Business Ethics Communications and Feedback

*T*his chapter examines two essential elements of a business ethics program: (a) communicating standards, procedures, and expectations and (b) learning what is going on in the enterprise. Communication in the responsible business enterprise (RBE) is mutual—that is, owners and managers strive to make sure employees and agents understand their standards, procedures, and expectations, and owners, managers, supervisors, workers, and agents alike have the information they need when they need it. An RBE also engages its external stakeholders in order to foster reasonable expectations and determine stakeholder satisfaction.

Communicating and Providing Feedback

For an enterprise to be responsible, all stakeholders must have a complete understanding of their roles and responsibilities in the workings of its business ethics infrastructure. Moreover, managers must know whether the enterprise's standards, procedures, and expectations are adequate to meet the reasonable expectations of its stakeholders.[1]
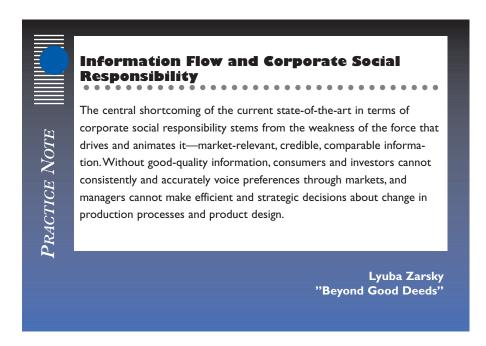
This chapter describes the infrastructure and best practices used by an RBE to communicate its standards, procedures, and expectations and to ensure that they are being followed and met. Owners and managers ask themselves two fundamental questions:

- **Communicating and Providing Feedback**

- **Communicating Standards and Fostering Reasonable Expectations**

- **Ensuring Members Follow Standards and Meet Expectations**

1.   How can we most effectively communicate our standards and proce-
     dures and foster reasonable expectations among our stakeholders?

2.   How can we know that our members follow our standards and that
     reasonable stakeholder expectations are met?[2]

Communicating Standards and Fostering Reasonable Expectations

A primary cultural characteristic of an enterprise is the extent to which
knowledge is shared.[3] Communication within an RBE is not top-down but
instead flows in all directions. How the elements of a business ethics pro-
gram are communicated is an integral part of the program itself. The man-
ner in which owners and managers communicate the value they place in the

PRACTICE NOTE

Information Flow and Corporate Social Responsibility

The central shortcoming of the current state-of-the-art in terms of
corporate social responsibility stems from the weakness of the force that
drives and animates it—market-relevant, credible, comparable informa-
tion. Without good-quality information, consumers and investors cannot
consistently and accurately voice preferences through markets, and
managers cannot make efficient and strategic decisions about change in
production processes and product design.

Lyuba Zarsky
"Beyond Good Deeds"

program through the choices they make, the things they say, and what they
do or fail to do will define the program for most other stakeholders.

DEVELOPING A COMMUNICATIONS PROGRAM

For owners and managers to communicate about responsible business con-
duct, they must be working from a communications program that delivers a

clear and consistent message of what it means for the enterprise to be responsible. It must include all enterprise employees and agents and reach beyond them to include all other stakeholders, as appropriate.

Formal communications are the most obvious aspect: program announcements, company newsletters, new employee orientation, training programs, posters, annual and social responsibility reports, speeches, and meetings. Informal communications may include managers explaining how they arrived at a decision, experienced workers telling the newly hired "how things really work around here," and all forms of rumor and gossip. Owners and managers must be alert to both forms of communication. If formal communications tell one story while informal communications tell another, stakeholders often become frustrated and cynical.

In planning the communications program, owners and managers need to identify their stakeholders and prioritize communication efforts among them. They must consider how best to reach particular stakeholders. As with every other aspect of a business ethics program, the communications program must reflect an accurate understanding of the relevant context and organizational culture.

The communications program also needs to address how to solicit and respond to feedback from employees and other stakeholders. Feedback helps the enterprise track whether its standards and procedures are known and followed—and whether reasonable stakeholder expectations are being met.

Know the Audience

For the RBE, the target audience includes all stakeholders. Stakeholders and their interests are identified through the processes of scanning the relevant context and organizational culture described in Chapter 4. Through these processes, owners and managers gain a firm understanding of what is required of the enterprise for its business ethics program to be effective.

Stakeholders, whether internal or external, often have widely differing perspectives on enterprise standards, procedures, and expectations. Communications to stakeholders must be tailored to guide their behavior or foster reasonable expectations accordingly.

Internal stakeholders can be categorized in terms of their interest in ethics:

- Some employees are *ethical enthusiasts*. These employees hold views on corporate responsibility that are strong enough to influence their choice of employer.[4]
- Others are *ethically committed*. These employees have adopted enterprise standards, procedures, and expectations in principle but still require support. They need to be assured that their choices and actions will meet the

enterprise's expectations. They also need to know that if they follow enterprise standards and procedures they can still succeed. For example, most employees will be relieved to know that bribery and other corrupt practices are prohibited by the enterprise, but they will be distressed if owners and managers look the other way when fellow employees continue to bribe purchasing agents to meet quotas or gain bonuses.

• Other employees are *ethically unaware*. These employees are not aware of—or have not yet embraced—these standards, procedures, and expectations and need to be educated about them, employees' individual roles and responsibilities, and the business ethics infrastructure built to ensure that standards, procedures, and expectations are honored.

• Still other employees are *ethically challenged*. They have quietly rejected enterprise standards and procedures because they make lucrative "business as usual" more difficult. These people need to be advised that (a) the enterprise is dedicated to its standards, procedures, and expectations and (b) deviation from them will not be tolerated. Often, these people will self-select themselves out of the enterprise when they come to appreciate that owners and managers are genuinely committed. If not, owners and managers need to lay the foundation to remove or isolate them, as discussed in Chapter 8.

