there is something in the enterprise's purpose that inspires them.

Defining an enterprise's purpose is not an easy process. You should consider the underlying reason for offering a particular good or service. Why do you produce what you do? Why is it important? Why do people want it? This sense of value added is the guiding principle for all ensuing decisions and activities.



Complete Worksheet 7: Defining your Core Purpose or Mission

When drafting a statement of purpose, be mindful of its tone and language:

Tone

- Motivational
- Convincing
- Proactive

Language

- Easy to understand
- Easy to remember
- Short and concise

3.3 Core Values

Responsible management also involves defining four or five values to guide the choices and actions of all employees and agents. These core values should be such a fundamental part of how the enterprise sees itself and the way it does business that they will not be sacrificed for short-term gain.

Values are a reflection of culture and priorities. There is no one right set of values for any enterprise. An enterprise's core values should reflect the basic qualities that should guide the decisions and activities of its employees and agents, but they should not be so far removed from reality that they are impossible to follow or breed cynicism. Moreover, the process of defining the enterprise's core values will influence how they are understood, accepted, and followed. The more stakeholders are involved in developing an enterprise's core values, the more likely they are to reflect its reality and to be accepted by its members and other stakeholders.

Some enterprises arrive at their core values through a carefully crafted survey of their employees, including interviews and focus groups. Others establish advisory groups at different levels of the enterprise to work with a small working group to draft a set of values for further discussion. A few enterprises will survey all or most of their members, along with numerous other stakeholders.

To reveal what employees consider to be the values of their enterprise, pose a simple question such as “what would you tell a new employee who asks ‘what does someone have to do to succeed around here?’” Following up on the answers of employees and other stakeholders to such questions will eventually lead to the development of four or five guiding values for all members of the enterprise.

Once these core values have been selected, they will need to be properly defined. A definition statement will need to be crafted explaining the meaning of these values within the context of the organization. They will then need to be translated into desired behaviors that people can act on and be held accountable for.

You may ask: How do I know when I see this value in action? This can be accomplished by surveying staff for their input or through focus groups or workshops. Another strategy would be to form a small committee to define the organization’s values and then seek feedback and input to refine their definitions. A key issue here would be to ensure the broadest possible participation in defining what these values mean, to ensure that they can be lived.



Complete Worksheet 8: Defining your Organization's Values

3.4 Vision of a Desired Future

Responsible owners and managers visualize the goals and objectives of their enterprise and its role in the community over the long term. Its goals should include a responsibility to the community and outside stakeholders. They should incorporate relevant political, economic, and socio-cultural considerations. Out of this vision flow the goals, objectives, and expected outcomes of the enterprise’s strategies and action plans.

There are two elements of an effective envisioned future:

- i. a specific goal that gives direction and meaning to the enterprise’s decisions and activities—expressed in the form of a vision statement; and
- ii. a vivid description of the desired future—expressed in the form of provocative propositions relating to previously identified strategic issues and specific goals to be achieved. Some organizations use a framework such as the balanced needs scorecard as an organizing framework.

(a) Developing a Vision Statement

A vision statement should relate to the organization’s purpose and values and reflect the desired future for the next five, ten, or fifteen years.

There are three steps involved in constructing a vision statement:

1. **Content:** Establish the content of the vision—the actual direction and desired outcomes.

The following questions can help you develop a powerful vision for your ethics program:⁵

- What is the ideal outcome of your ethics program?
- What is your purpose for implementing the program?

5 Source: Ackerman A., L. and Anderson, D. (2001). The Change Leaders Roadmap, Pfeiffer, pp. 135-136.

- What difference will it make in the lives of your customers?
- What difference will it make in the lives of the people in your organization?
- How will it help the organization better meet the needs of the marketplace?
- What excites you most about the program?
- What would happen if the organization did not do this? What would be lost?
- How would the organization ideally operate to attain this reality?
- What are the ideal conditions for supporting this outcome?
- What is the ideal culture for the organization to produce this outcome?
- What are the ideal mindsets, styles, behaviors, and values of its leaders and employees to support this outcome?

2. **Compelling Statement:** Craft the vision statement in terms that are inspirational, concise, and easy to remember.

Vision statements should be bold and challenging, should distinguish you from others, and should be meaningful to people (good examples include “a cell phone in every pocket” or “a computer in every home”). A vision statement is more powerful when written in the present tense in that it energizes people and propels them to act as though the vision were already a reality.

The characteristics of an effective vision statement are:

- **Brevity:** The vision should be as brief and memorable as possible to allow all members to make a decision and take action based on their decision.
- **Appeal to all stakeholders:** A vision statement that only cares about one group and causes harm to others would definitely fail to win the genuine support of all stakeholders.
- **Consistency with the organization’s mission and values:** The vision statement presents a detailed description of your organization’s mission and crucial values. A mission helps you solve a problem. If one of your core values is “constant innovation,” then your vision statement should include a discussion of innovation.
- **Verifiability:** Avoid vague terms. You should be able to verify whether or not your vision is achieved.
- **Viability:** Your vision is not a list of the dreams of Top Management. It should be based on reality.
- **Engagement by employees:** The vision statement should do more than simply provide a sense of direction. It should be able to kindle the interest and passion of all employees.

3. **Collective Intention:** Build collective ownership of the vision.

(b) Developing a Vivid Description of the Desired Future—Provocative Propositions and Goals

Develop a provocative proposition for each strategic issue or theme.

A provocative proposition, like an overarching vision statement, needs to be bold and challenging. Sony Corporation's vision statement is a prime example.

Goal (strategic issue):	Become the company most known for changing the worldwide image of Japanese products as being of poor quality
Provocative Proposition (vivid description):	Fifty years from now, our brand name will be as well-known as any on earth...and will signify innovation and quality that rivals the most innovative companies anywhere... "Made in Japan" will mean something fine, not shoddy."

Once you have developed a provocative proposition, identify three to five goals that will help you achieve the desired outcome. Your goals should be SMART—specific, measurable, attainable, realistic, and time-bound.



Complete Worksheet 9: Provocative Propositions and Goals for Strategic Themes

Now that you have the three elements of your vision framework: your statement of purpose (mission statement), core values, and vision, you can use Worksheet 10 to organize them.



Complete Worksheet 10: Vision, Themes, Goals, and Values Frame

Figure 9: Vision and Core Values of Samsung Fire & Marine Insurance Company

TOTAL RISK SOLUTION PARTNER				
MISSION				
CUSTOMER	SHAREHOLDERS	SOCIETY	SALES FUNCTION	EMPLOYEES
<ul style="list-style-type: none"> • Improve quality of life • Enhance business stability 	<ul style="list-style-type: none"> • Ensure sustainable growth and profit realization 	<ul style="list-style-type: none"> • Strive for “shared” management by enforcing corporate civic ethics 	<ul style="list-style-type: none"> • Win-Win partners 	<ul style="list-style-type: none"> • A partner growing together
SHARED VALUES				
CUSTOMER SATISFACTION		ETHICAL MANAGEMENT		
Bear in mind that the customer is a driver of business growth		Your actions should be consistent with established principles and rules		
TEAMWORK		FUTURE-ORIENTED		
Build a corporate culture that values cooperation		Ensure sustainable growth based on profitability		

Source: KCCI Business Ethics Manual

3.5 Cautionary Notes

- No follow-through showing whether actual behavior is in line with stated values.
- Not all parts of the organization are expected to walk the talk—Senior Management, in particular, feels that it is exempt.
- Business objectives are not clearly linked to or incorporate the stated values.
- Note to develop a guide for communicating the organization’s mission, vision, and values. It is important for the CEO to do so, but others should also participate.

Checklist

- Do we have a written vision statement and statement of purpose (mission statement)?
- Are values defined in terms of behavior?
- Is there a clear statement of the business objectives with KPIs (and targets)?
- Are there supporting communications by Top Management and is there a checklist that staff understand and support?
- Is there a clear statement to the effect that the business ethics system is an integral part of how the organization conducts its day-to-day business and is expected to help achieve its core business objectives?
- Has the Board been involved in establishing its values?
- Have business objectives and accountabilities been established throughout the organization (from the boardroom to the frontline)?

PHASE II: PREPARATION

Step 4: Project Development for the Institution of an Ethics Program

KEY QUESTION:	OUTCOMES:
How do we organize to engage the organization in planning and preparing for implementation of the BEP?	<ul style="list-style-type: none">• BEP Project Charter• BEP Project Organization• BEP Project Resources• Board & Management Decisions: Agreement Charter, Roles and Responsibilities, Resources

4.1 Process

Steps 1–3 in this manual were about clarifying what a business ethics program (BEP) really is, what business ethics risks your business is exposed to, and how ethics fit into your organization’s guiding principles. You are now at the point where you need to formally decide if, and, if so, how, you are going to implement the business ethics program.

Your organization’s Board of Directors has the final authority in this matter. Even if your organization’s Board and senior executives (Executive Chairman—or equivalent title) are one and the same, it is still helpful to be clear as to the “ownership” of the BEP, which makes the Board accountable for and, thus, gives it the final decision on the BEP. At a minimum, the Board must decide on a general policy for the BEP and report back to the owners on the extent to which the policy has been followed by Management. Appendix 4.4 on page 128 is a more complete guide to the Board’s role in the BEP.

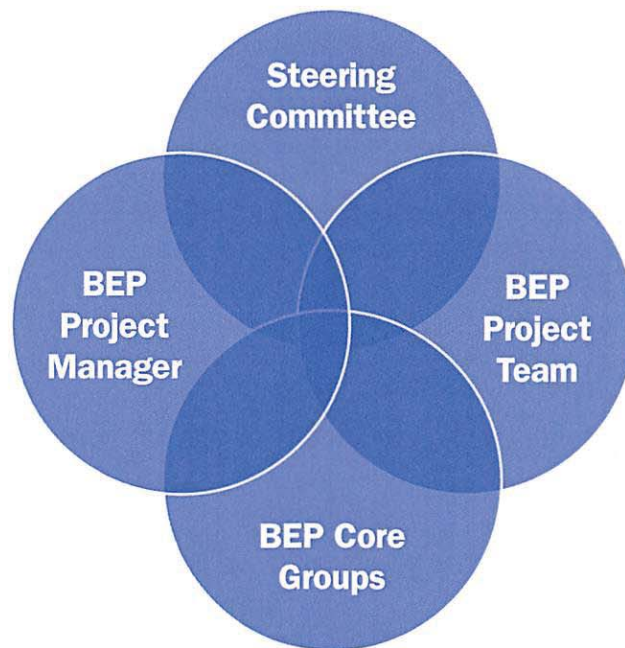
Once you decide that your organization would like to make a written commitment to an ethics policy, it is important for the entire project to succeed—otherwise the company’s reputation and employee morale are at risk. It is a well-known fact among project managers that the initiation phase is the most critical phase. Studies of failed projects have shown that this is the phase where the vast majority of unsuccessful projects go wrong.

Who Participates in This Step?

- the Steering Committee (the Ethics Committee)
- the Project Manager (Ethics Officer)
- Project team members (cross section, volunteers)

Figure 10 illustrates a possible role configuration for the project. These roles need to be reviewed by the project sponsor and project lead to ensure that they reflect the most appropriate configuration for your organization’s experience, size, and approach to the BEP Project.

Figure 10: BEP Project Roles



The Steering Committee will perform the following functions for the BEP Project:

- Provide overall accountability for its results;
- Set its overall scope/focus, timing;
- Set its goals and metrics;
- Provide needed resources and authority;
- Eliminate barriers to its success;
- Ensure its integration with other parts of the organization;
- Attend executive workshops and other important meetings;
- Chaired by the Board Ethics Champion.

The BEP Project Manager—the person most likely to become the Ethics Officer:

- Reports to the Steering Committee;
- Has primary responsibility for the BEP process;
- Heads up the Ethics Committee;
- Serves as the main interface with the Board Ethics Champion;
- Must have experience or training in project management and change management.

The BEP Project Team—some of whose members will most likely sit on the Ethics Committee (in a 50-person organization, the project team would have 4–5 members):

- Co-facilitates sensitization and other awareness-raising and training sessions;
- Helps Change Action teams (with outside support) with implementation;
- Must have training in basic project management and change management.

The BEP Core Team—whose members represent a cross-section of the organization (in a 50-person organization, the core team would have 6-8 members and would meet approximately twice a month during the design and launch phase of the BEP):

- Serves as a reference group for the project team;
- Customizes high-level sensitization workshops and other change process designs;
- Identifies stakeholders and develops the invitation to launch strategy;
- Implements the strategy;
- Serves as ambassadors/champions prior to and during implementation.

4.2 Orientation of the BEP

The effectiveness of a business ethics program is closely related to employees' perceptions of its orientation. A business ethics program usually has one of four main orientations reflecting owner and manager motivations in designing and implementing the BEP and serving as an important determinant of program effectiveness.

The major orientations of a BEP are:

- i. A compliance-based approach focusing primarily on preventing, detecting, and punishing violations of law;
- ii. A values-based approach aimed at defining organizational values and encouraging employee commitment to ethical aspirations;
- iii. A satisfying external stakeholders approach through which enterprises hope to maintain or improve their public image and relationships with outside stakeholders;
- iv. A protecting senior management approach designed, in part, to protect owners and senior management from blame for ethical failures or legal problems.

These major orientations are not mutually exclusive. However, a clear values-based program orientation is most likely to make for an effective BEP. Nevertheless, a business ethics program that includes aspects of compliance-based programs and looks to satisfy outside stakeholders is also valuable. However, if the leadership's intention is to protect senior management from liability or prosecution, then the BEP may well have a negative effect on the organization and help promote cynicism on the part of its employees.

Choosing the orientation of the BEP is one of the most important decisions made by the Steering Committee.

4.3 Project Charter

The Project Charter outlines the composition of the project team and provides a clear description of the project, including its scope, objectives, deliverables, and constraints.



Complete Worksheet 11: BEP Project Charter

4.3 (a) Define the Project Scope and Goals

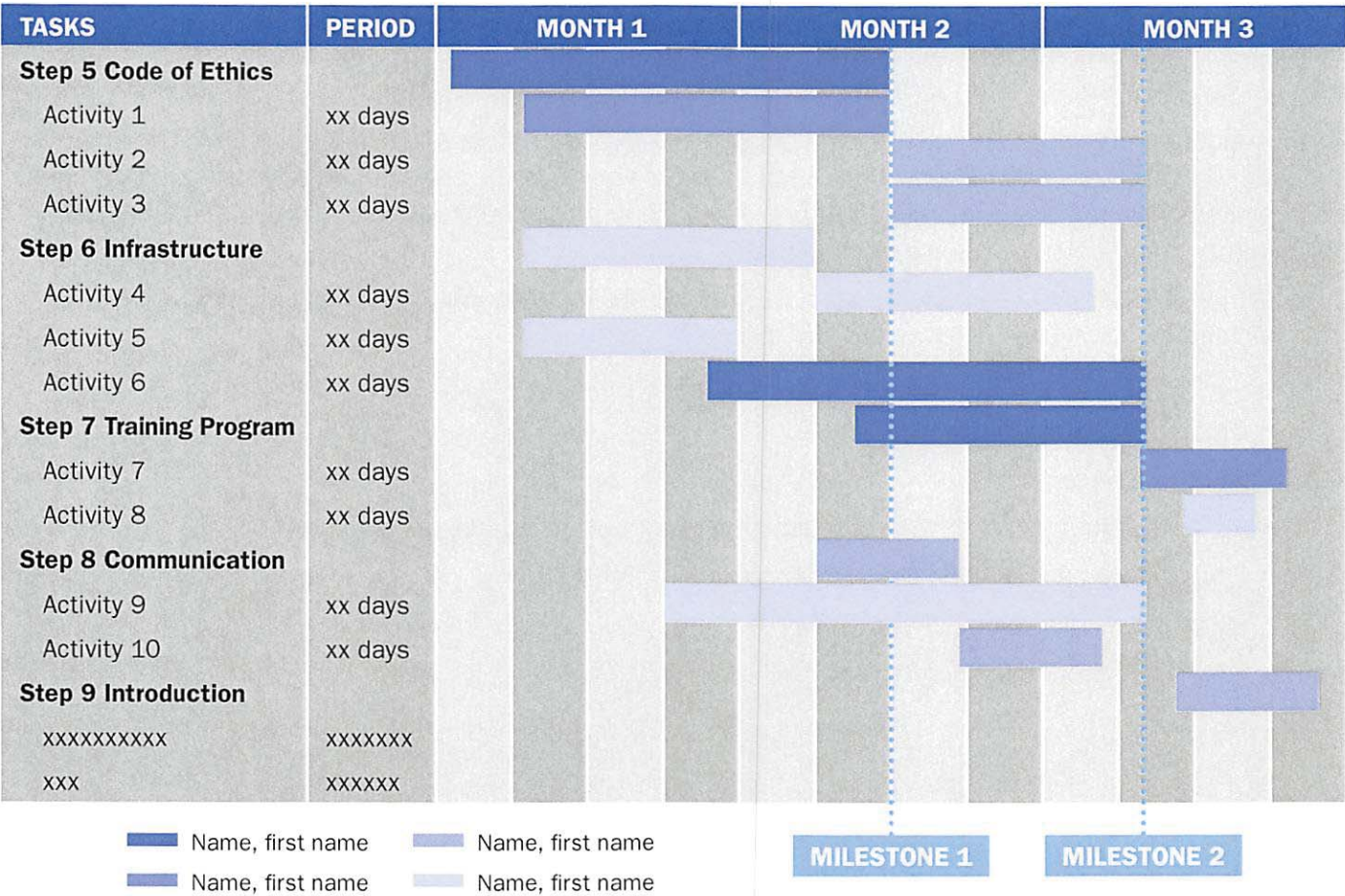
Having made a thorough assessment of the broader context and your organization's internal environment, you need to establish a precise definition of the scope of your organization's business ethics program, and the specific goals you hope to achieve. The project scope and goals should flow naturally from the vision and mission statements you developed in step 3.4.

