



INTEGRITY AND BUSINESS ETHICS SELF DIAGNOSTICS TOOL 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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I. Introduction

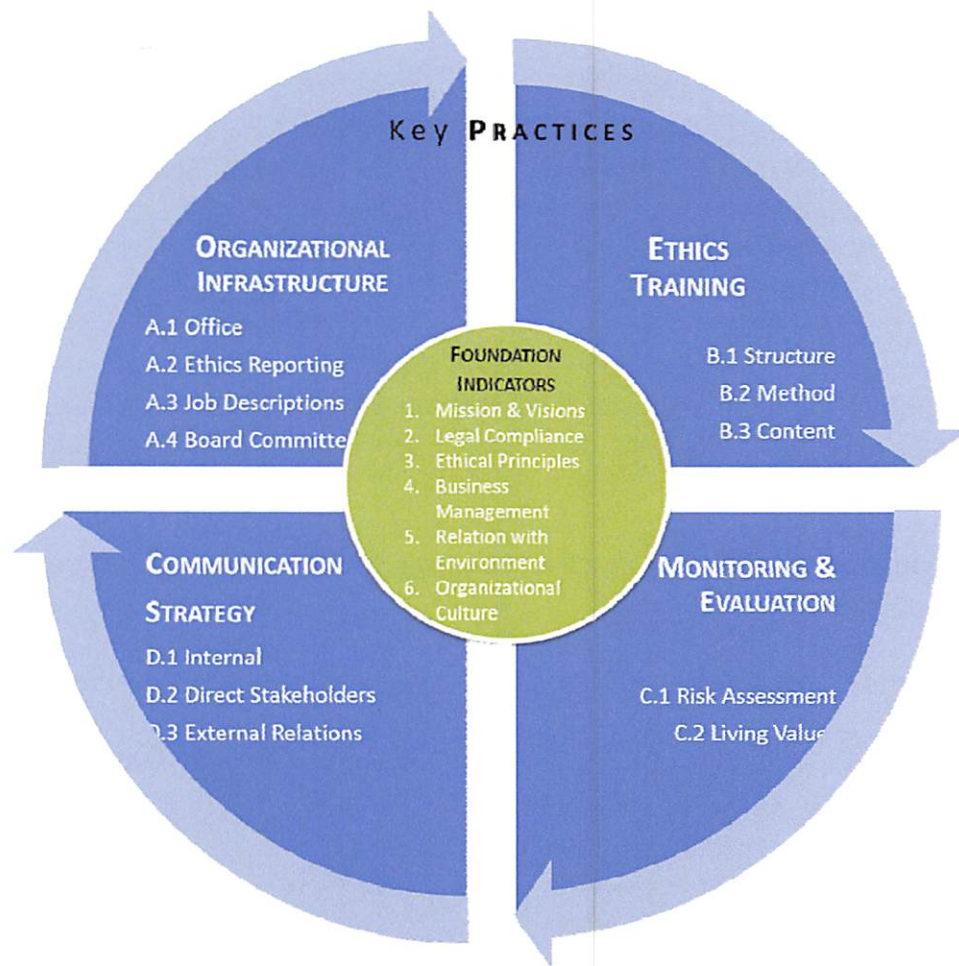
The **Business Ethics Self Diagnostics Tool (BEST)** is a guide for self-evaluation and may be used in conjunction with the Business Ethics Manual and other resources. This instrument is meant to serve as a management tool and is recommended as the first step for small and medium sized businesses that would like to improve their business ethics infrastructure.

The objective of the BEST is to:

- Help businesses understand the fundamentals of the Foundations Indicators and Key Practices that are important to securing and maintaining a responsible, ethical environment for business success;
- Assist businesses in finding practical solutions to implement immediate action plans where applicable;
- Provide basic knowledge and longer term planning for potential weaknesses.

Each element contains a number of indicators which when the survey is completed will provide a rating for businesses to gauge their strengths and weaknesses.

The Foundation Indicators and Key practices are outlined in the diagram below. The Foundation



Indicators are fundamental elements that must first exist if a Business Ethics Program is to be implemented. The Key Practices speak to the elements required for structuring and implanting a successful programme.