Much the same categorization can be made of external stakeholders. The enterprise message needs to resonate with certain external stakeholders, who can be thought of as potential allies. Some stakeholder advocacy groups, for example, will work cooperatively with an RBE to help it better understand the impact of its activities on others, provided they are convinced that the enterprise is interested in finding mutually satisfactory solutions.[5]

Other stakeholders are well intentioned but hostile to an enterprise because they do not understand its purpose or the challenges facing it. An example is an incident between the advocacy organization Greenpeace and a unit of Royal Dutch/Shell, involving the disposal of a spent deep-sea oil-drilling rig, known as Brent Spar. The conflict revolved around which method of disposal would cause the least environmental damage. Greenpeace was unwilling to consider any method other than land decommissioning. Royal Dutch/Shell had to make the scientific case for its method of disposal and consider "social, ethical, aesthetic, legal and economic factors … in addition to the scientific evidence."[6] In the end, Brent Spar was recycled into a ferry terminal,[7] but all participants in the dispute lost financially and had their reputations damaged: Royal Dutch/Shell, Greenpeace, and the government of the United Kingdom, which had approved deep-sea disposal of the oil-drilling rig.

Finally, some external stakeholders are hostile to capitalism in general. Others object to specific business practices of a particular enterprise. In

Islamic countries, for example, producing pork products or alcohol is unacceptable. Some stakeholder groups remain suspicious of Nestlé (the Swiss food and beverage firm) for marketing infant formula in impoverished countries that did not have the hygiene capabilities and literacy to use the product properly. Other stakeholder groups will never accept tobacco manufacturers or defense contractors as responsible businesses. For an enterprise to engage such stakeholders, an effective communications program must address their concerns as directly as possible, without sacrificing core beliefs. For example, the British American Tobacco social responsibility report describes its social and environmental practices, while acknowledging that some people will never see a tobacco company as inherently responsible.[8]

Assess the Needs

Before designing a communications program, owners and managers must conduct a needs analysis to find out what stakeholders need to know. In general, a need to communicate enterprise standards, procedures, and expectations to employees and agents is clear. It is not likely that most employees or many stakeholders will read the various business ethics program documents cover to cover. And even if some stakeholders do, owners and managers will want to emphasize regularly their commitment to abiding by the program.

Owners and managers need to know much more than the target audiences to design an effective communications program. As depicted in RBE Worksheet 9, at the end of this chapter, management should use a number of standard assessment tools such as interviews, focus groups, surveys, document review, and direct observation to ask the following questions:[9]

- What kinds of responsible business conduct issues do employees and other stakeholders face or are they concerned about?
- What do employees and other stakeholders need to know to be able to fulfill their roles and responsibilities and have reasonable expectations of the enterprise?
- How do employees and other stakeholders learn what is expected of them and what they can expect?
- What communications methods are available to the enterprise to reach specific stakeholders?
- What are the criteria by which successful communications will be evaluated?

Using RBE Worksheet 9 in conjunction with other worksheets, such as RBE Worksheet 2 and RBE Worksheet 4 (see Chapter 4), will help management determine *what* needs to be communicated to *whom* and *how*. With

the information obtained, a working group can develop a plan to design a comprehensive communications program.

Typically, the most important stakeholders to reach will be customers, employees, and agents. Next in priority may be financial stakeholders, such as owners and investors, and then, specific stakeholder advocacy groups. Management needs to conduct this analysis carefully to ensure that its message about standards, procedures, and expectations is communicated as effectively and efficiently as possible. Perhaps most important for long-term program success is consideration of the criteria that will be used to determine whether the program is successful. At a minimum, it should be clear to management that the communications program contributes to achieving the expected outcomes of the overall program.[10]

The product of this needs analysis should be a summary report describing the program situation, target audiences, objectives, program resources and constraints, and expected outcomes. The next step is to design a communications program by using the summary report.

COMMUNICATING STANDARDS, PROCEDURES, AND EXPECTATIONS

Standards, procedures, and expectations of responsible business conduct should be communicated through as many means as are likely to be well received by the target audience. Some means are dictated by law, such as annual reports to shareholders or environmental impact assessments to government agencies. Others are dictated by custom or practice, such as an enterprise newsletter or Web site. Some are emerging best practices, such as the Global Reporting Initiative and AA1000S, a framework for accounting for organizational performance.[11]

An important part of any communications program is training, education, and development. For the RBE, training must be comprehensive. For an enterprise to be responsible as a whole, each of its employees and agents must have the skills, knowledge, understanding, and attitudes necessary to work together to achieve enterprise goals and objectives.

Promoting the Program through Management Speeches

There is no doubt that when owners and managers speak employees and other stakeholders listen—at least to some degree. Employees and other stakeholders are also alert to what is *not* said, as much (or more) than what is said. Owners and managers need to be particularly alert to the risk of mentioning enterprise core beliefs or the business ethics program only on special occasions. Employees and agents will note that the enterprise's purpose, values, and standards are rarely discussed. For example, one chief executive officer (CEO) was famous for referring to the business ethics program only once a year. It

escaped few employees that, while he lauded the program on the day set aside to honor it, he never referred to, or inquired after, it at any other time.

Especially when introducing a business ethics program, managers need to accept that their message may be greeted skeptically. That is a reason Chapter 3 urges that the business ethics program be treated with all the seriousness of a strategy.

Distributing Statements, Codes, Standards, Procedures, and Expectations

As stressed in Chapter 5, the documents that establish responsible business conduct standards, procedures, and expectations are only the start of a business ethics program. To the extent employees and other stakeholders were formally involved in writing the basic documents setting forth guidance and establishing expectations, the communications process has begun. Indeed, the mere act of appointing workers as project consultants, described in Chapter 3, begins communicating how seriously management takes its business ethics program.

Distributing copies of the responsible business conduct standards, procedures, and expectations to each employee and agent, and requiring them to acknowledge receipt, is a major step. For the newly hired in an enterprise, the documents establishing standards, procedures, and expectations for responsible business conduct should be among the first matters addressed during orientation. Some enterprises discuss their core beliefs as early as the recruiting process. One enterprise, Guardsmark, includes a copy of its code as a part of the employment contract. In the European Union, where employee contracts are used to set forth employment terms and conditions, employees often must stipulate compliance with a code for it to be applicable.[12]

Some companies distribute wallet-size cards with enterprise core beliefs and business ethics contact information to all employees. Others put such information on the back of employee identification cards.