- Will the BEP be implemented throughout the entire organization or within a narrower, high-priority area such as procurement or contracting, for example?
- Establish measurable goals, targets, and indicators (KPIs) for all identified areas:
 - Organizational culture;
 - Stakeholder confidence;
 - Preparing and protecting the organization against possible risks and adversity;
 - Encouraging and inspiring desired conduct;
 - Improving responsiveness and efficiency;
 - Optimizing economic and social value.

4.4 (b) Workplan for the BEP Project

Figure 11 is an illustration of a typical summary GANTT chart for an organization developing a business ethics program.

Figure 11: Sample GANTT Chart for Implementation of the Project Plan



4.5 Cautionary Notes

- Employees and Management may set objectives that are not approved or supported by the Board.
- Do senior managers—especially in owner-managed firm—support the program?

Checklist

- Has the Board expressed its commitment to and given its authorization for the BEP?

Step 5: Development of a Code of Ethics and Related Guidelines and Policies

KEY QUESTION:	OUTCOMES:
What exactly are you committing to as a company?	<ul style="list-style-type: none">• Code of Ethics• Supporting Ethics Policies & Guidelines• System for Managing the Code and Policies• Adoption of the Code, Policies, and Guidelines by the Board & Management

5.1 Overview

By this point in the process, at a minimum, your Board and executives have reached a shared understanding of why they are undertaking a BEP and what such a program needs to contain (Step 1). You have also analyzed your organization's (internal and external) business ethics environment and made a list of high-priority business ethics risk areas for your organization (Step 2). You have also reviewed your organization's mission, vision, and values and developed a future vision in which ethics issues you care strongly about are incorporated into the company's day-to-day operations (Step 3).

Based on these foundational steps, you then decided on the scope and process for the overall BEP project and assembled an appropriate team to coordinate and develop all relevant materials and processes (Step 4). You are now about to embark on the first of four parallel, interdependent processes. In Step 5 you will develop a code of ethics and related guidelines and policies using these prior analyses.

A code of ethics is a formal commitment by your organization to its values and to related practices and standards. The analyses performed in the previous steps will serve as the basis for deciding which factors to address (both in terms of what to try and avoid and what to aim for). The procedure in this step must meet two important conditions:

- (i) it must address all factors you wish and need to be held accountable for; and
- (ii) it must speak to all stakeholders in a way they understand, feel is authentic, and which can guide their actions.

The procedure outlined in this step is designed to meet both these conditions.

The key steps in developing a code of ethics are as follows:

1. Draft a preliminary version of the code;
2. Consult with experts;
3. Consult with stakeholders;
4. Finalize the code;
5. Present the code for approval by Board;
6. Publicize the code (see Step 8).

In order to be readable and accessible, the code of ethics should not seek to address an exhaustive list of circumstances. Highly specific issues requiring more detailed guidance or which are more narrow in scope, applying only to very specific groups or circumstances, are more appropriately addressed by the development of specific policies (as in the case of procurement). For all other circumstances and as a general, overall guide, it is helpful to develop ethical decision-making guidelines.

5.2 Drafting the Code of Ethics

5.2 (a) *Content of the Code*

What materials should be included in a code of conduct and why? Introductory materials are highly dependent on the organization's particular situation, needs, and culture. They should begin with a statement of the enterprise's core beliefs and should be related to the organization's overall purpose and vision. Each section of the code should address the unique relationship between the business and its stakeholders. The following steps will guide you in developing the content for your code:

- Define the purpose and specific objectives of the code;
- Include a statement of the organization's core beliefs, purpose, and vision;
- Identify all legal requirements that need to be included in the code;
- Assemble the worksheets showing the stakeholder groups from Steps 2, 3, and 4 and identify which groups are expected to abide by the code;
- Define the expectations of each stakeholder group.

A typical code of conduct should include the topics listed in Table 8.

Table 8: Content Guide for a Typical Code of Business Ethics

CLASSIFICATION	DETAILS
Ethics Charter	Reasons for the creation of the code, obligation of compliance
Basic Spirit	Good company, creation of social values, corporate citizenship
Customers	Customers are the reason for the company's existence, sincerity, trust, and satisfaction
Employees	Employees are company assets, employees' rights and obligations
Shareholders	Protection for fair returns on investments, fairness, equality
Society	Co-existence with society, good corporate citizenship
Competitors	Fair competition, equal treatment
Executives	The reputation of its executives and employees determine the company's reputation, corporate profits before individual gains
Government	Compliance with laws & regulations, performance of duties & responsibilities, truthful reporting
Politics	Prohibition against intervention in politics, maintenance of a transparent relationship
Global Environment	Environmental friendliness, co-existence, relationship
International Trade	International corporate citizenship, equality, fair treatment
Sanctions	Criteria for passing judgment on ethics, whistle-blowing obligation, individual responsibility, punishment

Source: Business Ethics, by Lee, Jong-Myung, published by Samyoungsa, 1999 (Korean Manual).

In addition to defining the relationship between the business and its stakeholders, the code of conduct should also include specific provisions of the ethics program with respect to the following:

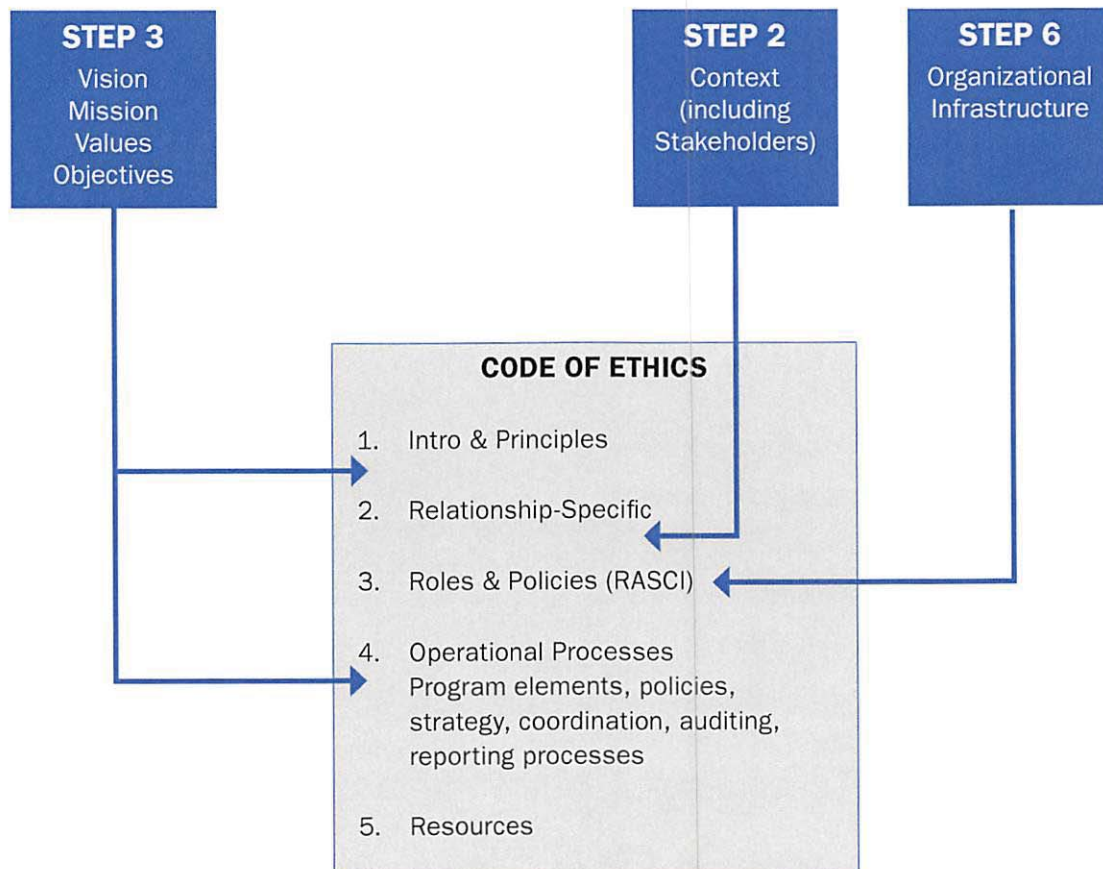
- Ethics and compliance structure and systems;
- Responsibilities of managers and supervisors;
- Need to avoid even the appearance of impropriety;
- Monitoring and auditing practices;
- Duty of employees to report violations;
- Noncompliance;
- Failure to detect misconduct;
- Methods of seeking advice and reporting misconduct;
- Policy on false reports;
- Enterprise response to reports;
- Policy for customers, suppliers, and contact agents;

- Confidentiality and anonymity policy;
- Non-retaliation policy;
- Policy on employee misconduct;
- Policy on rewarding ethical behavior;
- Record retention requirements;
- Contact with the media;
- Individual accountability;
- Obligation to sign ethics acknowledgment form.

Be sure to include important resources and contact information in case anyone using the code has any questions:

- Ethical decision-making model;
- Case studies and examples;
- Telephone contact numbers.

Figure 12: Drafting the Code of Ethics Using Previous Analyses



Consider the following recommended outline of possible headings under which you may want to organize these points:

1. Title Page
2. Background and Endorsing Statements
3. Letter from Owner or Chief Executive
4. Introductory Material
 - a. Statement of Mission, Vision, Values
 - b. Statement of Purpose for the Code of Ethics
 - c. Statement of Core Beliefs
 - d. Statement of Guiding Principles
5. Specific Relationships with Stakeholders
6. Organizational Business Ethics Infrastructure
 - a) Board Champion
 - b) Responsible Executive (Ethics Officer)
 - c) Responsible Staff (Ethics Committee)
 - d) How to Seek Advice and Report Misconduct
 - e) What to Expect in Investigations
 - f) Tracking, Measuring, Reporting
 - g) Program Evaluation and Modification Process
7. Guide to Related Supporting Policies and Procedures
8. Guide to Supporting Resources

You will need to be mindful of the language, tone, and style used in the code. The language should be easy to understand, precise, and inclusive (i.e. “we” or “our” and not “you”). The tone should be compelling, but not authoritative. The style should reflect the organization’s aspirations and culture. More readable codes use large fonts, color, in many cases pictures, and examples or text boxes for frequently asked questions.

5.2 (b) Consultation with Experts

The first draft of the code should be reviewed by legal, compliance, auditing, ethics, and other experts before requesting stakeholder feedback. This will ensure that all major gaps, inconsistencies, or inaccuracies are identified and addressed before putting the code out for comment.

5.2 (c) Consultation with Stakeholders

You should obtain an explicit agreement from owners (managers and Board members) of policies affected by the code to ensure adherence to all corresponding principles and their concurrence with the proposed implementation approach.

You will also need to design a process for engaging each stakeholder group addressed by the code to obtain feedback on its clarity, intelligibility, authenticity, and usefulness and to build commitment for the BEP.

5.2 (d) Finalization of the Code

Revise the draft, incorporating stakeholder feedback. In cases where there is no stakeholder input, this should be addressed up front, in the introduction or cover note.

5.2 (e) Adoption of the Code by the Board and Senior Management

The code should be reviewed, confirmed, and formally adopted by a meeting of the Board. The Board and Senior Management should also issue signed statements supporting the adoption of the code.



Complete Worksheet 12: Ethics Code Development Checklist

5.3 Development of Related Policies

Whereas the code of ethics provides guidelines for business decision-making and behavior, specific ethics and compliance policies and procedures are needed to address identified risk areas and day-to-day challenges.

Examples of such policy areas include:⁶

- Policy and procedure development;
- Internal handling of ethics helpline calls;
- Self-reporting of violations of certain laws and regulations;
- Business courtesies to potential referral sources;
- Business entertainment;
- Vendor promotional training;
- Approval of gifts in recognition of volunteer efforts;
- Ethics and compliance officer;
- Distribution of the code of conduct and related training;
- Records management;
- Ethics and compliance program contracts;
- Ethics and compliance office quarterly reports;
- Training for senior management;
- Reportable events.

Wherever possible, ethics policies should be integrated into existing operational policies. If your organization already has an employee manual, for example, that outlines all its human resource-related policies and procedures, or an operations manual outlining business processes and related policies and procedures, it would be best to update or review these manuals rather than creating a whole new set of policies.

Policies and procedures, like the code of ethics, should be living documents—they should be an integral part of the organization's day-to-day operations and need to be periodically reviewed and revised as necessary.

⁶ Business Ethics—A Manual for Managing a Responsible Business Enterprise, U.S. Dept. of Commerce, pp. 117.

5.3 (a) Policy-making

There are three broad factors engendering a need for policies: legal or organizational mandates, industry or professional standards, and voluntary commitments. Make a list of the appropriate types of policies for addressing each of these factors and then determine whether there are any gaps or overlapping.



Complete Worksheet 13: Policy-Making to identify needed policies.

There are both preventive policies and guiding policies. The key elements of any policy generally include:

- A statement of purpose: A general statement of the organization's position in keeping with its purpose, values, vision, and goals;
- Definitions (i.e. of behavior);
- Specific standards;
- Conditions;
- Procedures to be followed;
- Consequences and penalties;
- Specific responsibilities and accountabilities.

See, for example: <http://manager.smetoolkit.org/caribbean/en/content/en/386/Sample-Sexual-Harassment-Policies>.

- Be sure to define what resources are needed for the roll-out of policies.
- Be sure to have appropriate experts review approved policies.
- Be clear about the target audience for the policies.

Having a code of ethics and related policies and standards means very little unless they can be monitored and enforced, which makes it necessary to develop supporting organizational infrastructure for the implementation of your business ethics program. This will be addressed in detail in Step 6. However, certain key elements of implementation require policies on enforcement, disciplinary action, and investigation. The following is an outline of general guidelines for these policies.

An enforcement policy should include five main points:

1. Non-compliance will be punished;
2. Failure to report non-compliance will be punished;
3. An outline of disciplinary procedures;
4. The parties responsible for taking appropriate action; and
5. A promise that sanctions will be fair and consistent.

Source: SCCE (2010:2.19)

The following is a typical chain-of-events for disciplinary action (some steps may be repeated more than once or skipped altogether depending on the level and intentionality of the offense):

- Verbal warning;
- Written warning;
- Suspension;
- Fine(s);
- Termination.

Source SCCE (2010:2.20)

Guidelines for investigating complaints should include a list of tips for each of the following:

- collecting information on a complaint and interviewing the complainant;
- investigating a claim;
- interviewing the accused;
- interviewing witnesses;
- resolving the complaint.

5.3 (b) Policy Implementation and Management

It may be necessary to pilot test policies with a sample of different target groups for feedback on their level of understanding and acceptance.

- Decide on the channels and implementation mechanisms to use;
- Decide how you will confirm the understanding or level of knowledge of different target groups;
- For real accountability, there should also be some type of periodic confirmation of awareness and adequate skills training.



Complete Worksheet 14: List of Policies to Consider for the creation of a policy review/revision log.

5.4 Development of Ethical Decision-making Guidelines

The purpose of developing ethical decision-making guidelines is to cover circumstances not directly addressed by the organization's code of conduct, policies, or procedures.

At a minimum, such guidelines should address the following points:

- Is the course of action consistent with the organization's mission, vision, and values?
- Have you considered all relevant viewpoints?
- Do you have all the facts needed to reach a confident decision?
- Is the decision in line with previous similar decisions by the organization and is it safe to assume that the same decision could be repeatedly taken in the future?
- Would you feel comfortable with your decision if others knew that it was you who made the decision?

- Have you considered the probable impact on and reactions from stakeholders, opinion shapers, and the public?
- If you expect criticism but still feel that you want to go ahead with the decision, have you prepared a clear and convincing explanation?

Where ethical decision-making guidelines are assembled in a separate document from that of the code per se, include an endorsing statement from the Board and CEO. Try and also include references to additional information, the code, and the procedure for obtaining further guidance.

5.5 Cautionary Notes

- Is the language effective for the target audience (style and depth)?
- The mere fact of having a code does not automatically mean that the people who need to act on it are aware of its existence, want to follow it, know what to do, and are able to behave in the desired way.
- In order to be able to really follow-through with sanctions for breaching the code, you will need recent evidence that the person in question knew of and indicated that he was able to abide by the code.
- Do not rely on a vague confirmation that the person “understands”—understanding is not an educational objective and allows for too much variation.
- Codes are guides to behavior and behavior is shaped by culture. Adapt the code to the existing culture and norms—both to reinforce accepted norms and with respect to those you are trying to counteract.
- Commitments made by the company or expected by the code of ethics need to be taken just as seriously as legal compliance and core business performance objectives.
- The code will need to be publicized, integrated into the training program (Steps 7 and 9), audited for compliance, and periodically reviewed and revised.

Step 6: Development of Organizational Infrastructure for the BEP

KEY QUESTION:	OUTCOMES:
Through what functions, roles, and systems is the BEP actually going to work?	<ul style="list-style-type: none">• Definition of the mission, vision, and values of the organization as Job Descriptions for Functions and Roles• Whistle-blowing, Investigation, Disciplinary Action• Accountability Mechanisms• Performance Monitoring System• Adoption of the Code by the Board & Management, Decisions on Organizational Infrastructure

The next step in the process of establishing a business ethics program is the development of supporting organizational infrastructure for ethics management. A responsible business enterprise will ensure that it has implemented the appropriate structures, systems, and processes and allocated the necessary resources to monitor, manage, and enforce ethical business conduct. The development of a code of ethics and rules of behavior has laid the groundwork for the launch of an ethics management system. This chapter will outline the steps to take in setting up an organizational structure to put them into practice.