II. Instruction Guide

It is highly recommended that the business owner or someone with substantial knowledge of the business completes the questionnaire.

The structure of the tool is composed of a questionnaire which is divided into ten elements, with each containing a number of indicators with its respective questions. The questions are closed with possible answers being: Yes, I/P (In Process), No, and N/A (Not Applicable). For each answer, there is an assigned score:

Yes	I/P	No	N/A
100	50	0	

Once the questions have been answered within an indicator, add the points from within that indicator and divide by the total number of questions in the indicator. If a question within an indicator is answered N/A, do not include that question in your total number of questions for your average. After all indicators within each pillar have been completed and their scores calculated, add them together and divide by the total number of indicators within the pillar to obtain an average.

The averages obtained within each pillar can be compared to the following levels of performance:

Points	Level
100-90	Excellent
89-80	Good
79-60	Regular
59-40	Needs Improvement
Less than 39	Not Satisfactory

To improve the score in each element, a number of practical solutions and potential immediate steps are included to help with action plan creation. Number each solution with a score of 1 to 10 (with 1 being the highest priority) to indicate which next steps are most important for your business.

When the 10 elements of the BEST have been completed, insert the final scores from each element into the final BEST summary. Compare the final resulting average of your business to the levels of performance and indicate the level corresponding to the total score in the final result field.

Finally, your survey results are used in the Design Phase of your Business Ethics Programme outlined in the Manual.

III. Business Integrity Diagnostic: *Measuring My Business*

Foundation Indicators

Indicator 1: Vision & Mission

	Yes (100)	I/P (50)	No (0)	N/A
1. Does the business have a written vision and mission?				
2. Are the business vision and mission well known in all levels of the business?				
3. Is social responsibility part of the business strategy?				
4. Is the concept of being a socially responsible business applied at the employee level?				
5. Does the business extend the concept of its social responsibility externally to its clients, providers, and community?				

Results: _____

Indicator 2: Legal Compliance

	Yes (100)	I/P (50)	No (0)	N/A
1. Is the business legally registered?				
2. Does the business keep records?				
3. Are the records audited by an independent consultant?				
4. Does the business know the principal laws and obligations of SMEs?				
5. Does the business pay all of its statutory obligations?				
6. Does a written policy exist that guarantees the respect of intellectual property? (brands, records)				
7. Is a policy with respect to intellectual property applied effectively?				

Results: _____

Indicator 3: Ethical Principles

	Yes (100)	I/P (50)	No (0)	N/A
1. Does a written commitment in the form of a code of ethics or a declaration of values exist?				
2. Is it accessible and well-known by all?				
3. Does the business have a written policy that promotes transparency between employees, clients and providers?				
4. Are the values of the business widely diffused throughout the company?				
5. Does the business reject any corrupt practice?				
6. Does the business have clear rules with respect to corruption?				
7. Does the business possess separation of accounting of personal business and company business?				

Results: _____

Indicator 4: Business Management

	Yes (100)	I/P (50)	No (0)	N/A
1. Does a written strategic plan that directs business activity exist?				
2. Does a training plan exist to elevate the management capacity of proprietors and administrators?				
3. In the case of a family owned business, does a plan exist to train future non-family owners or administrators?				
4. Do employees participate in the elaboration of an annual strategic plan?				
5. Do employees participate in the revision of an annual plan?				
6. Does the business make decisions with a base of strategic information (financial, economic, labor, environmental)?				
7. Are business decisions aligned with the business strategic vision and mission?				

Results: _____

Indicator 5: Relation with Environment

	Yes (100)	I/P (50)	No (0)	N/A
1. Has the business identified the principle institutions operating in its community? (Chambers, cooperatives, associations, others)				
2. Does the business consult with the institutions in its community?				
3. Do mechanisms to communicate and relate with competition exist?				
4. Does the business publish a report of its activities for its principle clients, providers, and communities?				
5. Is the business a member of community organizations (associations, chambers, cooperatives, foundations, development organizations)?				
6. Do owners and administrators of the business participate actively in decisions of community organization?				