Posting Summaries or Lists of Principles

A cost-effective means of reinforcing the message of responsible business conduct is to post enterprise core beliefs in lobbies, meeting rooms, and work spaces, as well as on bulletin boards. When one enterprise was responding to a responsible business conduct crisis, a manager began each meeting by reciting the enterprise business principles or core values. Other enterprises have required that all meetings begin with specific safety briefings, including designated escape routes, to reinforce the core values of employee health and safety.

Posting is a means of communicating, but owners, managers, and supervisors need to make sure the message is actually understood. For

example, one worker, when asked what "quality" meant, replied, "I don't know, but my supervisor told me that if anyone asked, I should point to the poster on the wall."

Posting on a Web Site

Increasingly, standards, procedures, and expectations for responsible business conduct are posted on the enterprise Web site or intranet. This information usually includes the enterprise core beliefs, statement of business principles, and annual report. Increasingly, Web sites include the entire code of conduct, contact information for key figures in the business ethics program, and information about how to seek advice and report concerns. A few organizations now post a social responsibility report, which will be discussed in more detail in Chapter 10.

Publishing Articles and Newsletters

Articles or columns about responsible business conduct can be placed regularly in enterprise publications. In larger enterprises, the business ethics program may have its own newsletter. Whatever the medium, articles may address issues of particular concern to management. These issues include areas of serious risk, patterns of behavior that cause concern, or opportunities for enhancing enterprise reputation or adding value that managers want to be sure employees do not miss.

A particularly sensitive question is how to address incidents that have led to the disciplining of an employee. There is no better way to demonstrate management's commitment to responsible business conduct standards, procedures, and expectations than to disclose publicly how managers dealt with a difficult situation—particularly when the matter involved a senior executive.

While recognizing the value in addressing real-life issues and describing real-life responses, managers must consider the privacy rights of the employee before publishing details of the incident. It is often possible to describe the situation and management's response, including disciplinary action, without including identifying information. If the enterprise is small enough, or the event notorious enough, however, the employee's identity may be clear to all employees. The same may also be true when an employee is rewarded for some ethically exemplary decision or action. In many organizational cultures, individual rewards or rewards for reporting concerns about another member of the group would degrade the harmony of the group itself.

Making Ethics Brochures Readily Available

Where there are matters of particular concern to management, employees and agents may be given brochures to address them. Among many others, topics may include dealing with conflicts of interest, accepting or declining gifts and gratuities, meeting stakeholder expectations, and seeking advice

and reporting concerns. Such brochures should be placed in racks located in places where employees congregate. They may stimulate dialogue. The numbers that are taken from racks are also a rough indicator of issues employees want to know more about.

CREATING A TRAINING PROGRAM

Making speeches and distributing written materials are necessary elements of getting the message out, 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; to explore issues of responsible business conduct; to learn how the program structures and systems work; to understand their roles and responsibilities; and to develop the necessary ethical reasoning and dialogue skills.

Designing a training program requires the same attention to objectives and outcomes as does the design of the business ethics program as a whole. It requires attention to the situation, resources available, activities and participants, target audiences, outputs, and expected outcomes. Without this attention to detail, neither the business ethics program nor the communications program or training program has any criteria for evaluation. In short, it is not clear to all what success looks like.

Demonstrating Management Commitment

Few decisions symbolize management's commitment to its business ethics program more than devoting time, on a regular basis, to training in responsible business conduct. Beyond the skills, knowledge, and understanding developed through such training, the mere fact that management dedicates valuable employee time to such training goes a long way toward demonstrating that it is serious about its standards, procedures, and expectations becoming part of the organizational culture—instead of just a collection of policies sitting on a shelf.

Rescheduling busy day-to-day operations to accommodate regular employee training also conveys an important message from managers and supervisors to their workers. Where training is treated as an integral part of the enterprise, employees tend to value it more than where training is treated as an irritant or necessary evil.

Reinforcing Core Beliefs and Organizational Culture

Training should be designed as an essential link between the enterprise's core beliefs, the business ethics program, and the expected program outcomes. As such, training in responsible business conduct is one of the key activities to list in the program logic model developed in Chapter 4 (RBE Worksheet 1).

The training program should reflect the organizational culture of the enterprise. The enterprise needs to project the expected behavior through the training program. Training should also contribute to the expected outcomes of the business ethics program. If an expected program outcome, for example, is that employees come to recognize issues of responsible business conduct more readily and talk about them in terms of enterprise core beliefs, standards, and procedures, then training composed primarily of lectures will not succeed. Where employees are not used to being asked how they would address important issues, let alone raise them, training will need to demonstrate how it is done—and engage the employees as their comfort level increases.

Designing the Program

Training program objectives depend on relevant context, organizational culture, goals and objectives, and expected outcomes for the business ethics program as a whole. Designing the training program begins with the summary report of the communications needs assessment (RBE Worksheet 9). The training program should be based on enterprise core beliefs. It must reflect the pressures of the enterprise's context and its organizational culture. Its primary objective is to make a positive contribution toward achieving expected program outcomes.

At a minimum, training sessions should require employees to become familiar with applicable laws and regulations, as well as with the enterprise's procedures for reporting and investigating concerns about responsible business conduct. The training should enhance the ethical awareness of employees and should uncover ethical issues and concerns that relate to their needs as well as those of the enterprise. It should include an examination of the criteria for ethical decision-making. See Appendix A for an example of an outcomes-based decision-making model.

A training program may cover a number of topics for each expected program outcome. Using RBE Worksheet 10, found at the back of this chapter, program designers can ensure that training objectives contribute to achieving expected outcomes of the business ethics program. Put together a training program team composed of representative members of the enterprise and representatives of external stakeholders such as customers.

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 issues of responsible business conduct and have the confidence—and courage—to make the right decision, explain that decision to the appropriate people, and act accordingly. They should understand how the business ethics program relates to strategic issues for the RBE as a whole.

For a training program to contribute to expected outcomes, it requires a heavy emphasis on dialogue and decision-making about issues of responsible business conduct. Beyond developing listening and feedback skills and good judgment in enterprise members, the training program must convey management's sincere desire to know whether its standards and procedures are being followed and whether its stakeholder expectations are being met. The program must also convey management's commitment to support employees and other stakeholders who seek advice and report concerns. This task requires not only encouraging individuals who are inclined to come forward but also explaining to those who do not why their silence is detrimental to enterprise performance.