6.1 Creating an Ethics Management Structure

You will need to establish an appropriate organizational structure to ensure ongoing ethics management. In designing ethics management infrastructure, Management must consider the nature of the enterprise—its size, complexity, and available resources. Some organizations delegate the responsibility for their BEP to existing functions such as HR, Auditing, or Corporate Services, while others establish stand-alone teams in charge of ethics management independent of other divisions.

An organizational structure in charge of ethics management should be established at two levels—at the policy level and the operations level—in the form of an Ethics Committee and responsible office or team, (sometimes referred to as an Ethics Office), respectively.

Sample Ethics Management Organization Chart



Source: Institute for Industrial Policy Studies (South Korean Manual)

6.1 (a) Role of the Ethics Committee

In principle, all firms, regardless of size, should establish an ethics committee to oversee the implementation of their BEP. It should be an independent committee reporting directly to the Board of Directors and should include directors as well as executive officers, including the heads of its Auditing, Planning, HR, and Sales divisions.

In the case of SMEs, it is reasonable for the form taken by the ethics committee to vary according to the specific circumstances of each company. At the very least, it should include a director and/or senior manager with ethics management responsibilities.

The Ethics Committee oversees a variety of different activities, including decision-making, support, and supervision, designed to ensure the smooth handling and operation of ethics management and due and proper implementation of the code of conduct. The committee should:

- Establish key policies for effective ethics management;
- Develop and modify rules for ethics management;
- Make authoritative interpretations of the rules of ethics management;
- Establish measures for implementation of the code of conduct by company executives and employees;
- Handle any other necessary matters for effective ethics management or maintain and implement a code of conduct.

6.1 (b) Role of the Ethics Office

The Ethics Office is responsible for the day-to-day implementation of the BEP. This team should report directly to the Ethics Committee and its members should have the trust of company executives and employees. They must be knowledgeable about the organization and its core business and have relevant expertise and skills in the areas of corporate social responsibility (CSR) and business ethics. You will need to exercise caution in the segregation of duties to avoid overlapping or conflicts with other teams while, at the same time, establishing an institutional framework for cross-functional cooperation.

The specific functions of the Ethics Office are to:

- Create or expand on a company code of ethics;
- Develop or manage educational programs for employees;
- Closely monitor compliance by company employees with the code of ethics and rules of behavior;
- Interpret ethical issues raised by employees and share its conclusions with others in the company;
- Conduct an ethics audit;
- Take appropriate measures to prevent the repetition of unethical behavior;
- If necessary, make recommendations for revising the code of ethics.



Complete Worksheet 15: Business Ethics Program RASCI (Responsible; Accountable; Support; Consult; Inform)

6.2 Establishment of Internal Mechanisms

An effective ethics management system requires standards, processes, and a monitoring and reporting system. Existing standards are embodied in the code of ethics. This section deals with key processes and mechanisms for effective monitoring and reporting or whistle-blowing.

The three (3) components of an effective internal ethics management mechanism⁷ are:

- i. An operating program:
 - establishing a detailed action program and procedures for addressing ethics issues in relation to each stakeholder.
- ii. A monitoring system to:
 - improve self-monitoring by each employee;
 - set up a monitoring system to check for any violations;
 - operate a risk management system;
 - focus auditing on risk areas.
- iii. A reporting or whistle-blowing system to:
 - establish a reporting system for violations of the code of ethics;
 - implement measures to protect whistleblowers;
 - ensure the efficient operation of the “helpline.”

6.2 (a) Establishing the Operating Program

A company's main stakeholders include customers, employees, shareholders and investors, suppliers, competitors, society, and the country. Ethics management involves setting up a detailed action program for each stakeholder as specified in your code of ethics. Table 9 outlines some of the key considerations in establishing an action program for each stakeholder.

⁷ Source: Korea Academy of Business Ethics

Table 9: Sample Values and Ideals Pursued, by Stakeholder Group

STAKEHOLDER	VALUES & IDEALS PURSUED	ETHICS MANAGEMENT-RELATED ISSUES TO BE ADDRESSED
Employees	Human dignity	Job discrimination (based on nationality, race, sex, disability, etc.), sexual discrimination, violation of privacy rights, workplace safety, right to organize
Customers	Sincerity, trust	Hazardous products, combination commodity products, false or overblown advertising, concealment of information, false labeling, false or exaggerated lists of effects or ingredients, etc.
Shareholders & Investors	Fairness, equity	Insider trading, market manipulation, price fixing, transfer transactions, window-dressing, corporate governance behavior, etc.
Competitors	Fair competition	Anti-competitive practices (cartels, bid rigging, restrictions on buyers or sellers, discrimination against buyers or sellers, dumping, infringement of property rights, violations of trade secrets, bribery, etc.)
Society Corporate citizenship	Corporate citizenship	Industrial hazards (fire, release of harmful materials), industrial pollution (noise, smoke, electric waves), illegal treatment of industrial waste, illegal shutdown of factories, etc.
Country	Stringent responsibilities and duties	Tax evasion, bribery, illegal political contributions, noncompliance with reporting requirements, fraudulent reporting, obstruction of justice, etc.
Foreign governments	Fair cooperation	Tax avoidance, illegal money laundering, bribery, dumping, interference in politics, cultural destruction, inadequate compliance with or abuse of laws and regulations (exports of hazardous materials, poor pollution control facilities), etc.
Environment	Co-existence	Environmental contamination, destruction of nature, imports/exports of industrial waste, violation of global environmental regulations, etc.

Source: Social Responsibility of Business Ethics, Management Ethics (Nakamura M., 1998).

6.2 (b) Monitoring System

The monitoring system should encourage self-monitoring by employees and include an auditing procedure. The auditing procedure should focus on high-risk areas such as procurement or sales and should also include a check on how the business ethics program is being implemented.

Reviews of the BEP program should address the following key issues:

- Integration of assessments of ethics issues into core business activities;
- Integration of BEP performance data into business performance data;
- Integration of prevention, detection, and correction issues into current business processes;
- Integration of BEP data into internal and public communication channels and reporting mechanisms;
- Establishment of procedures for measuring and evaluating the efficiency, effectiveness, and adaptability of the BEP;
- Establishment of a method of identifying opportunities for improving existing systems and procedures;
- Identification of risk indicators and establishment of trigger mechanisms for escalation to Board involvement.

Table 10 outlines guidelines for the operationalization of a monitoring system.

Table 10: Guidelines for the Monitoring System

CLASSIFICATION	DETAILS
Purpose	The monitoring system is designed to measure the health of company ethics and identify areas for improvement.
Responsibility	For greater objectivity, you can hire an outside organization to conduct your audits in the same way that outside firms perform audits of company accounts. However, many companies choose to set up an internal auditing team in charge of monitoring. The important factor here is the independence, neutrality, and objectivity of the auditing team.
Target	Audits should encompass the entire company, with the main focus on high-risk areas for ethics issues (i.e., sales or procurement).
Method	The auditing process should include a review of policies and procedures and any potential violations, a review of sample documents and reports, and interviews with employees, customers, vendors, etc. It should also include a survey and thorough study of any complaints filed, etc.
Period	Audits should be conducted at least every other year, though annual audits are advisable.
Frequency	Periodic monitoring, routine checks should be performed and reflected in management reports.

Source: South Korea Institute for Industrial Policy Studies

6.2 (c) Whistle-blowing System

There should be a system in place for the reporting of any detected breaches of the code of ethics by company executives and employees. Such a system, which had been known as a “hotline,” is now referred to as a “helpline.” This type of mechanism is also oftentimes referred to as a “whistle-blowing” system.

Such a system allows for any violation of government regulations or company policies to be easily identified and managed, helping to minimize any losses from damage to the company’s reputation or from a decline in its competitiveness and in the productivity of its employees. A discussion of ethics issues and problems can also lead to the establishment of new values such as promoting a culture of dialogue within the organization and help meet regulatory requirements.

A helpline system is a critical component of any successful ethics management system. There are certain key elements which need to be present for such a system to work.

- First, executives or employees are typically reluctant to come forward and file a report out of a concern that they may be viewed as traitors. Therefore, it is imperative to dispel this sort of fear or concern. To this end, you will need to make an ongoing effort to educate and communicate with staff about how important it is for the company to conduct itself ethically in order to build and maintain stakeholder trust.
- Second, it is important that the helpline system instill trust in company executives and employees, so that they can rely on it for support and advice when faced with an ethical dilemma in the performance of their duties. More specifically, in order to ensure the efficient operation of the helpline system, you should bring in well-trained, experienced experts to help employees decide on their course of action.
- Third, the identity of a whistleblower should never be disclosed if he or she wishes to remain anonymous. In fact, outsourcing to an external agency is common practice in certain countries like the United States, Korea, or Japan known for their highly developed ethics management systems. Employees should feel safe in reporting ethics violations without fear of retribution from the accused. The implementation of whistleblower protection policies is one of the strongest deterrents against such reprisal tactics. Businesses should have a firm company-wide zero-tolerance policy for acts of retribution against whistleblowers. It is also essential for such policies to be clearly communicated throughout the organization.
- Fourth, many companies may choose to share information about their helpline with customers, suppliers, business partners, or others with a large interest in ethics issues. Normally, this information will not be well-received by companies wishing to cover up any ethics issues, but it can help project a fresh, fair, and just corporate image to outside stakeholders.
- Fifth, you can build a database to identify the company’s most vulnerable teams and the kinds of risks it is most exposed to, to enable you to develop effective risk management strategies to prevent damage to your reputation.

Table 11: Outline of a Helpline System

CLASSIFICATION	DETAILS
Purpose	<ul style="list-style-type: none"> • Prevent fraud or incidents by establishing checks and balances for employees • Provide protection for persons reporting illegal or irregular practices
Responsibility	<ul style="list-style-type: none"> • CEO (top manager in ethics management), Ethics Management Committee, officer in charge of the code of conduct, etc.
Target	<ul style="list-style-type: none"> • Any violation of the code of ethics, unethical behavior • Abuses of power by offering or accepting money or gifts • Any obstruction of duty by requesting personal favors or services • Any illegal acts in connection with the execution of construction contracts or supply contracts for goods and services
Method	<ul style="list-style-type: none"> • Phone, e-mail, intranet, written reports
Procedures	<ul style="list-style-type: none"> • The investigation for verification purposes is completed within XX days from the filing of the report. • The matter is then referred to the Ethics Management Committee for review. It is resolved and a notice of the final outcome is issued within XX days.
Protection for reporting or cooperating parties	<ul style="list-style-type: none"> • No disclosure of identity, no discrimination with regard to promotions or working conditions
Rewards for whistleblowers	<ul style="list-style-type: none"> • Rewards, promotion/compensation (based on applicable standards)
Leniency on accountability	<ul style="list-style-type: none"> • For persons violating a code of conduct who turn themselves in

Source: South Korea Institute for Industrial Policy Studies

Establish a case classification and routing system that protects confidentiality and in which the person raising the issue can check or is updated as to the status of the case.



Complete Worksheet 16: Notification Channels



Complete Worksheet 17: Notification Routing Design

It is very important to provide feedback to the person raising the issue. Otherwise, the perception is that it is being ignored and that nothing is being done. One could go so far as to say that, if committing to a BEP fosters an expectation of action and there is perception that nothing is happening, then the end result for the organization is worse than if it had not made any such commitment at all.

6.2 (d) “Automatic” Reporting Controls

An ethics reporting mechanism is crucial for ensuring the effectiveness of a business ethics program. The reporting mechanism can be viewed as the monitoring and enforcement tool of the code of conduct against employee misconduct. Without reporting, a business may have a business ethics program in place, but would not have the means with which to actually catch and deter violators. In addition to supporting the code of conduct, an ethics reporting mechanism provides businesses with a number of tangible benefits, as outlined below.

Thus far, the system has been designed to build awareness, establish commitments, define roles, etc. Now, the question is, on what parts of organizational processes that we know are susceptible to ethical dilemmas can we establish “sensors” that will automatically trigger warnings, and how can we aggregate this information in ways that are easy to understand, suggest priorities, and lead to action? There are four key areas of control to consider:

1. Process controls: size or frequency of transactions, movements of goods/physical assets, specific work sites;
2. People: as part of performance reviews ask subjects about their knowledge of specific events, about whether the system is working, and about their feelings towards the organization and its Management, and about the organization’s commitment to a set of values;
3. Physical controls—may include the use of surveillance and preventative physical controls –cameras, GPS systems, badges/name tags for restricted access;
4. Technology controls—software and related technology controls.

As far as reporting is concerned—the reported information needs to be consolidated, analyzed, and presented for action. Consolidation requires shared standards (forms?) and repositories (database?) along reporting lines; analysis requires the identification of trends and comparisons with threshold and benchmark data (internal, across departments, and external, industry-wide—and this should also include a report on what is being reported and investigated within the company), followed by a connection to the appropriate response mechanism (ending with the recording and communication of the final outcome).

6.2 (e) Review and Investigation

Once an allegation of misconduct has been made, the claim must be investigated to determine the facts, circumstances, root causes, and an appropriate resolution. The process followed must:

- Maintain confidentiality in accordance with legal requirements;
- Establish a classification system;
- Establish who should be/is involved in the review process;
- Include an initial screening to help separate easy-to-resolve issues from those requiring an investigation.

Issues can be classified as follows by their degree or tier:

- 1) Crisis level—issues impacting on the organization as a whole or involving Senior Management—escalate to Board level;
- 2) Significant for the organization—escalate to Senior Management and/or legal counsel;
- 3) Serious—escalate to special investigation by designated investigators;
- 4) Anticipated—establish the protocol to be followed by the line manager, individual, or committee in charge;

Investigation plan templates should include the following:

- When to involve legal counsel, forensic experts, accountants, technical consultants;
- How long the records and information must be kept?
- The internal and external reporting procedures;
- Which business processes need to be suspended according to tier rules;
- Which management level is responsible for overseeing the investigation; and
- An explicit non-conflict of interest statement by each person involved in the investigation.

Develop an investigation management plan: establish the scope of investigations, required documents, who is to be interviewed, any specific authorizations/privileges required for conducting investigations, the data to be analyzed, the reports to be produced and for whom, the need for a budget, the rules of evidence that need to be followed, the stakeholders to be informed of the results of investigations and the method to be used, and any facts or circumstances warranting an expansion of their scope. Establish a plan for coordinating investigations with PR, marketing, investors, HR, business units, and line management according to established rules and the tier level.

The following process should be followed in conducting an investigation (Mitchell & Switzer, 2009):

- Notify interviewees;
- Request documents and other information;
- Acknowledge receipt of documents;
- Analyse the information (documents, interviews, etc.) ;
- Draw conclusions;
- Decide which conclusions should be memorialized in writing and which should be communicated verbally;
- Decide what information will be restricted and what will be unrestricted;
- Identify the root causes of issues requiring further investigation;
- Report the results in accordance with tier rules: what goes to Management, what goes to the Board's auditing committee, what goes to oversight bodies, what goes to stakeholders;
- The report should document the outcome of the investigation, indicating how the issue was classified, its root causes, how it was resolved, and proposed remediation measures for strengthening the BEP.

Everyone involved—from the whistleblower to the interviewers to the accused parties — needs to be notified of the process, and to understand that the investigators (and lawyers, if necessary) represent both the organization and them, as individuals.

Individual Sanctions

- Establish and enforce disciplinary processes and criteria for each type of misconduct.
- Such processes and criteria and their implementation must be in keeping with applicable policies, laws, procedures, and regulations.
- Disciplinary decisions also need to be recorded and tracked in the organization's employment records for the individual in question.
- The Board needs to be periodically informed of any material disciplinary measures taken. The Board and Ethics Office also need to periodically review disciplinary decisions for consistency.

6.2 (f) *Accountability Mechanisms*

While the helpline system is all about clarifying individual questions and reporting specific incidents or suspected unethical behavior, there also needs to be an opportunity for getting feedback from the system as a whole and its stakeholders about perceptions of how the system is working, and of the progress made in creating an ethical organization.

The challenge is to get high response rates with accuracy, where people feel comfortable about saying what they really think without fear that there may be negative repercussions and without overwhelming respondents, either by the length or frequency of surveys.

The surveys could be conducted electronically—they are very easily administered online, but with frontline personnel in some companies having only limited internet access, it might be necessary to supplement this with paper-based surveys. It is important to all stakeholder groups that your organization makes a commitment through its code of ethics that individual group members be systematically and proactively asked to anonymously weigh in on whether they believe that the company has properly lived up to its commitment.

The reason for a proactive, full-scale all-inclusive survey is to ensure anonymity and confidentiality and, thus, dispel any fear of negative repercussions on the part of internal or outside stakeholders. Such a survey, like all other helpline or whistle-blowing mechanisms, must begin by clearly indicating that confidentiality will be maintained, that there will be no retribution, who will receive the information submitted, how it will be handled, and how the person submitting the information will know what happens to the information furnished to the organization.

Other forms of direct feedback should be sought through direct conversations with stakeholder groups. These sessions could also be combined to systematically improve stakeholder relations.

Establish an annual survey and direct feedback schedule by listing all feedback activities and surveys currently conducted. Begin by examining whether any existing surveys or relations with stakeholders can be expanded to provide feedback on perceptions of the BEP. If not, add new surveys and interfaces



Complete Worksheet 18: Inventory of Communication, Survey, and Feedback Activities

Supporting the accountability process, systematic self-assessments can enable individuals or organizations to review all processes and compare actions or behaviors against commitments. Such a review will identify

areas of strength and pinpoint areas in need of improvement. It is much better to detect any inconsistencies personally than to have them reported by stakeholders and suffer a loss of trust or respect when they notice disparities between the organization's commitments and actions or instances of noncompliance with legal mandates or professional standards.