Results: _____

Indicator 6: Organizational Culture

	Yes (100)	I/P (50)	No (0)	N/A
1. Does the business conduct assessments of leadership culture with regards to ethical conduct and integrity?				
2. Are ethics linked to the organizational performance metrics?				
3. Are ethical conduct and integrity considered when evaluating, promoting and selecting leaders?				
4. Does the business conduct assessments of the workforce perception of risk?				
5. Are the principles for decision making within management transparent?				
6. Are the values of the business clearly defined?				
7. Does the business monitor the alignment of employees' personal values with the business' mission and values?				
8. Are levels of employee satisfaction in				

relation to compensation, career opportunities and relations with colleagues and superiors measured?				
9. Does the business have employ 360 assessments for leadership and employees?				

Results: _____

Foundation Indicators

Indicators	Results
1. Mission & Vision	
2. Legal Compliance	
3. Ethical Principals	
4. Business Management	
5. Relation with the Environment	
6. Organizational Culture	
Average:	

Key Practices

A. Organizational Infrastructure

Indicator A.1 Office

	Yes (100)	I/P (50)	No (0)	N/A
1. Is there a defined structure within the business responsible for the business ethics program?				
2. Are the various functions within this structure clearly defined?				
3. Is there an individual identified as the Responsible Officer?				

Results: _____

Indicator A.2: Ethical Reporting

	Yes (100)	I/P (50)	No (0)	N/A
1. Does the business provide employees with a confidential means to report ethical breaches in behavior (suggestion boxes or call-in numbers)?				
2. Does the business provide external stakeholders (customers, investors, and business partners) with a confidential means to report ethical breaches in behavior (customer service, ethics line)?				
3. Does the business reassure employees and stakeholders that their reports are held in confidence?				
4. Does the business reassure employees and stakeholders that their reports will be acted upon in a consistent and professional manner?				
5. Does the business have whistleblower policies in place to protect reporters from retribution?				
6. Does the business have an evaluation and follow up process in place for reporting that ensures anonymity and fairness?				
7. Does the business train managers on how to handle a report of misconduct?				

Results: _____

Indicator A:3: Job Descriptions

	Yes (100)	I/P (50)	No (0)	N/A
1 Is there a clear job description for the Business Ethics Officer?				
2 Are all other roles related to the program clearly defined i.e. Responsible Officer, Business Ethics council, etc.				
3 Do employee job descriptions include related expectations on business ethics?				

Results: _____

Indicator A:4 Board Committee

	Yes (100)	I/P (50)	No (0)	N/A
1 Is the Board actively taking up their role in the business?				
2 Does a committee exist within the Board that specifically addresses issues of ethics and integrity?				
3 Do Board members feel free to challenge management?				
4 Are Board recommendations and suggestions given thoughtful consideration by management?				

Results: _____

Organizational Infrastructure

Indicators	Results
A1. Office	
A2. Ethics Reporting	
A3. Job Descriptions	
A4. Board Committee	
Average:	

B. Ethics Training

Indicator B.1: Structure of Training Programme

	Yes (100)	I/P (50)	No (0)	N/A
1. Does the business provide training programs in all employees in accordance with its policy?				
2. Does the business assign a percentage of its sales or annual budget to apply to the training or capacity building of its employees?				
3. Does the business have a written policy on training requirements for all employees?				
4. Are employees required to renew their training on an ongoing basis?				
5. Does an annual ethics training or communications calendar exist to reflect continuity and reminders throughout the year?				
6. Does the business follow up with supplemental communication after training has been completed?				
7. Does completion of ethics training result in some form of recognition (certificates, letter of indication)?				
8. Are records kept of training received by employees?				

Results: _____

Indicator B.2: Training Methodology

	Yes (100)	I/P (50)	No (0)	N/A
1. Does the business supplement its policy and training with supplemental learning tools (ethical case studies, articles, stories) or messages?				
2. Does the business' ethics training include messages that reinforce ethical leadership practices?				
3. Does the business clearly communicate its commitment to protect (job security, non				

discrimination and non retaliation) persons who report concerns or ethics code violations?				
4. Does the business' ethics training find ways to make learning personal, engaging, and relevant for its employees?				