A typical expected outcome is that employees and agents will use good judgment in addressing issues of responsible business conduct. For the RBE, ethical decision-making is a form of action learning.[13] It is a tool that employees and agents use to learn how to pursue the purpose of the enterprise and meet the reasonable expectations of stakeholders. At a minimum, management might provide a decision-making process that, in a specific incident, enables its employees and agents

- To define the issues of ethics, compliance, and responsibility
- To demonstrate a grasp of all relevant and material facts, including the stakeholders involved and their interests
- To point to the applicable standards, procedures, and expectations, including decrees, laws, and regulations
- To describe the range of options available
- To explain why, based on these considerations, they made a particular choice or acted in a particular manner

Many ethics and policy decision-making models are available on the Internet. They range from simple, five-step models to multiphase frameworks that include decision criteria.[14] The better models are based on well-developed skills in critical thinking. Trainers can introduce the process through lecture and then break the participants into small groups to apply it in a case study. See Appendix A for an approach to ethical decision-making that reflects the approach recommended by this manual.

A long-term expected program outcome should be an organizational culture in which owners and managers have the information they need to make intelligent decisions for the enterprise. To achieve this, employees must leave training believing that they will not be punished for bringing bad news to management.

Participants must also leave training firmly convinced that, should they make a mistake, they will not be punished if they can demonstrate that they

followed the enterprise decision-making process. Employees or agents should not be punished for making a mistake if they can demonstrate that they

- Recognized the issue
- Had a reasonable grasp of the relevant facts
- Considered enterprise standards, procedures, and expectations
- Explored the range of options available
- Could justify the choice they made or action they took

DELIVERING THE TRAINING PROGRAM

A number of principles characterize effective training programs on responsible business conduct. First, a program should project the core beliefs of the enterprise—not just teach them. Second, owners and managers should be involved in the training in significant, visible ways. Third, the program should recognize the personal values of individual stakeholders but not rely on them. Fourth, the program should be comprehensive, not limited to specific training in responsible business conduct. Finally, it should include action planning and follow-up to reinforce the lessons learned.

Reflecting Core Beliefs

Where expected program objectives include issue recognition, dialogue, and ethical decision-making, the training program should develop those skills and provide the knowledge necessary to apply them. For adults, who tend to learn best while doing, the best training method is often a balance

PRACTICE NOTE

Projecting Core Beliefs by Telling Stories

The business ethics officer of one large, complex enterprise tells the story at training about how a regional manager let a large shipment sit on a pier for weeks rather than pay a bribe—with the full support of the enterprise.

Another business ethics officer describes how managers must travel to corporate headquarters when an accident occurs and an employee is seriously hurt. The manager must be able to describe what happened, why it happened, and what he or she did to make sure it will not happen again.

of lectures—to introduce or review standards, procedures, and expectations—and facilitated case studies.

In developing those skills and passing on this knowledge, the program needs to project the core beliefs of the enterprise and the expected program outcomes. Abstract standards, procedures, and expectations take on meaning for employees when relayed in terms of the enterprise's core beliefs. It is one thing to discuss rules governing bribery and corruption because they are in the code of conduct. It is another thing to tell stories about how those rules are applied in practice.

Involving Owners and Managers

Because all training must reflect the relevant context and organizational culture of the enterprise, the precise way to involve owners and managers cannot be specified. A key requirement is that stakeholders, especially employees, believe that management fully supports the training.

Management involvement takes many forms. Some enterprises use cascade training, in which the CEO trains his or her direct subordinates. They, in turn, train those who report to them and so on down the chain of management until supervisors train their workers. This method has the advantage of actively involving managers, which tends to demonstrate commitment. A disadvantage may be that the presence of managers may stifle active involvement of the employees when candid discussion of issues is in order or when the culture of the enterprise is to remain silent on important issues.

Another option is a video of the CEO introducing the training by declaring his or her personal commitment to the training program. Owners and managers may also visit the training, observe it, or be available to answer questions as they arise during the course of the program. In any event, employees are unlikely to value training that management does not appear to support.

Recognizing Personal Values

One of the controversies surrounding training in responsible business conduct is whether one can—or should—teach ethics to adults. It is unlikely that ethics training will change the outlook of most employees. Personal values are usually set in youth—families, schools, churches, and peers subtly guide children as they grow to adulthood. But the purpose of business ethics training is not so much to change adults as it is to support them, admonish them, or reinforce their understanding of management's commitment to enforcing its standards, procedures, and expectations.

Trainers can be confident that what adults bring with them to the enterprise does not include knowledge of enterprise standards, procedures, and

expectations. Moreover, it is unlikely that most employees—including owners and managers—are skilled at making the best choice among options where the problem involves complex pressures arising from the relevant context. For some employees and agents, no amount of training is going to change them. Such cases are less a matter of training than of having the right people performing the right tasks, which is addressed in Chapter 8.

For the training to be effective, it must appeal to what motivates the participants. The ideal situation permits an appeal to a participant's sense of community. Where participants feel that they share a purpose, values, and a vision of a desired future, trainers may stress responsibilities to stakeholders. But more often, participants respond to a sense of urgency. This sense can be created by recounting stories about what happened when employees and agents violated standards—and the impact on both the enterprise and the individuals involved.

One cost-effective way of creating a sense of urgency is to develop a "parade of horribles" by collecting headlines of powerful enterprises and individuals who have been prosecuted or held liable for misconduct. "The Bigger They Are, the Harder They Fall," said the headline of one recent working paper, which estimated that "the loss of confidence following the collapse of Enron and WorldCom will cost the U.S. economy $37 billion to $42 billion" in reduced gross domestic product.[15] Since these two enterprises, Enron and WorldCom, were accused of major accounting fraud, their stock values have dropped to a fraction of their former values, and senior executives have been indicted. Few responsible business conduct trainers now miss an opportunity to refer to Enron to demonstrate what can happen if managers act irresponsibly—what has come to be known as the "Enron Effect."