Complete Worksheet 19: Self-Assessment Schedule

6.3 Cautionary Notes

- Make certain that the individuals or departments involved in the BEP are not viewed as company spies or police.
- The Board, Management, and Operations should all be involved in designing, managing, and evaluating the BEP. Do not allow it to become the domain of any one particular part of the organization.
- Be sure to check that the core members of the BEP are credible.
- Do not assume that just because someone is interested in working on the BEP that he or she has the necessary skills to do so—be sure to provide any needed training.
- Do not always let the same people be involved—add new people and rotate jobs.
- Properly segregate certain duties.

Checklist

- Do you have a process for recording and verifying incident reports?
- Do you have a classification system?
- Do you have an established escalation procedure?
- Are all levels of the organization involved and are corresponding responsibilities duly outlined and communicated?
- Is there a checklist of needed skills for the BEP?
- Have managers and supervisors been trained to report matters and issues that would not be reported through the helpline?

Step 7: Creating an Ethics Training and Support Program

KEY QUESTION:	OUTCOMES:
How to help all members of the organization and others expected to abide by and follow the BEP know what the organization has committed to, what is important, and how to use the BEP?	<ul style="list-style-type: none">• Integrated Support Framework• Design of Customized Training Content• Customized Training Delivery Plan

Making speeches, distributing written materials, and posting information online are all necessary for communicating the key elements of a business ethics program, but they are not enough. All employees—from senior managers to workers—need time on the job to review responsible business standards, procedures, and expectations, explore issues of responsible business conduct, learn how program structures and systems work, and understand their roles and responsibilities.

Education through training is the main way businesses and governments come to understand the costs of unethical business practices and the benefits of open, transparent business environments. How a trainer prepares and delivers the training program makes a big difference in whether others are willing to serve as champions of change. The following information is designed to help novice trainers confidently step up to the plate and, more importantly, get results from their training activities.

7.1 Underlying Principles

The purpose of training is to help all stakeholders understand the issues and why the BEP is important, and the type of behavior expected of them, reduce the likelihood of engaging in noncompliant behavior, and make active use of appropriate BEP processes for reporting misconduct, seeking clarifications, and reporting flaws in the BEP system. Education is an ongoing process, with continuous awareness-building and reinforcement.

It is important that everyone involved in the training process acknowledge or attest in writing that they understand the company's values and commitments and the standards and behavior expected of them, and that they believe that they are able to act accordingly and, in the process, make use of the support system made available to them by the company. Regular renewed written confirmations are crucial for the accountability process to work, reinforcing the employee's commitment and supporting disciplinary action in the event of a violation of the company's code of ethics

7.2 Overview of the Integrated Training and Support System

An integrated training and support system usually includes four main components, together with the following subcomponents:

- 1) A business ethics training program that includes:
 - a) General training components designed for all employees and other directly affected stakeholders;
 - b) Job-specific training components;
 - c) Components designed specifically for persons with leadership accountability.

- 2) A support component integrated directly into the individual's work environment, including:
 - a) Guidance from direct supervisors and managers;
 - b) Access to certain self-help resources;
 - c) Guidance on how to obtain additional information and take escalating action.
- 3) A company-wide FAQ or helpline resource;
- 4) A helpline for reporting incidents.

7.3 Training Plan

The training should focus on the following issues:

- • Why this is important—what the organization is trying to achieve;
- • What is included in the BEP;
- • What actions and behaviors are expected of a particular stakeholder (sub)group.

Trainers must also consider the change management issues associated with the implementation of a BEP. It is important to identify any areas liable to be significantly affected by the BEP (departments, people, stakeholder relationships, processes, and technology) and make change readiness assessments of all such areas and of the organization as a whole.



Complete Worksheet 20: Change Management



Complete Worksheet 21: Training Plan/Frame

7.4 Training Curriculum

The training curriculum contains more detailed information on who is to be trained, what content needs to be covered, what is legally necessary, how much time must be spent on it (if necessary), and the methods to be used.

Competencies should be defined based on each individual's position and job-specific level. Training modules should be devised and mapped out for different jobs and job families and key groups (i.e., recently hired, promoted, or transferred employees).

Ten topics to include in a basic compliance and ethics course:

- 1 The legal and regulatory frameworks for company operations;
- 2 The organization's specific philosophy on compliance and ethics;
- 3 How to handle compliance and ethics communication within and outside of the organization;
- 4 How compliance and ethics violations are defined and how they should be reported;
- 5 Policies regarding confidentiality;

- 6 Specific high-risk activities—processes defined—for example, filing of health care claims;
- 7 Vendors to be held to the same compliance and ethics standards as staff;
- 8 Sanctioning of employees involved in compliance and ethics violations;
- 9 Proper preparation of financial statements, claims/invoices, or any other billing or reimbursement forms;
- 10 Document retention requirements.

Source: SCCE (2010:2.10-11)

All participants should leave the training program confident that they know what the enterprise expects of them and what they can expect from the enterprise in turn. They should be able to recognize responsible business conduct issues and have the confidence—and courage—to make the right decision, explain that decision to the appropriate people, and act accordingly.

A training program requires a heavy emphasis on dialogue and decision-making about responsible business conduct issues. Aside from helping members of the enterprise develop listening and feedback skills and good judgment, the training program needs to convey Management's sincere desire to know whether its standards and procedures are being followed and whether stakeholder expectations are being met. The program must also convey Management's commitment to support employees and other stakeholders seeking advice and looking to report concerns. This means, not only encouraging individuals already inclined to come forward but, also, explaining to those who do not why their silence is detrimental to the enterprise's performance.

Worksheets 22 and 23 can be used to identify training needs for individuals and job families. Similar worksheets can be crafted for other key individuals or groups.



Complete Worksheet 22: Training Needs of Individuals



Complete Worksheet 23: Organization of Training Needs by Jobs or Job Families

The training content should outline all critical information that needs to be covered. The inventory of training service providers (in-house or third-party vendors, live and online, and self-paced books and multimedia courses) can then be matched with module content objectives. Make certain to ensure that training modules are properly customized so that they are tailored to the readiness and capabilities of corresponding trainees, as identified in the needs assessment (conducted earlier in this step).



Complete Worksheet 24: Training Content Overview

7.5 Training Program Delivery

The key to training is simplicity and dialogue based on personal experience. This is also the best way for trainers to get their message across.

The best training is provided in a way that establishes clear expectations for participants from the outset, allows participants to easily follow and engage with the content as the information is presented, and enables them to summarize what they learned after completing the training. Participants should know from the start what is expected of them. Trainers should begin a training exercise with a statement of its goals and objectives, so that participants understand what they will be learning and what they are supposed to take away from the training session. The best training has three characteristics:

- It is customized for utility, to make the training useful for participants;
- It is personalized, to make the training personal for participants;
- It is pleasant, to make the training fun for participants.

7.5 (a) Customization for Utility

Training must meet the practical needs of participants. Thus, the first thing a trainer should do is to assess the needs of corresponding participants. This can be done prior to the actual training event through direct dialogue with participants by phone or email. Participants should be asked what they expect to get out of the training. Trainers should consider the participants' specific circumstances, including the company they work for, the size of their company, and the industry in question. Obtaining this information in advance will help training administrators structure the training program accordingly and anticipate the participants' questions and concerns.

7.5 (b) Personalization

Trainers should attempt to build a personal relationship with each participant during the training process. It is essential that participants feel important and respected. In conducting the training, trainers should consider:

- using an “icebreaker” at the beginning of the training event, such as asking the participants to briefly introduce themselves and answer pre-selected questions such as “What is your favorite thing to do in your spare time?” This gets people talking and makes them feel more comfortable with each another;
- dressing professionally;
- smiling to build confidence and relationships;
- making eye contact, even with those in the back of the room;
- moving deliberately during the presentation;
- speaking clearly and concisely and at an appropriate pace, particularly if participants are taking notes.

7.5 (c) Pleasure

One of the keys to success is getting participants involved in the training. The training program should make use of different methods appropriate to the organizational culture and stakeholder needs. In general, training should be as interactive, realistic, and relevant to their day-to-day jobs as possible. The level of difficulty should challenge, but not overwhelm, participants. Some examples of training methods that your organization may consider include:

- **Lectures and Presentations.** Lectures are the most effective way to reach a group of people with fairly straightforward information. In the initial rollout of a code of ethics, for example, lectures may be the most effective method of explaining how the code fits into business performance. This method is also an effective way of describing other resources and ways of accessing them. However, if one of the objectives of the training program is to develop dialogue and decision-making skills, it is doubtful that lectures will be effective. In fact, this method may be counterproductive if it reinforces an organizational culture in which employees do what they are told and avoid taking decision-making risks.
- **Case Studies and Scenarios.** Once the participants understand the purpose of the training and the resources available, responsible business conduct issues can be effectively introduced through a study and analysis of actual cases within the organization or in other similarly situated enterprises. Trainers might also develop their own scenarios to address different issues. Case studies and scenarios help develop dialogue and decision-making skills. Case studies may take more time to convey information than do lectures, but analyzing a situation to isolate the issue, develop realistic alternatives, and justify a decision to others in a relatively risk-free environment can be invaluable. This method also develops important skills and attitudes for listening and for giving and receiving feedback.
- **Ethics Games.** Some enterprises have developed games to raise awareness of ethics, compliance, and social responsibility issues, develop good reasoning skills and judgment, encourage dialogue, and demonstrate the commitment of Management. In general, such games involve dividing employees into small teams and presenting them with a situation raising a discrete ethics, compliance, or social responsibility issue. The teams are given a few minutes in which to reach a consensus decision, choosing from the four or five alternative responses available to them. The teams are then asked to justify their choice. These games usually stimulate a heated discussion.
- **Using PowerPoint and Visual Aids**

Visual aids can help participants follow and understand the training material. Visual aids can also increase interest. They can broaden the discussion and help visual learners better understand key concepts and points.

Since visual aids can also be distracting, it is important to bear in mind the following recommendations:

- Limit the number of PowerPoint slides;
- Keep the slides simple;
- Minimize text and data and let the heading do most of the work;
- Use pictures;
- Use pleasing fonts and colors;
- Make sure everyone can see the visuals;
- Face the audience;
- If possible, use a remote control to advance the slides.

7.6 Managing the Administration of Training

Owners and managers can demonstrate their commitment to the business ethics program by managing the training program well. Good management means allocating enough time to training, properly maintaining training records, and making participation in training activities part of performance evaluations.

In general, the roll-out of a new business ethics program requires a minimum of three to four hours of training per employee. Thereafter, the norm is one to three hours of annual training. Whatever the target audience, no waivers of training requirements can be granted without bringing Management's commitment into question. Additional training should be provided for people in sensitive positions in areas such as government contracting, sales and marketing, and human resources.

Good records management requires that training administrators record participation in training activities, participant feedback, follow-up action planning, and ethics, compliance, and responsibility issues identified during the training process.

Table 12: Elements of a Code of Ethics Acknowledgement Form

ELEMENT	EXPLANATION
Acknowledgement of receipt	Has received and read the code of ethics (CoE)
Agreement to comply	With the code and all related policies and procedures
Commitment to report potential violations	To the supervisor, manager, CEO, or Ethics Officer
Acknowledgement of possible disciplinary measures	Confirmed violations will be appropriately sanctioned

7.7 Updating and Modifying the Training Program

The training program should be modified from time to time to ensure that its content helps the enterprise pursue its purpose and meet reasonable stakeholder expectations. The program must adapt to changes in the relevant environment and organizational culture of the enterprise and in corresponding stakeholder expectations over time. For SMEs in particular, their growth and new operations may require the incorporation of new elements into their training program. This will require a study of the feedback from the training program.

Training provides useful feedback to managers on the ways in which the business ethics program is perceived. It helps expose sensitive areas such as inadequate guidance for employees or unreasonable stakeholder expectations, legal issues, unfair treatment of employees, and difficult working conditions. The feedback may reveal that trainers are focusing on issues that do not reflect the real concerns of corresponding participants. It may also reveal a need for more trainer–trainee interaction or show that the materials are dull and do not encourage interaction. There are several methods of collecting feedback from training programs. Traditionally, training administrators will ask trainees to fill out an evaluation form indicating whether they found the training helpful and what, if anything, they learned. At the end of the training session, administrators should ask participants questions such as:

How would you rate the overall effectiveness of the training?

- Were the materials helpful and relevant?
- Were the right issues discussed?
- What other topics would you like to discuss in the next training session?

7.8 Cautionary Notes

- Keep training current—make sure it answers the questions that people are asking (there needs to be a mechanism for allowing these questions to come up);
- Training is designed to make a difference in behavior. To this end, clearly identify the knowledge and competencies required by different individuals and groups and tailor the program accordingly;
- Effective training is not a one-way process—it needs to allow for questions to be asked (including the option of anonymity);
- Evidence of the understanding and delivery of training is important for two reasons: to be able to hold people accountable for compliance (thereby reducing the company's and its directors' risk exposure) and to ensure that the training actually achieves its purpose (i.e., to reduce risk and promote positive behavior)—and learn how it can be improved to better do so.

Step 8: Communication, Information, and Document Management

KEY QUESTION:	OUTCOMES:
How will BEP data be collected, documented, and managed so that it flows efficiently through the organization and to the right stakeholders?	<ul style="list-style-type: none">• Information and Document Management System• Stakeholder Communication Plan• Adoption of the Information and Document Management System and Commitment to its Role in Stakeholder Communication by the Board & Management

8.1 Communication

Once approved by the Board, the code of ethics should be formally communicated to all stakeholders. The communication plan developed for this purpose should include a launch event. Supporting materials such as posters and pamphlets will need to be developed and the organization's website and any related policy documents will need to be updated.

In developing your communication plan, consider the fact that many leaders make the mistake of rolling out the vision by simply announcing it or publishing it on websites, on plaques, and in brochures. When the vision is not shared in meaningful ways, a major opportunity for building understanding, commitment, and momentum is lost. A strategy for building commitment and ownership of the vision throughout the organization will need to be devised and, at a minimum, include the first four levels of the **Five Levels of Communication Model**, a model for communicating change.⁸

⁸ Anderson and Anderson, pp. 81

Table 13: Five Levels of Communication

LEVEL AND OUTCOME	STYLE	MEDIA, VEHICLES	REACTION
1. Information- Sharing	Telling: one way	Lectures, presentations, memos, videos	"Thank you for telling me."
2. Building Understanding	Dialogue: two-way; exploring and answering listeners' questions	Small group meetings; breakouts to formulate questions; facilitated Q&A.	"...now I understand the focus, what this means, and why it is needed."
3. Identifying Implications	Introspection; discussing what the message means to you and to the organization with co-workers; multidirectional	Interactive group discussions ranging from multi-level, large or small group discussions to work team discussions; most important exploration done with the work team and direct supervisor	"...this means X for my department and Z for me and my job."
4. Gaining Commitment	Sorting out inner feelings and choices; may require time and multiple repeats of the discussion with peers, the direct supervisor, or senior leaders	Alone-time for personal introspection; opportunity to revisit issues with co-workers, the direct supervisor, and/or change leaders	"I personally want this change to succeed and am willing to fully contribute so that it does."
5. Changing Behavior	Demonstrating new behavior; may require training, feedback mechanisms, and coaching over time to ensure that the new behavior sticks	Training, coaching relationships; opportunities for learning and practice; may be supported by changes in policy or systems to reinforce the desired behavior	"I am learning the behavior required for this change to succeed and I am open to receiving your feedback and coaching to keep improving."

Consider the following factors in communicating the code of ethics:

- Develop a launch plan to distribute the code. There should be a demonstration of the CEO's commitment to the code of ethics, which means that he will play an important role in the launch.
- Prior to the rollout, train key staff designated to answer questions about the code's content.
- Distribute the code and collect evidence that targeted stakeholders have received the code, support it, and understand it. Get individual signed commitment letters from staff stating that they received, have read, and understand the code and are committed to adhering to it.
- Publish the code on the internet and elsewhere, for external stakeholders.
- File the code as required by law.
- Establish a mechanism triggering reviews/updates of the code in the event of changes in legislation or operating conditions or policies.
- Assign monitoring and flagging/triggering responsibilities for updating the code to specific persons or committees (i.e., Legal, Change, Governance Committee, etc.)
- Integrate code of conduct-related criteria into individual performance criteria.

- Consider extending the code to third-party suppliers and other stakeholders.
- Regularly include articles or columns on responsible business conduct in company publications.

8.2 Communication of Disciplinary Action

The issue of how to address incidents leading to the sanctioning of company employees is a particularly sensitive one. There is no better way to demonstrate Management's commitment to standards of responsible business conduct and related procedures, and expectations than to publicly disclose how managers deal with a difficult situation, particularly when the matter involves a senior executive.

While recognizing the value of addressing real-life issues and describing real-life responses, managers must also consider the privacy rights of the employee in question before publishing the details of such incidents. In many instances, it may be possible to describe the situation and Management's response, including disciplinary action, without including any identifying data. However, if the enterprise is small enough, or the incident infamous enough, the employee's identity may be clear to all employees. The same could hold true in the case of an employee who is rewarded for some ethically exemplary decision or action. In many organizational cultures, individual rewards or rewards for reporting concerns involving another member of the group would destroy the harmony of the group per se.

8.3 Information and Document Management System

The purpose is the development of a system for the collection, documentation, and management of business ethics program data so that it flows efficiently throughout the organization, both internally and externally, to the right stakeholders.

The first goal is to establish a system for the proper classification, handling, and storage of restricted information. Such a system helps:

- Define rules and procedures for collecting the information: Who owns it? At what point or under what conditions does conflicting information need to be reconciled?
- Manage access to information: Levels of access; Do privacy and confidentiality requirements dictate the need for approval from the data owner? Who has administrative access, passwords, and physical access to the information's location?
- Manage storage and disposal policies and procedures: Establish off-site media storage and rotation conditions, backup schedules, what needs to be manually destroyed, what procedure to follow for media/hardware disposal, how to detect and stop the destruction of information, how frequently to test the restoration of back-up data.
- Define the response to a breach of any of these procedures, with respect to notification, containment, and the reaction.