Results: _____

Indicator B.3: Ethics Training Content

	Yes (100)	I/P (50)	No (0)	N/A
1. Does the training program effectively communicate the business' ethics policy, procedures and sanctions?				
2. Does the business utilize tools to survey its regional surroundings to monitor the local ethical climate and anti-corruption efforts underway?				
3. Does the business' ethics training include messages that pertain to local or timely issues of relevant concern?				
4. Does the business' ethics training evolve based on the employee level, organizational review and risk assessment?				

Results: _____

Ethics Training

Indicators	Results
B1. Structure of Training Programme	
B2. Training Methodology	
B3. Ethics Training Content	
Average:	

C. Monitoring and Evaluation

Indicator C.1: Risk Assessment

	Yes (100)	I/P (50)	No (0)	N/A
1. Does the business have a program that assists employees and suppliers to adhere to its policies?				
2. Does the business continuously update a risk management matrix, including its ethics infrastructure, as new threats arise or weaknesses are revealed?				
3. Does an annual ethics training or communications calendar exist to reflect continuity and relevant reminders throughout the year?				
4. Does a mechanism exist for providing feedback on the results of the monitoring and evaluation exercise to its stakeholders and elicit their input for corrective action?				
5. Does a mechanism exist for implementing corrective action proposed?				

Results: _____

Indicator C.2: Living Values

	Yes (100)	I/P (50)	No (0)	N/A
1. Does business management and staff agree on what the most important outcomes for employees and stakeholders of its business ethics program should be?				
2. Does business management and staff agree on what means should be used to measure progress on desired outcomes?				
3. Does the business conduct surveys of its employees based on these desired outcomes to measure success and perception of its values-based goals?				
4. Does the business conduct surveys of its stakeholders (customers, investors, and business partners) based on desired outcomes to measure success and				

perception of its values-based goals?				
5. Does the business maintain benchmarking data to assist in its internal evaluation of its ethical program success?				

Results: _____

Monitoring and Evaluation

Indicators	Results
C1. Risk Assessment	
C2. Living Values	
Average:	

D. Communication Strategies

Indicator D.1: Internal Engagement

	Yes (100)	I/P (50)	No (0)	N/A
1. Does the business communicate to its employees how its commercial practices and relationships should be executed?				
2. Are employees regularly reminded of the company strategic vision, mission, and code of conduct through multiple lines of communication?				
3. Does the top management of the business engage in communicating the importance of ethical behavior by example?				
4. Does the business post reminders in high-traffic areas to reinforce ethical messages and raise awareness?				
5. Does the business have an employee-driven means to communicate important messages? (employee-based committee, etc)				
6. Are employees aware of an established management policy? (risk matrix, audit requirements)				
7. Does the business embed fair business practice in the goal setting, performance evaluation, and reward processes for its employees?				

Results: _____

Indicator D.2: Direct Stakeholder Engagement

	Yes (100)	I/P (50)	No (0)	N/A
1. Does the business verify that its providers are compliant with the country's laws?				
2. Does the business verify that its suppliers are in compliance with the law?				
3. Does the business collaborate on responsible practices with all of the actors in its supply chain?				
4. Does a clear and transparent procurement policy exist?				
5. Does the business implement mutually beneficial partnerships or engagements along its supply chain?				
6. Does the business prohibit false advertising and unethical competition?				
7. Does the business know the legal requirements with regards to consumer protection?				
8. Does the business communicate to all stakeholders the legal requirements regarding consumer protection?				
9. Does the business have a clear channel of communication with its clients in the case of issues, demands or complaints?				
10. Does the business have a written policy with specific attention to its clients?				
11. Does the business conduct studies or surveys that determine the level of satisfaction of its clients?				
12. Does the business facilitate training or instructive materials to its clients to make them aware of potential risks of its products and services?				
13. Does the business treat its competitors with respect?				
14. Does the business respect the personal and confidential information of its clients?				