Making Training Comprehensive

Training should take place at all levels of the enterprise. From senior managers and owners to workers on the shop floor, every employee and agent should receive training in responsible business conduct specific to his or her level of responsibility. All employees and agents should review enterprise core beliefs, standards, procedures, and expectations, including policies relating to their individual responsibilities.

Managers and supervisors need additional training to reflect their roles and responsibilities as integral parts of the business ethics program. They may need to gain understanding of the issues that affect their performance such as conflicts of interest, anticorruption measures, or emerging global standards. In particular, they must understand that enterprise standards, procedures, and expectations are never to be violated to meet individual and enterprise performance objectives. They must fully appreciate their roles

and responsibilities in nurturing an organizational culture in which employees and agents can seek advice and report concerns so that management has the information it needs to guide the enterprise. Finally, they must learn not to fear evaluation of their units' performance, if the enterprise is to learn from experience.

Agents, including consultants, sales agents, brokers, partners, franchisees, and closely allied suppliers and service providers, should be exposed to the enterprise core beliefs; applicable standards, procedures, and expectations; and specific policies relating to their roles and responsibilities.

Training should address pursuing the enterprise's purpose and meeting stakeholder expectations. A training program begins with basic employee recruiting materials and procedures, and never truly ends. Though the emphasis of a business ethics program is on issues of ethics, compliance, and social responsibility, this focus is primarily on reinforcing an enterprise-wide sense of responsibility to the enterprise and its stakeholders in pursuit of the enterprise's purpose.

For example, concerns such as customer service, quality management, fair dealing with suppliers and service providers, environmental protection, proper relationships with government officials, and individual responsibility for developing a healthy workplace require attention to issues far beyond business ethics. Nevertheless, such issues have substantial elements of responsible business conduct. Although basic training in workplace skills is not specifically training in responsible business conduct, ensuring that employees and agents have the requisite skills, knowledge, understanding, and attitudes to pursue the enterprise's purpose and meet reasonable stakeholder expectations *is* responsible business conduct. Preaching a core value of customer service when employees know they do not have the ability to provide it will build, at best, frustration and cynicism.

In short, the training program should ensure that training in responsible business conduct begins with the earliest opportunity to orient the newly hired or retained and continues to transfer to the workplace as long as the employee remains a stakeholder.

Incorporating Action Planning and Action Learning

One way to make training meaningful is to have participants, individually or as members of a team, develop an action plan for the next three to six months based on what they learned. For senior employees, this action plan may reflect an assessment that some aspects of an enterprise's business ethics program require more support in practice. An example might be recognition that more training is required during the ensuing months on the issue of gifts and gratuities. Another might be a need to develop a division policy on wastewater disposal.

Copies of these action plans should be retained by the business ethics officer or another appropriate officer. Follow-up questionnaires requesting progress reports should be sent regularly. Tracking progress on action plans can give indirect feedback or function as a performance evaluation item. It also has the effect of reinforcing perceptions of management's commitment. An important way to demonstrate management commitment is to include participation in the training and action planning as express elements of performance evaluation.

USING THE MODES OF TRAINING

The training program should use all modes appropriate to the organizational culture and stakeholder needs. In general, training should be as interactive, realistic, and relevant to day-to-day jobs as possible. In a recent study, one researcher found that European "training objectives typically include illumination of the company's and individual's values while in the United States the emphasis is on increasing knowledge of company standards and/or the law."[16] The level of difficulty should challenge but not overwhelm participants.

Some modes of training that enterprises may consider include:

- **Lectures and presentations.** The classic method that adults are familiar with from their school days, lectures are the most effective way to reach a number of people with fairly straightforward information. In the initial rollout of a code, for example, lectures may be the most effective mode of explaining where the code fits into business performance. This mode is also an effective way to describe other resources and ways to access them. If an objective of the training program is to develop dialogue and decision-making skills, it is doubtful that lectures will be effective. Indeed, this mode may be counterproductive if it reinforces an organizational culture in which employees do what they are told and avoid the risks of making decisions.

- **Case studies and scenarios.** After participants understand the purpose of the training and the resources available, issues of responsible business conduct can be effectively introduced through the study and analysis of cases that have actually occurred to the enterprise or to other similarly situated enterprises. Trainers might also develop their own scenarios to raise a number of issues. Case studies and scenarios help develop dialogue and decision-making skills. Case studies take more time to pass on information than do lectures. But analyzing a situation to isolate an issue, to develop the realistic options available, and to justify a decision to others in a relatively risk-free environment is invaluable. This mode

PRACTICE NOTE

Sample Case Study

Ned's manager, Will, has asked him to bill the general project he is working on to an indirect work account. Ned questions if this goes against the company's charging policy, but Will assures him that he has the authority to approve this approach. Ned does as he is told, but he remains concerned.

Your challenge is to select three building blocks [company values] that will help Ned resolve his concerns with Will.

Lockheed Martin Corporation
"The Twelve Building Blocks of Trust"

also develops the important skills and attitudes of listening and of giving and receiving feedback.

- **Ethics games.** Many larger enterprises, including Citigroup, Lockheed Martin, and Boeing, have developed games to raise awareness of issues of ethics, compliance, and social responsibility; to develop good reasoning skills and judgment; to stimulate dialogue; and to demonstrate management commitment.[17] In general, the games involve dividing employees into small teams and placing before them a situation that raises a discrete issue of ethics, compliance, or social responsibility. The teams are given a few minutes to reach a consensus choice among the four or five alternative responses available to them. Teams are then asked to justify their choice. These games usually stimulate heated discussion. Each answer has a predetermined value in points. A particularly valuable element is that members of senior management sit as an "appeals board" in the event a team disputes the correctness of the answers or their predetermined point values. Participants are then able to observe how senior managers make and justify their decisions.

- **Other modes.** Many companies are now offering quite sophisticated Web-based training.[18] This mode may be relatively cost-effective. Videos and self-paced studies may be purchased off the shelf and may expose participants to the basics. These products, while useful, lack the familiarity that customized materials would offer. Yet, such materials do tend to reinforce the notion that the enterprise is engaging in an emerging global effort, and thus they might add some sense of importance to the training.