The first step should be the classification of information based on the criteria listed on Worksheet 25, (i.e. guide, policy, manual, interview, survey, etc.)



Complete Worksheet 25: Classification Categories of Different Types of Information.

Having identified the different types of information available, the next step is to identify key messages and information that needs to be shared with different stakeholders and key individuals. This can be accomplished by completing Worksheet 26.



Complete Worksheet 26: Stakeholder Compliance & Ethics Communication Inventory .



Complete Worksheet 27: Stakeholder Relations Plan

8.4 Cautionary Note

- Have you identified the key individuals in organizations or groups that you are trying to influence and do you understand what motivates them?

PHASE III: IMPLEMENTATION

Step 9: Introduction and Management of the Business Ethics Program

KEY QUESTION:	OUTCOMES:
How will the BEP be launched and managed in a continuous improvement cycle?	<ul style="list-style-type: none">• Launch of the BEP• Operational BEP & Course Correction• Active Roles Taken by the Board & Management and Continuous Review and Improvement of the BEP System

At this point, all the individual building blocks for the successful launch of the BEP are in place. With the completion of the previous steps, your organization now has:

1. an ethics policy and other related policies;
2. New, clearly defined BEP-related roles, with adjustments and updates of existing job descriptions and processes;
3. A training program tailored to all stakeholders who need to interact with the BEP;
4. A communication plan and information management system.

These four elements must be brought together in a master implementation plan outlining the sequence of steps for “going live”: who leads the way, when, where, and with what resources. All this information has already been worked out. The master plan just brings it together in a visually clear fashion.

9.1 Principles of Implementation

9.1 (a) Try to Understand Resistance

- (i) **Good preparation minimizes resistance:** One of the most common views of change is that any sort of change introduced in an organization will be resisted. However, the sole reason for the frequent need to overcome resistance is that most approaches to change are undermined by inadequate preparation. In the approach proposed in this manual, a major effort has gone into the preparation and development of effective systems and communication processes. The effect of thorough preparation and communication is to prevent resistance from becoming the main issue. However, people will struggle to varying degrees to embrace and master the new processes introduced.
- (ii) **Understand rather than react to resistance:** Rather than reacting to staff or other stakeholders’ questions and hesitations with regard to the proposed changes, try and create a safe environment in which questions and discussions are encouraged and in which you can attempt to understand why they are questioning the proposed change and what value this questioning or resistance has. What can you learn from them? What has not yet been addressed?

9.1 (b) Respond to Reactions

Even with all this preparation, implementation will not always be a smooth process. There will be surprises and difficult issues to deal with. Even those who were consulted and those who were part of the planning

process will face challenges. The process of letting go of old ways of doing things and embracing new behaviors and responsibilities will create emotional reactions. Rather than trying to wish them away, as a change leader, you will need to support all staff—including managers — as they face the uncertainty of questions and uncertainty about whether ethics investigation processes will be fair and what the reactions from others will be.

9.1 (c) “Walk the Talk”

The single most effective and critical process for ensuring rapid and consistent implementation is for leaders to demonstrate the new mindsets, behaviors, and ways of working according to stated commitments and the procedures devised for the ethics program. In doing so, it is also important for leaders to acknowledge and work through the fact that, even with the best of intentions, the transition process will not always be smooth and problem-free. There will inevitably be situations in which certain individuals, including the leaders themselves, will fall back into old patterns of behavior. At such times, it is important that they publicly acknowledge what happened, that they hold themselves accountable, and that they correct their behavior.

9.1 (d) Support Structure

Up to this point, the project team heading up the development of the BEP worked in tandem with the day-to-day operations team. At this point in the implementation process, the operations structure takes over the lead role, while the BEP project team takes on a supporting role. The BEP project team will remain active until the CEO and the Board Champion deem the implementation process complete. During this phase of implementation, the focus of the BEP project team is on providing reinforcement, coaching, and assistance, and making adjustments in the implementation process and in BEP targets as warranted by the evidence.

9.2 Building Commitment to Business Ethics

The objective in the first stage of the implementation phase is to build program awareness throughout the company (awareness of its benefits, drivers, of what others are doing, of what to expect), create a general desire for its implementation so that, on balance, people perceive its benefits as outweighing any drawbacks, and build knowledge about the BEP.

This will likely include three kinds of activities:

- a) **Official Announcement:** The CEO designs the announcement of the launch of the BEP in conjunction with the BEP project team, who may want to draw on other representatives of staff. What you announce, what procedure you use, and the extent of the personal commitment to the program by the CEO and, possibly, the Board Champion will make a crucial difference. Careful preparation will pay off.
- b) **Launch:** The purpose of the launch is to signal the official start-up of the BEP. The complete BEP system will be operational from this point on. We recommend that the CEO emphasize that everyone is expected to embrace the new values and processes—including all executives, Board members, and the CEO himself. This also means that everyone will need to take part in required training and awareness programs.
- c) There should also be a discussion at the launch event of how it is understandable that, as people try to change, there will be times when they will slip back into old behaviors and that this is only normal and that they should welcome it when colleagues respectfully draw their attention to possible deviations from their intended path.

We recommend that the launch be as interactive as possible within the confines of its design by the CEO and the BEP project team. For example, the CEO could begin with an introduction to the BEP and to its purposes, objectives, and components, and an overview of how they will be implemented. Afterwards, it may be helpful to ask participants to discuss what they have just heard, what they like, what may be missing, and what questions they may have among themselves. After a few minutes of discussion, they could then be invited to voice any such concerns. The CEO would then respond to all the points raised to the best of his ability, supported by the Board Champion and the BEP lead.

The objective of this interactive process is to give voice to as many real questions and attitudes toward the program as possible and to take the opportunity to clarify them directly, rather than letting any such questions and possible doubts or rumors linger and fester.

- d) **Training:** The start-up of the awareness and training program would also be announced at the launch event. An outline of who is doing what training should be provided—showing the executives taking part as well.

9.3 Developing Business Ethics Skills

At this point, you are implementing the ethics training and support program created in Step 7. In addition to the training sessions per se, ongoing support and reinforcement are equally necessary. The BEP project team will play a supporting role, assisting not only staff members, but their direct supervisors and managers as well. The next two sections provide guidance on how to most effectively provide ongoing support and reinforcement.

9.3 (a) Meet People Where They Are and Provide Personalized Support

Soon after the launch, it will become clear that staff can be divided into one of three groups according to their response to the BEP: (i) leaders and supporters; (ii) those who are still wavering and have not quite made up their minds about what they think of the BEP; and (iii) a few individuals actively resisting the program's implementation.

Each of these groups is best dealt with in a different way. Active supporters should be welcomed by the CEO and the BEP project team and, where possible, given active roles to play. For example, they could present case studies in training sessions, serve as facilitators or resource persons, or be involved in the final design of training or monitoring programs.

Those who are still indecisive even after attending the training session should not be put on the back burner or labeled as resisters. Instead, the BEP team members or CEO should try and understand why they are still wavering and how their concerns may be addressed by the BEP. It is more than likely that the program can be further improved and may have to be modified. Such a response would also strengthen credibility and commitment throughout the organization.

In the case of those unable to find a way to further explore and find out more about the program, ask questions, and address their reservations, the CEO or their manager might point out the consequences of being unconstructive. An effort should be made to address any of their voiced concerns, but there eventually comes a point when the CEO or their manager will need to speak to them about how they fit into the company culture. Business ethics is about making a commitment to live according to an organization's values in an accountable way and, if that is impossible for them, then that particular organization might not be the best place for them.

As an important feature of the training and, even, the awareness-raising component of the training program, staff should be asked to confirm in writing that they have taken part in the training and understand the content, as well as the consequences of noncompliance. Figure 3 on page 17 illustrated how the accountability process relies on three elements: a standard, an implementation process, and a checking process. The skills development component is an integral part of the implementation process without which the complete system would not work. In order to be able to hold someone accountable for actively complying with a standard, especially when dealing with an individual who has violated the code of ethics and considering the imposition of fines or a possible suspension, it is crucial to have clear evidence of their acknowledgement of having completed the training, understanding what it is about, and believing themselves capable of acting accordingly. Appendix A.4.8 on page 136 provides guidance for implementing this part of the process.

9.3 (b) Address all Necessary Aspects of What People Need to Know

In Step 7, you prepared customized training sessions, information packages, FAQs, etc. At this stage, you are implementing these plans and trying to make sure that supervisors, managers, the CEO, and any emerging leaders among the staff (the first group of people mentioned in the previous section) are actively providing reinforcement based on their interpretation of what has changed with the official launch of the BEP, of how their staff can find out more or how they can explore with them the sort of personal impact the BEP might have on individuals, and of how BEP data will actually be used by managers in staff evaluations.

Group training and individual coaching by managers will need to continue for a few months. In this, as well as in subsequent phases, it is important to constantly bear in mind that not everything always turns out the way it was planned. For example, there may be personal lapses by certain individuals, or nothing that appears to have anything to do with business ethics may happen for a long time. At such times, it is important to help staff refrain from lapsing back into the “old ways of doing things.”

To this end, it would be useful for all managers and supervisors to encourage staff to actively seek clarifications and raise questions without fear that they might be perceived as “difficult.” The key to achieving this type of culture is ensuring that, when asking questions or confessing to having problems with some situation, the persons raising these issues feel that their managers and/or the BEP project team members are taking them seriously and are either helping them clarify the issue or otherwise resolving the situation.

9.4 Reinforcing Ethical Behavior

Reinforcement through appreciation of the new way of doing business is a very powerful mechanism. A common complaint with training programs and launches of new initiatives is that the energy and enthusiasm generated at the outset or during training wear off and are eventually lost. The following two factors can help explain this common experience:

- i) “Entropy” is a natural and pervasive factor in all systems. There is invariably going to be some dissipation of energy; it is in the nature of all systems. What is less certain is the assumption underlying many training or change efforts that no follow-up is needed since it has already been agreed that something will be done in a new way, or that the energy level will always stay the same, or that nothing can be done to counteract the expected dissipation in energy over time. In other words, follow-up and reinforcement are natural and necessary features of any effective change program.
- ii) When follow-ups are conducted, the focus is usually on what is still not working. Too frequently, the emphasis is on failure-based root-cause analysis rather than on understanding why certain things are working well—especially those that are doing even better than expected. Understanding failure is not

just another way of understanding success. That is why it is important to celebrate and understand something when it is going well. This is how you generate the energy and knowledge to fix those elements of the program that are not yet working.

There comes a point in all programs where you need to pronounce the goals achieved and the business ethics program completely integrated. That does not mean to say that continuous improvement and conscious reinforcement should stop but, rather, that milestones are important for managing people's expectations and build in repeated opportunities for reviewing your track record, correcting your course in moving forward, and improving and expanding on your goals.

9.5 Investigating and Reporting Violations

The purpose of the BEP is to encourage and enable ethical behavior. Thus, it is not simply about investigating and reporting breaches of the agreed-on company code of ethics. It is just as much about appreciating all the good and positive work and behavior of those who adhere to the code.

However, when there are reported violations, it is vitally important for all reports to be followed-up and for the person reporting the possible violation to be continuously, professionally, and confidentially kept informed of the status of the investigation.

While company confidentiality and privacy policies must be followed at all times, it is also important that staff get a general sense of the company's overall performance in adhering to its ethics commitments.

Accordingly, the reports drawn up by the Chief Ethics Officer should provide general statistical data, and, in addition to information on violations and investigations, should also contain data on the total number of inquiries filed and, if possible, give examples of situations in which someone inquired as to the proper course of behavior for avoiding a violation.

Once the Ethics Committee has decided on the consequences in cases where an investigation has led to a confirmed violation, its decision should be reported as clearly and publicly as possible, subject to compliance with privacy rights, in order to demonstrate that the process is working and that the system can be trusted.

9.6 Evaluating Performance

Just as a business conducts a yearly financial audit, it is advisable to conduct yearly ethics evaluations and assessments. This will allow enterprise managers and owners to determine what is working and what changes need to be made during the ensuing year. Timing the review of a business ethics program with a financial cycle, for example, would help managers remember to conduct quarterly or annual evaluations. One important way for an enterprise to demonstrate its commitment to ethical leadership is to ask "how should we monitor, track, and report our performance as an organization and continuously learn from it?"

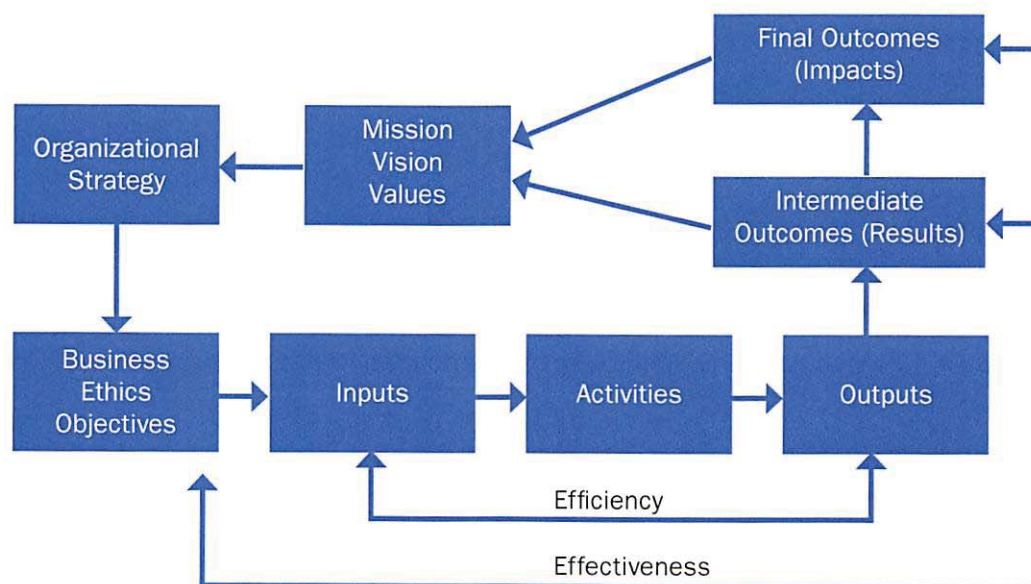
SMEs are likely to face human resource constraints as the most limiting factor in program evaluations. It is up to the CEO to decide how to organize the performance evaluation (with the agreement of the Board Ethics Champion). It is more or less customary to have a designated team or group of stakeholders charged with conducting the evaluation. Depending on available resources, evaluations may be conducted by managers and employees, outside consultants or auditors, and, at times, should also involve outside stakeholders, such as civil society.

The purpose of evaluations is to determine the efficiency and effectiveness with which certain outcomes are being achieved. A good performance evaluation provides insights on the following three dimensions of the BEP, which are discussed in greater detail following Figure 12 below:

1. Activity-related: past and current performance (what was done—meetings, training, improvements in processes, communication management, change management, etc.);
2. Output-related: what are the outputs and how have the different activities led to this particular combination of outputs (i.e., reports, compilations, etc.); and
3. Outcome or purpose-related (results and impacts): to what extent have ethics program goals and objectives been achieved (i.e., reductions in ethics risks) and what do we need to change in order to get different results in the future.

Figure 13 illustrates the difference between efficiency and effectiveness in a BEP.

Figure 13: Efficiency and Effectiveness Evaluation Framework for the BEP



The first dimension has to do with the activity level. The questions you should probably ask include:

- i. How smoothly are the actual processes going—awareness-raising, training, job integration, the clarification process (helpline), the investigation process, the evaluation process, and the reporting process?
- ii. Are roles clearly described and well understood?
- iii. Are processes outlined clearly enough to avoid any misinterpretations?
- iv. Are people able to actually reach or use the helpline for clarification or reporting whenever they need to?
- v. Do staff and other stakeholders perceive established standards as clear and useful for guiding behavior?

- vi. Are established BEP coordination mechanism perceived as useful and efficient (i.e., formal and informal meetings, document depository mechanism, clarification and support for managers dealing with questions from staff, training coordination, change management, communication activities)?
- vii. Is the feedback from different BEP participants (managers, Ethics Officer, Ethics Committee, HR, CEO, Board) on the BEP process perceived as appropriate in terms of its quantity, quality, and timeliness?
- viii. Is the BEP innovation process (i.e., adapting, improving, or changing BEP processes based on feedback) efficient and effective?

The second dimension has to do with the direct outputs from the task or activities level. The questions you should probably ask include:

- i. Are reported ethics issues and violations increasing or decreasing? Be sure to assess this in light of the discussion of business ethics risks in Step 2, which pointed out that few incoming reports can either mean that there are low risks (which would be the case where reporting is widely accepted in your culture and leaders are serving as good examples of this type of behavior) or that the risk is actually high (where your culture and executives are models of non-reporting).
- ii. Do we have a complete, relevant ethics risk inventory? Are there new risks that we need to be aware of? What are the questions that people are asking about?
- iii. How reliable is our assessment of ethics risks?
- iv. How accurate is our data on areas of ethical uncertainty, violations of ethics commitments, and investigations?
- v. What is the level of the awareness, knowledge, and ethical decision-making skills of different employee groups and other stakeholder groups?
- vi. What is the degree of satisfaction?

The third dimension has to do with the achievement of outcomes or the purpose of the BEP. The questions you should probably ask include:

- i. Are ethics risks actually decreasing?
- ii. Is there a better perception of your ethical performance in meeting your commitments on the part of the people or stakeholder groups that your company has made such commitments to?
- iii. What is the rate of return on investment in your BEP? To measure this, you can compare the actual total cost of the BEP against, at least, that portion of its benefits which can be converted into monetary values. This will not reflect the full value of the BEP, but it will allow you to get and convey a sense of proportion.