Results: _____

Indicator D.3: External Relations

	Yes (100)	I/P (50)	No (0)	N/A
1. Does a constant and transparent communication between the business and the government exist? (municipal, regional, or national)				
2. Does the business evaluate the impact of its activities in its larger business environment and culture?				
3. Does the business positively impact the communities in which it works?				
4. Has the business been formally recognized by the community? (awards, distinctions)				
5. Does the business promote campaigns for its employees to be conscious of the community in which they live and work?				
6. Does the business demonstrate its external awareness and concern by encouraging its employees to do the same? (through recognition, organizing company volunteer work, etc)				

Results: _____

D. Communication Strategies

Indicators	Results
D.1 Internal Engagement	
D.2 Direct Stakeholder Engagement	
D.3 External Relations	
Average:	

Indicate the averages of each pillar in the Results column and calculate an overall average for the BEST, then consult the levels of performance chart in the Introduction section:

Business Integrity Diagnostic Summary

Indicators and Key Practices	Results
1. Mission and Vision	
2. Legal Compliance	
3. Ethical Principals	
4. Business Management	
5. Relation with Environment	
6. Organizational Structure	
7. Ethics Training	
8. Monitoring and Evaluation	
9. Communications Strategies	
Average:	

IV. Practical Solutions

To improve your score in this area, identify the solutions that you can perform, numbering the priorities for your business from 1 to 10 (1 is the highest priority).

Foundation Indicators

- ☐ I will consult with a lawyer or an expert on the principle laws that affect an SME.
- ☐ I will draw up a vision and mission for my business.
- ☐ I will visit a governmental office that informs me of new laws and projects that affect my business.
- ☐ I will attend a seminar or conference on the weakest indicator from this exercise.
- ☐ I will solicit support to write a code of ethics for the business.
- ☐ I will visit at least two of my provider businesses to learn their ethical principles.

Key Practices

i. Organizational Infrastructure

- ☐ I will establish an email account or telephone call-in line for anonymous reporting.
- ☐ I will develop a communication strategy for my stakeholders to clearly detail the importance of business ethics reporting.
- ☐ I will create a company policy that clearly outlines the role and responsibility of the investigator during cases of reported ethical violations.
- ☐ I will develop a communication plan that details the process of the ethics reporting mechanism and clearly communicate this policy throughout my business.
- ☐ I will research whistleblower protection policies and ethics reporting strategies currently used by other businesses within my industry.
- ☐ I will consult with an expert to learn what current laws are in place that provide legal protection to whistleblowers and how I can align my company policies with these provisions to strengthen employee confidence in the confidentiality of reporting.

ii. Ethics Training

- ☐ I will incorporate supplemental learning tools in my ethics trainings to engage my employees and include real world situations.
- ☐ I will draw up a training plan including requirements for my business.
- ☐ I will identify within my community which are the model enterprises in business ethics, and inquire regarding their training methods.
- ☐ I will educate the highest level management on the importance of tone from the top, and include it in my business ethics strategy.
- ☐ I will create an annual ethics training calendar to reflect important and timely messages.
- ☐ I will attend a seminar on the weakest indicator from this exercise.
- ☐ I will create a breach of conduct management strategy to train managers on how to properly and fairly manage reports of misconduct.
- ☐ I will educate myself on the local ethics climate and survey my surroundings to monitor potential current or upcoming ethical vulnerabilities.
- ☐ I will modify my ethics trainings to address the relevant audience appropriately.
- ☐ I will make my ethics trainings fun, engaging, and timely.

iii. Monitoring and Evaluation

- ☐ I will meet with my management team to agree on the most important outcomes for employees and stakeholders of my business ethics program.
- ☐ I will conduct surveys of my employees and stakeholders to establish a baseline for measuring goals.
- ☐ I will include a program/process that assists employees and suppliers to adhere to policies
- ☐ I will attend a seminar or adapt best practices to improve the weakest indicator from this exercise.

iv. Communication Strategies

- ☐ I will identify who are the key stakeholders in my supply chain (including external and government).
- ☐ I will create a communication plan for my business.

- ☐ I will identify within my community which are the model enterprises in communicating responsible business practices.
- ☐ I will consult with an expert to learn the principal laws associated with consumer protection, intellectual protection, among others that affect my business.
- ☐ I will attend a seminar or conference on the weakest indicator from this exercise.
- ☐ I will visit at least two of my suppliers to learn their experience with responsible business communication strategies.
- ☐ I will analyze amongst my friends a controversial case where responsible communication strategies have either failed or succeeded.