Training Idea

An enterprise might develop a case study around a particularly challenging business ethics issue, such as accurate recordkeeping or acceptance of gifts and gratuities, and train supervisors to conduct short weekly meetings to discuss the case.

A supervisor could capture the dialogue and report it to the business ethics office, which could then compile summaries of what the enterprise believes about the topic and report them back to the staff members.

PRACTICE NOTE

UPDATING AND MODIFYING THE TRAINING PROGRAM

The training program should be modified over time to ensure that its content contributes to pursuit of the enterprise's purpose and helps meet reasonable stakeholder expectations. Also, it should be reviewed to ensure that the delivery methods are the most effective available. As the relevant context of an enterprise, its organizational culture, and its stakeholders' expectations change over time, the training program must adapt as well. This effort requires considering feedback from the training program.

Training provides useful feedback to managers on the ways in which the business ethics program is being received. It helps uncover sensitive areas such as insufficient guidance for employees or unreasonable stakeholder expectations, legal issues, unfair treatment of employees, and difficult working conditions. Feedback might reveal that trainers focus on issues that do not reflect the real-life concerns of the participants. It might also show that the sessions need more trainer–trainee interaction or that the materials are dull and do not encourage interaction. If feedback shows that participants need a better understanding of complicated issues, such as conflicts of interest, there may be specific real examples or case studies from the enterprise's experience that could address these concerns.

There are several methods for collecting feedback from training programs. Traditionally, training administrators ask trainees to fill out an evaluation form asking whether they found the training useful and what, if anything, they learned. At the end of the training, 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?

Training administrators might also ask participants to take quizzes before, during, and after the training to determine what they learned.

The action-planning process described earlier is probably the most valuable, though time-consuming, process of collecting feedback because it tracks whether training actually transferred to the workplace.

MANAGING TRAINING ADMINISTRATION

Owners and managers demonstrate their commitment to the business ethics program by managing the training program well. Good management requires that adequate time be allocated to training, that training records be well maintained, and that training participation be an element of performance evaluation.

Generally, three to four hours of training per employee, at a minimum, is required to roll out a new business ethics program. Thereafter, annual training of from one to three hours is the norm. In the United States, it is common for all employees and agents to be required to attend the training. In Europe, training tends to be more targeted and to take place at higher management levels.[19] Whatever the target audience, no training exceptions can be granted without bringing management's commitment into question. Additional training should be provided for people in sensitive positions, such as government contracting, sales and marketing, and human resources.

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

Ensuring Members Follow Standards and Meet Expectations

IMPORTANCE OF FEEDBACK

Few stakeholders of an enterprise would disagree with the proposition that owners and managers have legitimate needs for information about compliance with its standards, procedures, and expectations. They need this information to guide employees and agents and to foster reasonable stakeholder expectations.

The abiding issue for a business ethics program is how to garner this information through processes that are consistent with the enterprise's core beliefs. The ideal form is free-flowing communication between owners and managers, employees and agents, and other stakeholders about all the matters needed for the enterprise to meet the reasonable expectations of its stakeholders effectively and efficiently. Often, however, either mechanisms to accommodate free-flowing communication are not readily available or there is not enough trust between stakeholders for such communication to take place. Under such circumstances, owners and managers must design and implement other control mechanisms. This section describes the issues, policies, and processes of maintaining internal control and engaging external stakeholders.

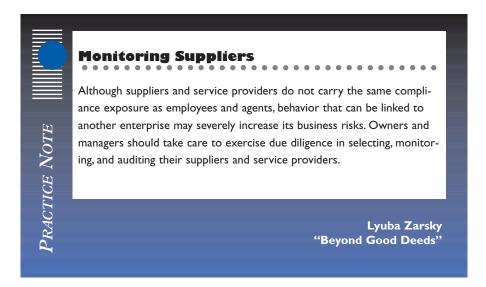In general, owners and managers use five methods to track what is going on in the enterprise:

1. Monitoring ongoing operations
2. Auditing books, records, and process documentation
3. Responding to employees and agents seeking advice and reporting concerns
4. Investigating incidents and reports
5. Engaging stakeholders

All these methods require infrastructure. Management needs to design a monitoring, auditing, and investigation framework that is consistent with the management alignment processes described in Chapter 8. Engaging external stakeholders is not as well defined as the other methods, but enterprises have found a few techniques, such as stakeholder surveys, to be valuable. RBE Worksheet 11, at the end of this chapter, is also a useful tool for ensuring an effective infrastructure is in place.

MONITORING

Monitoring enterprise performance is an essential management task. An RBE plans its work by assigning individual and group responsibility. It sets performance expectations for individuals and groups to guide their efforts toward achieving the enterprise's goals and objectives. Employees and agents are held accountable as individuals and groups for achieving assigned objectives while following the enterprise's standards, procedures, and expectations. Whether set for individuals or for groups, performance expectations must be specific, measurable, achievable, relevant, and time-specific.

In an RBE, processes and projects may be monitored continually. Good monitoring requires consistently measuring performance and providing ongoing feedback to employees and agents as to how well their performance

PRACTICE NOTE

Monitoring Suppliers

Although suppliers and service providers do not carry the same compliance exposure as employees and agents, behavior that can be linked to another enterprise may severely increase its business risks. Owners and managers should take care to exercise due diligence in selecting, monitoring, and auditing their suppliers and service providers.

Lyuba Zarsky
"Beyond Good Deeds"

complies with enterprise standards and procedures and meets stakeholder expectations. Continual monitoring enables unacceptable performance to be identified before it fails to meet stakeholder expectations.
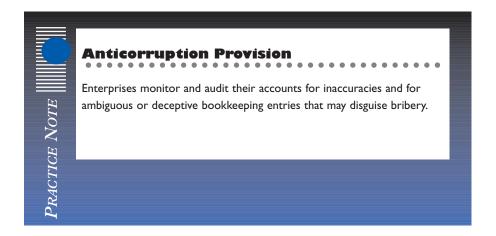
The best operational example is the total quality management process, whereby individuals and teams set performance standards, continually collect data, and use quality tools to measure performance and analyze the data to resolve problems and improve processes.