The ultimate purpose of a business ethics program, however, is not simply to have a code of conduct or to conduct ethics, compliance, and responsibility training. Owners and managers will eventually want answers to outcome questions such as:

- Is there less misconduct?
- Are employees and agents able to recognize responsible business conduct and ethics issues?
- Are employees and agents aware of applicable laws such as anti-bribery laws, as well as the company's own code of conduct?
- Are managers and owners able to effectively respond to relevant ethics-related concerns?

- How often do employees and agents speak in terms of standards, procedures, and expectations?
- How often are decisions made with reference to standards, procedures, and expectations?
- How willing are employees and agents to seek advice?
- How willing are employees and agents to report their concerns?
- Do employees and agents have a way of dealing with ethical challenges or misconduct?
- Are employees and agents using proper reporting and compliance mechanisms to report ethics problems or concerns to managers?
- How satisfied are those reporting their concerns with Management's response?

Benchmarking with other organizations in your industry or region is also important (also see www.kpilibrary.com).

It is equally important to have evaluation and reporting at all levels of the organization and for each level to receive relevant feedback on things that can be done at that level. To ensure that this happens, establish a schedule for the following activities (and incorporate it into the general corporate management calendar):

What to evaluate:

- Are events violating ethics policy effectively prevented or detected? (KPI: low number of such events and detection of all such events);
- Are controls efficient: are existing controls few in number and as light as possible, yet still effective? (KPI: low number and subtle, reflecting the relative risk and exposure);
- Is the BEP adaptable to changes in the environment in subtle ways?

All information furnished and used must be sufficient, relevant, reliable, and timely.

Performance monitoring needs to relate back to identified risks. It is important to review any identified risks and their priority based on monitoring data.

You will also need to review the control mechanisms in place and, in particular, those designed for high-priority risks (we do not differentiate between single-point failures and cascading failures or compensating activities in the case of SMEs), with the emphasis on more complex control mechanisms, which are more likely to fail than simple ones.



Complete Worksheet 28: Monitoring the Internal and External Environment for the BEP

The monitoring and evaluation system will help identify a number of possible improvements. These need to be evaluated for the development of a portfolio of improvement initiatives to be presented to Management and the Board to secure authorization for their implementation.

The next step is their implementation: add them to the portfolio of existing/ongoing activities, scale up capacity if necessary, allocate necessary resources, make progress reports, confirm completion, assess whether targets are achieved, and update BEP documentation accordingly.

Appendices

A.1 Compliance Program Risk Inventory

General List of Compliance Risk Areas Faced by Companies⁹

Accounting Fraud/Management

- Financial statements
- Embezzlement
- Books and records/off-book accounts
- Revenue/cost manipulation

Antitrust/Competition Law

- Collusive conduct (i.e. price-fixing, market allocation)
- Unfair practices/business torts (i.e. disparagement, inducing breach of contract, theft of trade secrets)
- Monopolization or abuse of dominant position
- Price discrimination
- Interlocking directorates

Confidential Information

- Respecting others' confidential information
- Gathering competitive information
- Protecting company information

Conflicts of Interest

- Gifts and gratuities
- Entertainment
- Ownership interests
- Outside employment and job offers
- Corporate opportunities
- Gift-giving

Consent Decrees

Consumer Protection & Treatment

- Customer discrimination
- Customer safety
- Deceptive sales practices
- Truth in advertising
- Truth in pricing
- Weights and measures
- Warranty notice/disclosure

Document Management/Retention

- Retention of documents during investigations
- Retention of required records

Employment/Labor Discrimination

- Accommodations for religious practices/ beliefs
- Immigration, work status
- Union organizing
- Discrimination
- Substance abuse

Environmental

- Asbestos
- Hazardous materials
- Hazardous materials disposal
- Clean air
- Clean water
- Underground tanks
- Endangered species/wildlife protection

Government Contracting

- Bids
- Fraud/false claims
- Recordkeeping/time records
- Hiring government employees
- Gifts and entertainment

Government Investigations/Dealings

- Paper and electronic record retention

Harassment

- Sexual
- Other protected classes

Industry-Specific

- Securities
- Healthcare
- Banking
- Power/energy
- Telecommunications

⁹ Source: Edited version of the list published in SCCE (2010:A-3D)

Intellectual Property

- Software Infringement
- Copyright infringement/plagiarism
- Document copying/music infringement
- Theft/misuse of proprietary information
- Trademark use
- Patent infringement

International

- FCPA and national bribery laws/financial controls
- Export controls for products and technology
- Anti-Boycott Act
- U.S. boycotts/trade restrictions
- Espionage and national security laws
- Customs/imports

Money Laundering

- Financial services
- Transactions involving other goods
- Reporting requirements
- Know your customer

Political Contributions/Bribery/Lobbying

- PACs
- Use of company resources

Privacy

- Customers
- Employees
- EU standards
- Email monitoring

Product/Service Safety

- Recall procedures
- Quality controls

Procurement

- Kickbacks
- Suppliers' practices (treatment of overseas workers)

Securities

- Insider - company and supplier -information
- Employee stock plans
- Public disclosure
- Listing requirements

Taxes

- Sales and use taxes
- Employee withholding
- Value added tax

Transportation

- Safety of delivery services
- Background checks for delivery drivers

Wages and Hours

- Work hours
- Minimum wage
- Overtime
- Child labor

Workplace Safety and Health

- OSHA
- Injuries
- Unsafe conditions

Workplace Violence and Security

- Negligent hiring/background checks
- Weapons in the workplace

A.2 Benefits of Business Ethics and Compliance Programs

SCCE: Benefits of a Compliance Program¹⁰

- 1) Avoid/reduce criminal fines
- 2) Avoid/reduce criminal charges
- 3) Avoid/reduce punitive damages
- 4) Avoid civil liability
- 5) Avoid imposition of adversaries' attorneys' fees (i.e., in antitrust cases)
- 6) Avoid government suspension/debarment
- 7) Avoid loss of export privileges
- 8) Help in recruiting/retaining employees
- 9) Maintain high employee morale/productivity
- 10) Avoid loss of personnel from charges/convictions/dismissals
- 11) Help in recruiting/retaining Board members
- 12) Prevent/reduce waste, fraud, and abuses against the company by employees and contractors
- 13) Create competitive advantage in selling to blue-chip customers
- 14) Protect/strengthen brand reputation
- 15) Avoid consumer boycotts
- 16) Avoid/reduce informal consumer complaints (phone calls, letters, e-mails)
- 17) Maintain goodwill with governments (i.e., regulators and legislators)
- 18) Reduce insurance costs
- 19) Avoid/reduce litigation against Board members
- 20) Avoid/reduce outside legal fees from compliance litigation
- 21) Avoid/reduce management disruption from litigation, investigations, or compliance crises
- 22) Avoid costs of imposed compliance programs such as monitors and third-party reviews
- 23) Avoid limits on future business freedom from government-imposed restrictions
- 24) Avoid loss of stock market value
- 25) Avoid/reduce losses of proprietary company information (through an IP compliance program)
- 26) Strengthen protection for the company's own intellectual property (i.e., trademarks, copyrighted materials, and patent)
- 27) Reduce excessive record generation and retention (through a records compliance program)
- 28) Avoid/reduce losses of life and property and downtime from unsafe facilities/activities and accidents

¹⁰ SCCE (2010). Complete Compliance and Ethics Manual v2, Society for Ethics and Compliance: Minneapolis: A19.

ISO 26000: Benefits of Social Responsibility for an Organization

- Encouraging more informed decision-making based on a better understanding of the expectations of society, the opportunities engendered by social responsibility (including better management of legal risks), and the risks of not being socially responsible;
- Improving the organization's risk management practices;
- Enhancing the organization's reputation and fostering greater public trust;
- Supporting an organization's "social license to operate;"
- Generating innovation;
- Improving the organization's competitiveness, including access to finance and preferred partner status;
- Improving the organization's relationship with its stakeholders through exposure to new outlooks and contact with a diverse range of stakeholders;
- Enhancing employee loyalty, involvement, participation, and morale;
- Improving safety and health for both female and male workers;
- Impacting on an organization's ability to recruit, motivate, and retain employees in a positive way;
- Achieving savings through increased productivity and resource efficiency, lower energy and water consumption, reductions in waste, and the recovery of valuable by-products;
- Improving the reliability and fairness of business transactions through responsible political involvement, fair competition, and the absence of corruption; and
- Preventing or reducing potential disputes with consumers over products and services.

Source: ISO 26000:2010, Box 5, pp. 20-21

A.3 Worksheets

STEP 2 WORKSHEETS

Worksheet 1: Business Environment Key Trends Scan

Identify the 5-10 key trends facing your organization in the next 5 years.

KEY DRIVERS OF THE FUTURE BUSINESS ENVIRONMENT	TRENDS	HOW TO FIND OUT MORE	KEY ACTIONS TO BE TAKEN
Customer expectations and preferences	<ul style="list-style-type: none"> • • 	<ul style="list-style-type: none"> • • 	<ul style="list-style-type: none"> • •
Developments and trends in your own Industry	<ul style="list-style-type: none"> • • 	<ul style="list-style-type: none"> • • 	<ul style="list-style-type: none"> • •
Changes in the dynamics with your direct Competition and possible Substitutes	<ul style="list-style-type: none"> • • 	<ul style="list-style-type: none"> • • 	<ul style="list-style-type: none"> • •
Developments, trends, and expected changes in Regulations affecting your business			
Trends and possible changes in the Natural Environment you are operating in			
Trends and changes in available Technologies (to you, your customers, the competition, substitutes)			
Social and Population trends			
Trends in the Political landscape and dynamics in which you and your stakeholders operate			

Worksheet 2: Stakeholder Overview Assessment

STAKEHOLDER/ INFLUENCER	LEVEL OF INFLUENCE (HIGH/LOW)	LEVEL OF INTEREST (HIGH/LOW)	DESIGN NOTES

Worksheet 3: Prioritized Stakeholder Map

		LEVEL OF POWER OR INFLUENCE	
		LOW	HIGH
LEVEL OF INTEREST	HIGH	Keep satisfied • •	Keep involved, informed, and contributing • •
	LOW	Minimal effort • •	Keep involved • •

Worksheet 4: Business Ethics Assessment Conclusions from BEST

KEY BEP FACTORS	KEY ASSETS & COMPETENCIES	GOALS & STANDARDS OF PERFORMANCE	KEY ACTIONS TO BE TAKEN
Commitment to the BEP			
Code of Ethics			
Infrastructure			
Training/Skills			
Communication			
Program Management			
Accountability Process (Feedback from stakeholders on your assessment of BEP performance)			

Worksheet 5: Business Ethics SWOT Analysis

DIMENSION OF BE (RELEVANT BUSINESS ETHICS AREA)	INTERNAL ANALYSIS (LIST ISSUES & ACTIONS)		EXTERNAL ANALYSIS (LIST ISSUES & ACTIONS)	
	STRENGTHS TO BUILD ON	WEAKNESSES TO OVERCOME OR COPE WITH	OPPORTUNITIES TO EXPLOIT	THREATS TO REDUCE OR LOWER
	• •	• •	• •	• •
	• •	• •	• •	• •
	• •	• •	• •	• •
	• •	• •	• •	• •

Worksheet 6: Core Strategies and Issues

		EXTERNAL ENVIRONMENT	
		OPPORTUNITIES	THREATS
INTERNAL CAPABILITIES	STRENGTHS	<p>Strategies for seizing opportunities using your strengths</p> <ul style="list-style-type: none"> • • 	<p>Strategies for capitalizing on your strengths to avoid or minimize threats</p> <ul style="list-style-type: none"> • •
	WEAKNESSES	<p>Strategies for seizing opportunities by overcoming your weaknesses</p> <ul style="list-style-type: none"> • • 	<p>Strategies for avoiding or minimizing threats while striving to overcome your weaknesses</p> <ul style="list-style-type: none"> • •
		CORE ISSUES (THEMES & RECOMMENDATIONS)	
		<ul style="list-style-type: none"> • • 	

STEP 3 WORKSHEETS

Worksheet 7: Defining your Core Purpose or Mission

DEFINING YOUR CORE PURPOSE OR MISSION	
1. What business are you in?	<ul style="list-style-type: none">••
2. What goods/services do you offer?	<ul style="list-style-type: none">••
3. Why do you do it?	<ul style="list-style-type: none">••
4. Why do people want it?	<ul style="list-style-type: none">••
5. Why is it important? (repeat this question 4-5 times if necessary)	<ul style="list-style-type: none">••
6. Summarize—What value do you add to your community/to society?	<ul style="list-style-type: none">••

Worksheet 8: Defining your Organization's Values

VALUE	VALUE STATEMENT	DESIRED BEHAVIORS

Worksheet 9: Provocative Propositions and Goals for Strategic Themes

STRATEGIC THEME	PROVOCATIVE PROPOSITION	SPECIFIC GOALS

Worksheet 10: Vision, Themes, Goals, and Values Frame

STATEMENT OF PURPOSE				
VISION STATEMENT				
STRATEGIC THEME 1	STRATEGIC THEME 2	STRATEGIC THEME 3	STRATEGIC THEME 4	STRATEGIC THEME 5
Provocative Proposition	Provocative Proposition	Provocative Proposition	Provocative Proposition	Provocative Proposition
Goals: 1. 2. 3.	Goals: 1. 2. 3.	Goals: 1. 2. 3.	Goals: 1. 2. 3.	Goals: 1. 2. 3.
VALUES				
VALUE 1	VALUE 2	VALUE 3	VALUE 4	VALUE 5
Definition	Definition	Definition	Definition	Definition
Key Behaviors 1. 2. 3. 4.	Key Behaviors 1. 2. 3. 4.	Key Behaviors 1. 2. 3. 4.	Key Behaviors 1. 2. 3. 4.	

STEP 4 WORKSHEETS

Worksheet 11: BEP Project Charter

PROJECT PARTICIPANTS	
Project Name	
Project Sponsor	Project Manager
Business Area Project Manager	
Other Participants	

PROJECT DESCRIPTION
Background (Why the project is being undertaken, the business case)
<p>Project Scope (Detail both what is WITHIN and what is OUTSIDE its scope). Be specific as to how you would measure the objectives (KPIs), the expected time frame, and who would be responsible and accountable for achieving each specific goal. Consider the following groups of objectives and outputs from Steps 2 and 3:</p> <ul style="list-style-type: none">• Organizational culture;• Stakeholder confidence;• Prepare and protect the organization against risk and adversity;• Motivate and inspire the desired conduct;• Improve responsiveness and efficiency;• Maximize the company's economic returns and social impact.
Objectives (What specifically is to be achieved in business terms)
Deliverables (List of deliverables engendered by its Goals, including tangible and intangible outputs)
Constraints (Describe the boundary conditions for the project, the limits within which the project must deliver)

STEP 5 WORKSHEETS

Worksheet 12: Ethics Code Development Checklist

VALUES				
ELEMENT	STATUS		ACTIONS	RESPONSIBILITY
	Y	N		
Has the process been defined?				
Is there broad-based representation of all departments and levels in the development of the code?				
Have all legal requirements that need to be included in the code been identified?				
Have all stakeholders expected to abide by the code been identified?				
Have the objectives of the code been defined?				
Has the code been reviewed by legal, compliance, auditing, ethics, and other relevant experts?				
Is there an explicit agreement by owners of policies affected by the code (managers and Board members) to abide by its principles and with the proposed implementation approach?				
Is there a supporting statement from the Board and Senior Management?				
Does the code address the ethics risk issues identified in the SWOT analysis and in preparing the code?				

Worksheet 13: Policy-Making

BROAD FACTORS	SUB-FACTORS	EXISTING POLICIES	NEW POLICIES
LEGAL MANDATES			
STANDARDS			
VOLUNTARY COMMITMENTS			

Worksheet 14: List of Policies to Consider

POLICY	FILE NAME AND LOCATION	TARGET GROUPS	IMPL. DATE	REVISION DATE	NOTES	NEXT REVIEW DATE
Advertising and marketing practices						
Bribery and dishonesty						
Computer data and security						
Confidential information, intellectual property, trade secrets						
Conflicts of interest, including family and personal relationships, outside employment, and financial investments						
Media relations						
Employee and customer privacy						
Employee practices, equal opportunity, non-discrimination, sexual harassment, workplace safety and violence						
Environmental protection						
Fair competition, including competitive data collection and use						
Gifts, entertainment, gratuities						

STEP 6 WORKSHEETS

Worksheet 15: Business Ethics Program RASCI

TASKS	RASCI								
	R = RESPONSIBLE; A = ACCOUNTABLE; S = SUPPORT; C = CONSULT; I = INFORM								
	BOARD	CEO	HR	LEGAL	FINANCE	IT	PR	ETHICS OFFICER	LINE MANAGER
FUNCTIONAL INTEGRATION									
Support and head up implementation of the BEP									
Authorize and oversee resource allocation and budgets									
Take part in the risk assessment process									
Assess and strengthen the ethics culture through training, communication, and other controls									
Legal risk assessment process, approve policies and controls ensuring compliance with legal requirements									
Conduct investigations									
Oversee and implement HR incentives and controls									
Oversee ethical leadership practices									
Incorporate ethics requirements in job descriptions and performance evaluations									

Continues on next page

TASKS	RASCI								
	R = RESPONSIBLE; A = ACCOUNTABLE; S = SUPPORT; C = CONSULT; I = INFORM								
	BOARD	CEO	HR	LEGAL	FINANCE	IT	PR	ETHICS OFFICER	LINE MANAGER
Oversee and implement internal stakeholder communication practices									
Coordinate and select supporting technologies for the BEP									
CORE BEP									
Define, develop, and maintain methodologies, policies & procedures, standards									
Manage the BEP projects and initiatives portfolio									
Manage stakeholder relations									
Manage the helpline/hotline									
Manage investigations and case resolutions									
Manage BEP performance measurements									
Manage internal and public communications									
Manage BEP data									
Manage the supporting technology for the BEP									
Perform auditing or assurance work									

Source: The differentiation of functional integration and core BEP tasks and the sample tasks to be accomplished are taken from Mitchell & Switzer (2009), with minor adaptations.

Worksheet 16: Notification Channels

CHANNEL	EXTERNAL VENDOR/ THIRD PARTY?	DOES THE PROCESS INCLUDE CONFIDENTIALITY AND DATA PROTECTION?	IS THERE ACCESS FOR MULTIPLE STAKEHOLDERS?	IS THE CHANNEL INCLUDED IN POLICY OR PROCESS DESCRIPTIONS?	IS TRAINING PROVIDED?	IS THERE A DOCUMENTATION SYSTEM IN PLACE FOR RECORDING NOTIFICATIONS?
In person (to the SVR, Manager, BEP Manager, Board)						
Phone						
Mail						
Suggestion Box						
Email						
Website						

Worksheet 17: Notification Routing Design

NOTIFICATION TIER LEVEL	FORMS ESTABLISHED?	ROUTING OR ESCALATION PROTOCOL ESTABLISHED?	PROCEDURE FOR CONFIRMING THE VALIDITY OF NOTIFICATIONS?	PROCEDURE FOR PROVIDING CONFIDENTIAL FEEDBACK ON THE STATUS OF THE PROCESS TO THE NOTIFYING PARTY?

Worksheet 18: Inventory of Communication, Survey, and Feedback Activities

CATEGORIES OF EVENTS	COMBINE OPPORTUNITIES	ADDITIONAL FORMAL	ADDITIONAL INFORMAL
Employee satisfaction			
surveys			
Town-hall meetings			
Department/unit meetings			
Annual reviews			
Miscellaneous committees			
Open-door/spontaneous			
Focus groups			
Auditing/monitoring			

Worksheet 19: Self-Assessment Schedule

GROUP	WHAT TO REVIEW	FREQUENCY	METHOD	REPORTING-UP
Board				
Corporate Management				
Operations				
Auditing				
Support Services				
Teams				
Open-door/ spontaneous				
Focus groups				
Auditing/monitoring				

STEP 7 WORKSHEETS

Worksheet 20: Change Management

IMPACTED AREAS/ GROUPS (DEPARTMENTS, PEOPLE, STAKEHOLDER RELATIONSHIPS, PROCESSES, ETC.)	COMPANY- SPECIFIC DETAILS (NATURE OF IMPACT)	DEGREE OF IMPACT (HIGH/MEDIUM/ LOW)	CHANGE READINESS (RATE FROM 1–5, WHERE 1 IS LOW AND 5 IS HIGH)					STRATEGIES (STRATEGIES SHOULD BE PRIORITIZED ACCORDING TO THE FIRST AREA OF CHANGE READINESS TO SCORE BELOW 3.)
			AWARENESS	DESIRE	KNOWLEDGE	SKILLS	REINFORCEMENT	

Worksheet 21: Training Plan/Frame

TARGET GROUP	DESIRED BEHAVIOR/ ACTIONS	RELEVANT BEP CONTENT AREAS	KEY KNOWLEDGE/ SKILL REQUIREMENTS	REQ'D FREQUENCY OF TRAINING

Worksheet 22: Training Needs of Individuals

WHO NEEDS TRAINING	REASON FOR TRAINING (MANDATORY, NEW HIRES, PROMOTEES, TRANSFERS, REFRESHER TRAINING)	COMPETENCIES TO BE DEVELOPED	RELEVANT TRAINING MODULES	TRAINING DELIVERY METHOD (IN-HOUSE, OUTSIDE PROGRAM, SELF-PACED LEARNING)	TIMEFRAME FOR COMPLETING TRAINING

Worksheet 23: Organization of Training Needs by Jobs or Job Families

JOB/ JOB FAMILY	REQUIRED COMPETENCIES	RELEVANT TRAINING MODULE	LEARNING OBJECTIVES	DURATION/ DATES	REFRESHER TRAINING DUE

Worksheet 24: Training Content Overview

TRAINING MODULE	LEARNING OUTCOMES	KEY CONTENT AREAS	INSTRUCTIONAL METHOD	ASSESSMENT		TRAINING PROVIDER	TRAINING RESOURCES
				METHODS	DATE		

STEP 8 WORKSHEETS

Worksheet 25: Classification Categories of Different Types of Information

CLASSIFICATION	OPTIONS	DESIRED BEHAVIORS
Type	Guide, policy, manual, interview, survey	
Privacy requirement	Who can share the information—only the party concerned? Or is it public information? Restricted?	
Retention requirement	How long must it be kept?	
Availability requirements	How recent/new, to whom	
Primary value	Operational or strategic	
Source of information	Email, database	
Related business processes		
Related policies		

Worksheet 26: Stakeholder Compliance & Ethics Communication Inventory

STAKEHOLDERS	KEY INDIVIDUALS	RELEVANT DOCUMENTS/ LAWS/ STATEMENTS	KEY MESSAGES/ ETHICS OR COMPLIANCE INFORMATION	KEY RELATIONSHIP CONTACT

Worksheet 27: Stakeholder Relations Plan

STAKEHOLDER	CURRENT BEHAVIOR/ KNOWLEDGE	DESIRED BEHAVIOR/ KNOWLEDGE	POSSIBLE PROBLEM AREA/ RESISTANCE	KEY BEP MESSAGE	SENDER	COMMUNI- CATION ELEMENTS	SCHEDULE & TRIGGERING EVENTS	CHANNELS	MESSAGE AUTHORIZED BY

STEP 9 WORKSHEETS

Worksheet 28: Monitoring the Internal and External Environment for the BEP

EXTERNAL & INTERNAL FACTORS	WHAT HAS CHANGED	WHAT IS THE IMPACT	WHO TO INFORM FOR ADAPTATION OF THE BEP
EXTERNAL			
STAKEHOLDER GROUPS			
KEY INDIVIDUALS			
COMPETITORS			
POLITICAL CHANGES			
CUSTOMER PRACTICES			
LAWS, RULES, REGULATIONS			
ADMINISTRATIVE GUIDELINES			
COURT RULINGS			
PROSECUTORIAL GUIDANCE			
LEGAL INTERPRETATIONS			
ENFORCEMENT ACTIVITIES			
CONTRACTS			
STANDARDS			
ASSOCIATION STANDARDS AND COMMITMENTS			
INTERNAL			
CHANGE IN BUSINESS STRATEGY (PRODUCTS, MARKETS, PARTNERS)			
CHANGE IN STAFF			
CHANGE IN PROCESSES			
CHANGE IN TECHNOLOGY			
CHANGE IN CULTURE			

A.4 Sample Documents

A.4.1 Code of Ethics Outline

TOPIC	DISCUSSION POINT
Title Page	Use a title page that captures the nature of and sets the theme for the document. Examples include “Living Our Values” (World Bank Group); “Leading with Integrity” (United Parcel Service); and “The Way We Do Business” (PricewaterhouseCoopers).
Table of Contents	A good code is accessible. Even for a relatively simple code, it is advisable to include a detailed outline of its contents complete with page numbers to facilitate its use.
Introductory Materials <ul style="list-style-type: none"> • Letter from owner or chief executive • Statement of purpose for the code • Statement of core beliefs • Statement of guiding principles • Background or explanatory materials 	<p>The letter from the owner or chief executive should demonstrate top management’s commitment to the ethics and compliance program and develop the theme of the title.</p> <p>A brief but clear statement of the purpose of the code—what it is intended to achieve—is important.</p> <p>A one-page restatement of the enterprise’s core beliefs—core purpose and values, as well as the envisioned future—lays the essential foundation. Use this as another opportunity to reinforce the importance of core beliefs.</p> <p>Enterprises which have developed a set of guiding principles may include them on a separate page for emphasis.</p> <p>Background or explanatory materials may discuss the crisis spurring the code’s development, what responsible business conduct is all about, in general, or the process through which the code was developed. Include everything that readers need to know to understand the importance of the code per se and its place in the broader ethics and compliance program.</p>

<p>Specific Guidance, arranged by relationship or responsibilities to stakeholders</p> <p>See Step 2 of the Manual</p>	<p>Such an arrangement by relationship or responsibilities to stakeholders is a logical way of organizing the guidance and reinforces the sense of responsibility to stakeholders.</p> <p>One reason to refer to these provisions as describing the relationship to stakeholders is to avoid any private legal claims of obligation.</p> <p>These specific issues will necessarily touch on human resource-related issues such as fairness in promotion, termination, sexual harassment, and diversity. There is a temptation to treat these issues as separate from ethics issues. However, they must be included in the ethics and compliance program for it to be effective because, for employees, ethics is often equated with fairness.</p>
<p>Description of the Ethics, Compliance, and Responsibility Program</p> <p>Board champion</p> <p>Responsible executive</p> <p>Responsible staff</p> <p>Communication</p> <p>Monitoring and auditing</p> <p>How to seek advice and report misconduct</p> <p>Investigations</p> <p>Dispute-resolution process</p> <p>Tracking, measuring, and reporting</p> <p>Program evaluation and modification process</p>	<p>The code should specifically address the matter of ethics and compliance training and education. It should lay the basic foundation for all forms of communication with regard to program-related issues.</p> <p>The code should also encourage employees and agents to seek advice and report misconduct. Since they may turn to the code to make decisions, the code should fully describe the process, including the circumstances under which they can call in anonymously or confidentially.</p> <p>It is also important to set broad guidelines for tracking, measuring, and reporting enterprise performance, particularly for reporting to interested stakeholders.</p>

<p>Supporting and Related Policies and Procedures</p> <p>Duties and responsibilities of the business ethics officer</p> <p>Due diligence positions</p> <p>Monitoring and auditing policy</p> <p>Investigation policy and procedures</p> <p>Confidentiality policy</p> <p>Confidentiality agreements</p> <p>Education and training policies</p> <p>Problem reporting and non-retaliation policies and procedures</p> <p>Helpline policy and procedures</p> <p>Response, follow-up, and resolution policy</p>	<p>A serviceable code of conduct need only address matters of general interest or applicability to interested stakeholders. Matters relating to specific duties or responsibilities, or more detailed policies or procedures, should be addressed in separate policies. However, it may be important for the code to include a note to the effect that there are more specific policies and procedures and on how to access them.</p>
<p>Supporting Resources</p> <p>Guides to ethical decision-making</p> <p>Contact names and phone numbers</p> <p>Case studies</p> <p>Ethics games</p> <p>On-line resource links</p> <p>Quick reference guide</p>	<p>This portion of the code provides ready access to important supporting resources and quick reference materials.</p>

Source: Business Ethics: A Manual for Managing a Responsible Business Enterprise in Emerging Market Economies—U.S. Department of Commerce, International Trade Administration, 2004.

A.4.2 Job Description for the Business Ethics Officer

Position Summary:

The Ethics Officer champions and oversees the ethics and compliance function and provides direction and oversight for the organization's ethics program in conjunction with Senior Management. The Ethics Officer will exercise his or her duties independently of any official, department, office, or other organizational entity. He or she will report administratively to the CEO and will communicate directly with the Board of Directors' Ethics Committee.

Duties and Responsibilities

The Ethics Officer has final responsibility for:

- Coordinating the development and implementation of the business ethics program;
- Establishing and chairing a business ethics council representing all levels of the enterprise;
- Developing and maintaining standards of conduct, standard procedures and related policies to guide the actions of employees and agents and foster reasonable stakeholder expectations;
- Establishing internal reporting channels including, but not limited to, a helpline that can be used by employees and agents to seek advice and report concerns without fear of retribution;
- Establishing or coordinating monitoring controls and measures to ensure the development and implementation of appropriate processes;
- Implementing or coordinating enterprise-wide communication and training programs to ensure that all employees, agents, and other stakeholders are educated on established standards, procedures, and reasonable stakeholder expectations;
- Coordinating or conducting inquiries and investigations to ensure proper follow-up on reports and their final disposition;
- Delegating the authority to conduct appropriate inquiries and investigations (i.e., legal, human resources, internal auditing), where necessary;
- Monitoring and evaluating the business ethics program for periodic adjustments as needed, including the identification of ethics risks and the issuance of recommendations for corrective actions;
- Maintaining a working knowledge of relevant issues, laws, regulations, and emerging standards of ethics, compliance, and responsibility through periodicals, seminars, training programs, and peer contact, including membership in professional associations;
- Responding appropriately in the event of the detection of a violation of these standards, including the filing of a direct report with the Board or an outside agency in cases involving a violation of laws or regulations;
- Making quarterly reports to the appropriate Board committees on the status of the business ethics program, reporting to the CEO or appropriate Board committees as necessary, and making annual reports to stakeholders;
- Discharging all duties and responsibilities as assigned by the Ethics Committee.

Specific Duties:

- Overseeing, coordinating, and monitoring the day-to-day operations of the Ethics Office;
- Developing and implementing an effective ethics program, including the establishment of a company ethics manual in consultation with the Legal Department and key stakeholders;
- Issuing a comprehensive ethics communication plan to raise staff awareness of ethics standards and expected behavior;
- Developing standards and training and education activities on ethics issues, including a mandatory ethics training program for all managers and staff, working with the human resources department or HR manager and other offices as appropriate;
- Obtaining yearly certifications by staff to the effect that they will abide by the code of conduct;
- Providing guidance to Management to ensure that company rules, policies, procedures, and practices reinforce and promote an ethical environment;
- Working with HR to ensure that performance management and incentive programs discourage misconduct and that compliance with standards of ethics is reflected in the performance evaluation process for all employees;
- Ensuring that there is a mechanism in place for taking disciplinary measures in cases of noncompliance with the company's code of ethics proportionate to the nature and extent of the violation in question and ensuring consistency in the application of disciplinary action;
- Ensuring the implementation and overseeing the operation of reporting mechanisms with non-retaliation provisions, including an anonymous telephone reporting system available to all employees, volunteers, customers, and vendors;
- Reviewing allegations of misconduct or noncompliance and overseeing investigations of matters warranting investigation under the ethics program, ensuring confidentiality and protecting staff from retaliation for reporting misconduct and cooperating with authorized audits or investigations;
- Overseeing the follow-up and, where applicable, the final disposition of investigations and other issues engendered by the ethics program, including the development of corrective action plans, as needed;
- Regularly reviewing the ethics program and recommending appropriate revisions and modifications, advising Management and the Board of Directors of potential ethics risk areas;
- Developing, coordinating, and/or overseeing internal and external auditing procedures for monitoring and detecting material instances or patterns of illegal, unethical, or improper conduct by employees, agents, contractors, or others working with the organization and, in the event of the detection of any misconduct, recommending a solution and providing follow-up to ensure that the recommendation has been implemented;
- Tracking all issues referred to the Ethics Office, monitoring program performance and overseeing periodic measurements of program effectiveness;
- Presenting periodic and annual reports on the ethics program to the Board of Directors;
- Making regular reports to the Ethics Committee on matters involving the ethics program. In addition, the ethics officer is expected to regularly report issues to the CEO and Board of Directors at his or her discretion;
- Representing the Ethics Committee, including the development of appropriate agendas, reports, and information as directed by the Committee from time to time;
- Discharging all duties and responsibilities as assigned by the Ethics Committee.

Job Specifications:

Education and Experience

- • Advanced university degree or equivalent high-level qualifications in law, auditing and investigations, or business management, and/or human resources management, social sciences or a related field.
- • At least 10 years of relevant professional experience; Auditing/CPA experience would be an asset.
- • Direct experience in managing or working with an Ethics Office would be a plus.
- Required Technical/Functional Competencies
 - • Excellent written and verbal communication skills;
 - • Excellent interpersonal skills, evidenced by the ability to develop close and effective working relationships with internal and outside stakeholders at all levels;
 - • Strong presentation skills, including the ability to present cogent analyses of complex issues;
 - • Strong skills of persuasion, evidenced by the ability to build commitment and support for initiatives;
 - • Ability to manage legal implications of staff-related matters;
 - • Ability to manage complex ethics issues;
 - • Ability to promote cooperation and get results;
 - • Ability to inspire trust and confidence;
 - • Must demonstrate integrity;
 - • Must demonstrate awareness and sensitivity to diversity and inclusion-related issues;
 - • Must maintain strict confidentiality.

A.4.3 Terms of Reference for the Ethics Committee

A. CREATION

The Business Ethics Committee of [ORGANIZATION NAME] is hereby established in accordance with the policy directives issued by the Board of Directors and recorded in the minutes of a meeting of the Board held on [DATE]. The committee is vested with all the powers, privileges, and duties set forth in these terms of reference and in any subsequent resolutions by the Board of Directors.

B. PURPOSE

The purpose for which the Ethics Committee has been created is to maintain high standards of ethics management and to promote a culture of responsibility, accountability, and ethical behavior. It is designed to ensure the well-being of those involved and to safeguard the standards and reputation of [ORGANIZATION NAME]. The Ethics Committee serves mainly as an adviser to the Board and Management for setting policy, resolving issues, and monitoring the business ethics program.

C. COMPOSITION

- The Ethics Committee will consist of Executive Management representatives from the finance, legal, human resources, internal auditing, procurement, quality, public affairs, and other units. It will also include at least two staff representatives.
- The Committee will be chaired by the Chief Ethics Officer or CEO. The Vice Chairman will be elected by the committee members. In the absence of both the Chairman and Vice-Chairman, the members will appoint a Chairman to head up a specific meeting.

D. MEETINGS

- The Ethics Committee is to meet on a regular basis, holding at least four meetings a year.
- The Chairman may convene ad-hoc or emergency meetings to address urgent matters such as unforeseen conduct or noncompliance issues that may require disclosure to government agencies or other key stakeholders.
- Members unable to attend a meeting should inform the Chairman in advance and designate a representative to attend in their place.
- A Secretary will be appointed to record the proceedings of each meeting and draw up minutes for distribution to committee members.