Issues of responsible business conduct may be approached in a similar manner. Where risks have been identified, such as conflicts of interest, fraudulent consumer transactions, inaccurate books and records or expense accounting, or bribes and corruption, an RBE establishes structures and systems to monitor performance on a regular basis. It does not wait for reports of misconduct. It requires regular reports, examines accounts and records, and tracks patterns and trends as good management practice. Other forms of monitoring are performance evaluations and exit interviews.

AUDITING

Whereas monitoring is an aspect of good management practice for all managers and supervisors, auditing is a more formal process. It is a review of employee or agent performance by an independent agent. This independent agent may be either internal or external to the enterprise, but it is not a part of the enterprise's operational management.

Internal audit serves as the primary means by which owners and managers review and evaluate the enterprise's internal control structure.

Anticorruption Provision

Enterprises monitor and audit their accounts for inaccuracies and for ambiguous or deceptive bookkeeping entries that may disguise bribery.

PRACTICE NOTE

Although this charter is very broad, in practice the traditional focus had been on financial data. External auditors perform formal audits of financial statements to meet the needs of external stakeholders: investors, creditors, and regulators.

More recently, the traditional focus has expanded to include reviewing the systems established to ensure compliance with an enterprise's standards, procedures, and expectations. Operational audits are often performed by internal auditors, to determine whether the enterprise complies with its standards and procedures. They may be done on a regular basis or in response to specific reports or concerns.

EMPLOYEES SEEKING ADVICE AND REPORTING CONCERNS

Among the surest sources of information about what is going on in an enterprise—especially behavior that violates enterprise core beliefs, standards, procedures, and expectations—are employees and agents. Most employees and agents recognize management's legitimate need for such information, if the enterprise is to meet the reasonable expectations of its stakeholders. Nonetheless, standards, procedures, and expectations that encourage employees and agents to seek advice and report concerns can raise issues of conflicting loyalties to the enterprise and to peers, and, in many emerging market economies, may raise historical memories of betrayal.

Reporting concerns about the business conduct of co-workers is hard for most employees. Indeed, research suggests that substantial numbers of employees, even in developed economies, are extremely reluctant to report their concerns.[20] Many put loyalty to friends and colleagues above loyalty to the enterprise. Many do not trust that managers—or their peers—will not retaliate against them if they report their concerns.

As two authors have observed:

> Both the law and popular opinion have always been ambivalent about whistleblowers, whether in the elementary school yard, universities, the military or other government agency, or in private life. Are they malcontents, troublemakers, and snitches? Or are they brave, ethical individuals who, unlike their fellow beings, coworkers, or superiors, want their company to act legally and ethically as well?[21]

A business ethics program helps employees and agents understand why it is important that they communicate their concerns to management, how they should report their concerns, and why it is safe to do so.
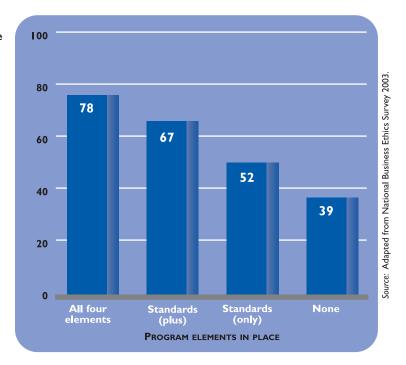
Under a business ethics program, employees and agents are more sensitive to the types of behavior that constitute misconduct or illegality. They are more likely to view reporting misconduct as one of their obligations to the enterprise, their fellow employees, and enterprise stakeholders. As recent research displayed in Figure 7.1 demonstrates, if enterprises have in place at least four elements of a business ethics program, 78 percent of employees are willing to report misconduct. Only 52 percent are willing to do so where only written standards are in place, and only 39 percent where none of the four elements were present.[22] (The four elements were written standards of business conduct, training on standards of conduct, an ethics office or telephone advice line, and a means to report misconduct anonymously.)

In an organizational culture that encourages dialogue, questions, and delivery of bad news, employees find it easier to confront issues of responsible business conduct, to seek advice and report concerns, and to make ethical decisions. In many enterprises, however, employees are uncomfortable with coming forward, especially to report their concerns involving other employees. Owners and managers need to make the case for coming forward in terms that resonate with their employees. For example, a manager in a Far Eastern cultural context explained why employees should report their concerns about business conduct by analogy, pointing to how employees would take action to protect their families if there was broken glass in their homes.[23]

Reporting Violations

Ideally, owners, managers, and supervisors maintain an open-door policy for employees and agents who have concerns that involve responsible business conduct. Often, however, employees and agents are reluctant to bring "bad news" to managers and supervisors. To encourage them to come forward, an enterprise should establish discreet procedures for employees to seek advice and report concerns.

FIGURE 7.1
Variations in Employee
Willingness to Report
Misconduct

Source: Adapted from National Business Ethics Survey 2003.

Suggestion boxes, help-lines, and whistle-blowing protection all facilitate reporting of questionable conduct. Reports may also be received from individuals who come to the business ethics office and register a concern. The identity of reporters should be kept confidential (to the extent that the law provides), and sources should not be held liable, discriminated against, or harassed for reporting their concerns.

Once the business ethics officer receives a report, it is important that the enterprise follow through. The officer should

- Record the reported concern
- Evaluate the concern and develop an action plan for dealing with it
- Initiate or coordinate an investigation or inquiry, if appropriate
- Take appropriate action on findings and conclusions
- Track reported concerns for patterns and trends
- Make recommendations based on lessons learned

Critical to the success of the business ethics program is feedback to the reporting source of the steps taken to investigate the matter, what was found, and what corrective steps—if any—were or will be taken. In many surveys of employee attitudes, when reasons are given for why an employee observing

misconduct did not report it, second only to fear of retaliation is the sense that management would not do anything with the information anyway.[24]

Protecting Employees and Agents from Retribution

All reporting procedures should be designed to leave reporters free from fear of retribution. Managers, supervisors, and other employees should understand that direct or indirect retribution for voicing a concern or complaint is not to be tolerated. Retribution by either managers or peers discourages others from reporting their concerns. An RBE, therefore, should have a strict policy that discipline will be imposed for any instance of retribution.