E. REPORTING

- The Ethics Committee will report to the Board of Directors.
- The Committee will conduct an annual review of the business ethics program and submit a report to the Board. It will report on the program's overall effectiveness and, based on its review, will make recommendations to the Board for amending the BEP and related policies and procedures. The review process will include a review of the company's code of conduct, including recommendations for amendments.
- The Committee will also make annual reports to stakeholders on the status of the business ethics program.
- The Ethics Committee will present quarterly reports to the Board of Directors on its major activities, which are to include a review of its effectiveness in overseeing and implementing the business ethics program.
- The Ethics Committee will submit ad-hoc reports, as necessary, at the request of the Board of Directors.

F. MANDATE

The Ethics Committee will oversee a variety of activities such as decision-making, support, and supervision to ensure the efficient and effective implementation of the business ethics program and due and proper implementation of the code of conduct.

The Ethics Committee will:

- Set key policies with respect to the implementation of the business ethics program;
- Establish and modify rules relating to ethics management;
- Provide authoritative interpretations of rules relating to ethics management;
- Establish measures for implementation of the code of conduct by executives and employees;
- Serve in a advisory capacity to the Board, Management, and staff;
- Monitor and evaluate the effectiveness of the business ethics program;
- Monitor the operations of the Ethics Office;
- Conduct audits and investigations as required;
- Conduct an annual review of the business ethics program;
- Make quarterly reports to the Board of Directors and annual reports to key stakeholders.

A.4.4 Board Responsibility for the Organization's Business Ethics

STANDARD BOARD FUNCTIONS	ETHICS MANAGEMENT RESPONSIBILITIES
Providing a strategic orientation for the organization	<ul style="list-style-type: none"> • Creating a vision and mission for ethics management • Defining the organization's ethical principles and values • Setting high-level policies for ethics management • Establishing decision-making criteria and guidelines
Monitoring CEO and Senior Executive Management performance	<ul style="list-style-type: none"> • Ensuring compliance with laws, regulations, codes, and policies • Ensuring the establishment of appropriate internal controls and monitoring mechanisms • Ensuring the implementation of an independent auditing process • Monitoring progress of the BEP • Reviewing reports by the CEO, Ethics Officer, and Ethics Committee
Reporting to shareholders and other parties on company performance as appropriate	<ul style="list-style-type: none"> • Reporting to shareholders and stakeholders on the status of the BEP • Establishing guidelines for disclosure and transparency in ethics-related matters • Ensuring the disclosure of any material matters to the appropriate authorities and stakeholders

A.4.5 Business Gifts and Entertainment Policy

Sample 1

Policy Statement

The term “business gifts” as used in this policy includes business entertainment, as well as gift items. Giving business gifts is a routine way of strengthening business relationships and, with certain restrictions, is a lawful business practice. According to ABC policy, company employees may give and receive appropriate, lawful business gifts in connection with their official work with commercial customers and other nongovernmental parties, provided that all such gifts are nominal in value and are not given or received with the intent or prospect of influencing the recipient's business decisions.

Special laws and rules apply to gifts for government employees and ABC has a policy of strict compliance with all such restrictions. Local legislation around the world strictly limits gift-giving to government employees. Such gifts may constitute criminal acts, whether they are paid for with ABC or personal funds.

Bribery is illegal and violates this policy. ABC policy does not allow for any type of corrupt practices, including bribery.

Even if legal, employees may not give or receive business gifts if doing so would violate this policy. Any business gifts given or received by an ABC employee must be nominal in terms of its cost, quantity, and frequency. Never accept or offer gifts of cash or cash equivalents, such as gift certificates. Never accept a gift that could be viewed as lavish.

What It Means

- No ABC employee may give or receive a gift that violates any laws, regulations, agreements, or reasonable customs of the marketplace.
- Make certain any business gift is nominal in terms of its cost, quantity, and frequency and that the gift can withstand public scrutiny without damaging ABC's reputation.
- Gifts of ABC consumer products are generally likely to be appropriate, as are gifts of items marked with ABC promotional labeling.
- Properly record any business gift in your business unit's books and make certain that it complies with the policies of your specific ABC business unit.
- When deciding on the appropriateness of giving or receiving a business gift, consider how the gift compares in value with customary gift-giving practices in your industry and country, the sum of gifts given to or received from that particular entity over time, the suitability of the gift in light of your position at ABC, its impact on building positive business relations with the recipient, and how the gift might look to an outsider.
- These guidelines apply even if you are not seeking reimbursement from the company. You will need to inform your supervisor if you are planning to give or accept a business gift of more than nominal value.
- Consult with your assigned ABC legal counsel before making any business gifts to consultants and employees of national and local government agencies.
- What To Avoid
- Giving or receiving money or cash equivalents as a business gift.

- Offering business gifts to government employees, unless it is clearly permitted by applicable legislation and regulations or prior approval has been obtained from your assigned ABC legal counsel. For Trinidad and Tobago, refer to the "Integrity in Public Life Act," Ch: 22:01, Section 27.
- Giving or receiving gifts that are too costly or too frequent to be in keeping with the customs of the marketplace.
- Making a gift as reward to a government employee.
- Giving or receiving gifts that influence or give the appearance of influencing business judgment.
- Offering a gift when you know it would violate the recipient's policy to accept it.
- Offering or accepting entertainment, such as tickets to a sporting or social event, where a representative of the company offering the gift will not be accompanying the recipient to the event.

Sample 2

We recognize that gifts and business entertainment are meant to create goodwill and sound working relationships and not to gain an unfair advantage with customers or suppliers. Any form of gift that obligates an employee to act in a particular way with regard to company business is a bribe and is prohibited, regardless of its value.

No bribes, kickbacks, gifts, or business courtesies of material value may be offered to or accepted from any employee or representative of a current or prospective supplier or customer or of any national, local, or foreign government or regulatory authority by an ABC employee. Business courtesies and gifts may be offered to or accepted from employees of nongovernmental entities for the purpose of creating goodwill and good working relationships if they: (a) are customary in the industry or business; (b) are reasonable and appropriate in terms of their value, frequency, and form; (c) are not given with the intent to influence the recipient's judgment in a pending transaction or to make the recipient feel obligated; and (d) to the giver's knowledge, do not violate any policy or standard of conduct to which the recipient may be subject. Employees may not accept honoraria or reimbursements of expenses from any current or prospective suppliers or customers or not-for-profit organizations supported by ABC.

Gifts. Gifts accepted from or given to anyone with whom the company does business should be promotional in nature and nominal in value. Gifts of nominal value are unlikely to be perceived as influencing the recipient. Cash gifts should never be accepted from or offered to anyone.

Business Courtesies. Business courtesies include, without being limited to, meals, drinks, entertainment (including tickets to sporting or social events), recreation, transportation, or use of the donor's time, equipment, materials, or facilities.

- Employees may accept business courtesies if doing so is: (1) appropriate (if the event promotes a legitimate business purpose); (2) reasonable (i.e., an invitation for a meal or form of entertainment or travel that is not lavish; and (3) consistent with the company's ethics practices (the employee would not be uncomfortable discussing it with his or her manager, co-workers, or the media).
- A business courtesy should not be accepted if it does not fit the guidelines outlined above or if the donor expects something in return, may be attempting to gain an unfair advantage, may be attempting to influence the employee's judgment, or if its acceptance creates the appearance of any of the foregoing.

Frequent Gifts or Business Courtesies. Employees should avoid a pattern of accepting frequent gifts or business courtesies from the same persons or companies, as it may give the appearance of impropriety or preferential treatment.

Examples of Gifts and Business Courtesies:

- A ballpoint pen with a company logo would meet the test of being promotional in nature and of nominal value. An inscribed gold wristwatch may be promotional in nature but would unlikely be nominal in value and, thus, would not be acceptable.
- Invitations to lunches, dinners, or entertainment events at reasonably priced establishments may be permitted if offered in connection with bona fide business meetings or conferences, but would not be acceptable if the meals or entertainment events are considered lavish or the invitations are accepted on a frequent basis.
- Accepting an invitation to a reasonably priced golf outing or sporting event or tickets to an entertainment event in the local area on an occasional basis may be reasonable. In keeping with the policy's reporting and approval requirements, accepting an all-expenses-paid trip out of the local area to a golf outing, sporting event, or entertainment event requires prior approval.
- ABC normally pays for work-related transportation, lodging, and living expenses directly or on a pro-rated basis in cases of personal trips combined with company travel in accordance with its existing travel and entertainment policy. Accepting an offer for an all-expenses-paid trip for pleasure with a customer or supplier is not permitted.

Any employee who receives a gift or is offered a business courtesy that does not fit the guidelines outlined above should arrange to have whatever is received, together with a letter declining the gift or business courtesy, mailed back to the donor at ABC's expense, return receipt requested, with appropriate insurance.

Any employee with a question as to whether the acceptance of a gift or business courtesy is appropriate should contact his or her direct supervisor for a determination prior to accepting the gift or business courtesy.

It is important to observe the policies of any firm with which ABC does business. Meals, gifts, entertainment, transportation, lodging, or any other business courtesy should never be offered to an employee of a company that you know prohibits the acceptance of such items or services. Anyone employee who is unsure of the other company's policies should consult with his or her supervisor.

Expenditures on gifts and business courtesies are subject to normal ABC review and approval procedures, including set procedures for the review and approval of budgets, expenditures, and expense accounts. All expenditures must be handled in accordance with those procedures and accurately recorded in the company's books and records.

Reporting and Approval. The following specific reporting and approval guidelines apply to all ABC employees giving or receiving gifts or business courtesies in the course of their work:

- Gifts or business courtesies with a value of [defined dollar amount] or more should be reported to the employee's direct supervisor.
- Gifts or business courtesies with a value of [defined dollar amount] or more require prior approval from the employee's direct supervisor.

- Gifts or business courtesies with a value of [defined dollar amount] or more require prior approval from ABC's Senior Manager [relevant department] or Chief Financial Officer.
- Gifts or business courtesies with a value of [defined dollar amount] or more require prior approval from ABC's Chief Executive Officer.

A.4.6 Conflict of Interest Policies

Sample 1

ABC expects undivided loyalty from its employees in conducting its business. You should not be in a position where there is a conflict between what is best for ABC and what may benefit you personally. If you believe there could be a potential conflict of interest, you should promptly contact your supervisor or a more senior member of your management chain to discuss the proper action for you to take. If you believe it warranted by the sensitivity of the issue, you should contact [insert name], ABC's Vice President of Human Resources, for advice on how to proceed. You may also contact [insert name], ABC's Chief Executive Officer.

Sample 2

According to ABC policy, no employees and other parties acting on its behalf may have conflicts of interest that could adversely influence their judgment, objectivity, or loyalty to the company in conducting business and carrying out assignments. The company recognizes that employees may engage in legitimate financial, business, charitable, and other activities outside their jobs at ABC, but any potential conflict of interest raised by such activities must be promptly disclosed to Management.

What It Means

- Request approval from Management for any outside activities, financial interests, or relationships liable to pose a real or potential conflict of interest. Remember that Management approval is subject to ongoing review, which requires that you periodically update Management on your involvement.
- Avoid personal relationships with other ABC employees where the parties in the relationship may receive or confer an unfair advantage or preferential treatment because of the relationship.
- Avoid actions or relationships that might conflict or appear to conflict with your job responsibilities or the interests of ABC.
- Even the appearance of a conflict of interest can damage an important company interest.
- Obtain necessary approvals before accepting any position as an officer or director of an outside business concern.
- You are encouraged to advise Management or your human resources manager before agreeing to serve on the Board of Directors of any bona fide charitable, educational, or other nonprofit organization.

What To Avoid

- Working with a business outside your responsibilities at ABC that is in competition with any ABC business.
- Accepting a gift that does not meet the standards of the ABC Business Gifts and Entertainment Policy.
- Maintaining a direct or indirect financial interest in or financial relationship with an ABC competitor, supplier, or customer (except for minor stock holdings in publicly-held companies).

- Taking part in any ABC business decision involving a company that employs your spouse or another family member.
- Having a second job where your other employer is a direct or indirect competitor, distributor, supplier, or customer of ABC.
- Having a second job or consulting relationship that affects your ability to satisfactorily perform your assignments at ABC.
- Using nonpublic ABC information for your personal gain or advantage or for the gain or advantage of another, including the purchase or sale of securities in a business which ABC is interested in acquiring or selling or with which it is interested in otherwise establishing or terminating business relations.
- Investing in an outside business venture in which ABC also has an interest, with the exception of minor stock holdings in publicly-held companies.
- Receiving personal discounts or other benefits from suppliers, service providers, or customers not available to all ABC employees.
- Receiving personal honoraria for services you perform that are closely related to your work at ABC. Your supervisor should approve occasional honoraria earned for services such as conducting a university presentation or symposium.
- Having romantic relationships with other employees where there is an immediate reporting relationship between the employees or there is no direct reporting relationship between the employees but where a romantic relationship could cause others to lose confidence in the judgment or objectivity of either employee, or the relationship could cause embarrassment to the company.

Note: In certain circumstances, romantic relationships between employees could raise compliance issues under the ABC Harassment Policy.

A.4.7 Policy and Procedure: Documenting Educational Efforts

Policy Ref:	Effective date:	Approval:
	Review date:	Approval:
	Review date:	Approval:

Objective: Comply with established policy and document educational efforts by the compliance program.

Policy: All responsible efforts must be made to document the company's educational efforts. Such efforts are to be documented in the following manner:

Procedure		Responsible Party
1.	Each employee will be provided with a copy of the compliance manual and the acknowledgement of receipt will be signed and collected.	Compliance Officer and Committee
2.	All educational materials received at any instructional course will be collected and maintained in a "compliance library."	
3.	All educational sessions attended by an employee will be documented in a log to be maintained by the Compliance Officer.	
4.	<p>The office will maintain a calendar with information on the educational opportunities available to each employee. All information received about compliance-related seminars or instructional courses will be noted on the calendar, which will be periodically distributed to all employees.</p> <p>A copy of the calendar will also be maintained in the compliance library. The calendar will also be periodically distributed at staff meetings or meetings of the Board of Directors.</p>	
5.	Occasional memos will also be distributed to update employees on new items or issues and information available in the "compliance library."	

Source: Based on SCCE, 2010: A-69

A.4.8 Form for Declaring Gifts Given or Received

This declaration form is to be completed for all gifts of over [dollar amount] given or received by any employee or Board member while acting in their respective official capacity with the company. Complete all applicable questions and do not leave any questions blank. If a question does not apply to your specific circumstance, please write in "N/A."

Declaration of: A Gift Given

B Gift Received

Declarant Information

Declarant's Name:	
Job Title:	
Department:	
Work Phone:	
Date Gift Given/ Received:	
Date of the Declaration:	
Brief Description of the Gift:	
Approximate Fair Market Value:	\$
Circumstances or Special Remarks	
Gifts Received— Recommended Means of Disposal (*see below)	
Declarant's Signature:	

*Means Of Disposal

A Retain by the receiving staff

E Donate to a charitable organization

B Retain for display

F Return to gift-giver

C Share with the office staff

G Other (specify):

D Reserve for use as raffle prize at staff function

Information on the Person or Business Giving/Receiving the Gift

Person Giving/Receiving the Gift: _____

Business or Organization Name: _____

Address: _____

Contact Number: _____

A.4.9 Non-Retaliation Policy

Sample 1

ABC prohibits retaliation against anyone who raises a business conduct concern or cooperates in a company investigation. The company will not permit any sanctions to be imposed for making a good-faith complaint, regardless of whether or not the underlying facts prove correct or result in any corrective action.

If you believe you are being retaliated against for raising a good-faith business conduct concern, you may report this to any of the resources listed in [name document] or through the Helpline or online reporting form available at [online location].

Sample 2

ABC does not tolerate retaliation against any individuals who report potential policy or legal violations in good faith. The company cannot resolve claims of misconduct or wrongdoing unless such claims are brought to the attention of Management and its employees are expected to report any matters they become aware of. It is ABC policy to ensure that employees reporting any such matters will not be subject to reprisals, harassment, intimidation, threats, coercion, discrimination, or retaliation.

Employees and job applicants are encouraged to engage in the following actions without fear of reprisal, harassment, intimidation, threats, coercion, or discrimination:

1. file a complaint with the company or with national or local agencies;
2. assist or participate in any internal or outside investigation, compliance review, hearing, or any other activity relating to the enforcement of any national or local laws and ordinances;
3. oppose any act or practice made lawful by national or local legislation relating to harassment; or
4. exercise any other employee rights protected by national or local laws or their implementing regulations.

Any person believing to have witnessed or to have been the subject of a violation of this policy should immediately report the matter to Human Resources, Ethics & Compliance, or via the helpline at XXX-XXXX. Anyone whom the company determines to have engaged in any conduct that violates this non-retaliation policy will be subject to disciplinary action up to and including termination of employment, regardless of their position or title.

Source: Based on SCCE, 2010.

A.4.10 Investigation Report

Investigator:	Date:	Ref #:
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On [date], the company received a complaint of [nature of alleged misconduct] via [reporting channel]. The complaint alleged that:

A.

B.

INVESTIGATION PROCESS

An investigation was conducted between [date] and [date] and the following persons were interviewed:

- Reporting Party - Name/Title/Date of Interview
- Subject of the Investigation - Name/Title/Date of Interview
- Witness & Other- Name/Title/Date of Interview

FINDINGS

I. Did A Occur?

1. Facts
2. Analysis
3. Conclusion

II. Did B Occur?

1. Facts
2. Analysis
3. Conclusion

CONCLUSIONS

After investigation and based on the above information, I conclude that:

- 1.
- 2.

RECOMMENDATIONS

Based on the findings, I recommend the following action(s):

OUTCOME

The report and recommendations were reviewed by [name/title] on [date] and the following action(s) were taken:

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