Occasionally, an employee or other agent reporting concerns may make a mistake or abuse the reporting process and cause an investigation that does not lead to further action. Behavior that abuses the reporting process will often violate enterprise core beliefs; however, managers should counsel, but not punish, such a reporter. Maintaining absolute certainty among employees and agents that they can report concerns without fear of retribution is so important that managers should not risk losing that confidence by punishing anyone who used a reporting process. If the enterprise reserves the right to punish those who abuse the process, the published standards, procedures, and expectations will have to leave that possibility open. Where trust in management is not the norm, reporting sources may be uncertain about just how safely they can make reports.

Moreover, it is difficult, at best, to prove that a reported concern was an abuse of the process. Even if a case can be made, it may raise significant questions in the minds of potential sources about just how safe the process is. In Box 7.1, the last sentence may be seized on by employees as a reason not to report their concerns unless they are certain of all the facts. In short, for all the satisfaction owners and managers may retain in being able to punish someone who abuses the process, the cost in terms of employee confidence in the reporting process is too high to pay.

Although the individual should not be punished to preserve confidence in the business ethics program, other steps can be taken to limit harm to other individuals or to the enterprise. The abusing person or the victim may be reassigned, for example.

Using a Help-Line

A help-line is a dedicated telephone line that gives employees and agents direct access to the business ethics officer. It should be free of charge to the caller. The number should be widely distributed; everyone should have access to the number. If the enterprise uses an answering machine for the number after normal business hours, the machine should be placed in a private, secure location.

REPORTING CONCERNS

Taking action to prevent problems is part of the Motorola culture. If you observe possible unethical or illegal conduct, you are encouraged to report your concerns.

Retaliation against any employee who honestly reports a concern to Motorola about illegal or unethical conduct will not be tolerated. It is unacceptable to file a report knowing it to be false.

Motorola Corporation
"Code of Business Conduct"

A help-line may be operated by a commercial service with instructions from the enterprise. Typically, under such a service, a source may call anonymously to report concerns. If the source is willing to be contacted for more information but wishes to maintain his or her anonymity, he or she will be given an identification number and will be told to call back at a particular time.

Maintaining Confidentiality and Security

It is difficult for an employee or agent to choose fidelity to enterprise standards, procedures, and expectations over loyalty to his or her friends or colleagues. When an employee or agent decides to report concerns, he or she must believe that it is the right thing to do. Managers owe reporting employees and agents as much security as possible when they report their concerns.[25]

An emerging best practice is to establish a policy authorizing certain business ethics personnel to promise reporting employees and agents that their identities and information will remain confidential. Whether they can make a promise of confidentiality that courts of law will respect, known as a *privileged communication*, depends on the laws of the jurisdiction. Managers must consider that if they promise confidentiality to a reporting source but are then required to disclose the source's identity, others may not come forward to report their concerns.[26]

Distinguishing between Ethics and Personnel Issues

Experience with help-lines demonstrates that more than half of all calls will be about personnel matters. Owners and managers will be tempted to require that such callers be directed to call human resources. They should resist this temptation for two reasons. First, in the minds of employees, when managers speak of ethics, they are talking about fairness, so employees see personnel matters as ethics issues. Second, when management rejects a call to the help-line for whatever reason it risks the reputation of the help-line as

an effective and safe way for employees and agents to seek advice or report concerns. Other employees will only hear that a fellow employee made a call to the help-line and was rejected, but not learn management's reasons why, however valid.

In establishing reporting guidelines, however, management must distinguish between matters of responsible business conduct and grievances of union-represented employees. A grievance issue arises when there is a difference in interpretation or implementation of a collective bargaining agreement or an individual labor contract. A department other than the business ethics officer will typically address grievances.

THE ORGANIZATIONAL OMBUDSMAN

In a number of large, complex enterprises (LCEs), a specific office, called the *ombudsman*, has been established to advise employees and agents of their rights and duties regarding responsible conduct. In the business enterprise context, the ombudsman is a separate means by which employees and agents can seek advice and report their concerns.[27]

The ombudsman was originally a Scandinavian office created to investigate citizen complaints against governments or otherwise trusted to look after the affairs of others. Today, the position of an organizational ombudsman in a business ethics program has evolved to be an independent, neutral, and alternative office where employees and agents can go to seek advice and report concerns. *Independent* means the ombudsman is not a part of day-to-day staff or operations management. *Neutral* means it does not function as an advocate for the enterprise or individual. *Alternative* means the ombudsman does not duplicate any other enterprise function, such as investigations. With few exceptions, the ombudsman is authorized to refer reports of misconduct for investigation only with the express consent of the reporting source.

In some jurisdictions, enterprises can claim that the ombudsman can make an enforceable promise of confidentiality. The enterprise will not be deemed to have notice of the concern until the source registers his or her concerns with the enterprise or authorizes the ombudsman to do so. However, as managers review standards, procedures, and expectations, an ombudsman may contribute what he or she has learned about employee concerns, provided that he or she does not compromise the anonymity and confidentiality of the sources.

POLICIES AND PROCEDURES FOR INVESTIGATIONS

It is critical to the success of a business ethics program that reported concerns be investigated. Managers may learn of concerns suggesting that a

violation of standards, procedures, and expectations has occurred from a variety of sources, including the help-line. Once on notice, an RBE must take all reasonable steps to determine what happened and how the problem might be avoided in the future.

In developing an investigative plan, managers need to consider the laws of the jurisdiction in which they operate. These laws will affect who conducts the investigation and what rights are afforded to the subjects of the investigation. Investigations should always be conducted with a view to possible government prosecution or civil litigation.

Investigations will typically involve document review and witness interviews. Employees should be instructed to cooperate fully with the investigation, including preserving all relevant documents and materials. The investigator must be alert to avoiding the appearance of influencing witnesses or appearing to speak for the enterprise or another witness. A typical procedure is shown in Box 7.2.

EXTERNAL STAKEHOLDER ENGAGEMENT

Increasingly, nongovernmental organizations (NGOs) hold enterprises accountable for unethical behavior and demand best practices. International institutions are developing policies requiring greater transparency and

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BOX 7.2

INVESTIGATIVE PROCEDURES

A typical investigative procedure works as follows:

- A call is made to the business ethics officer to report misconduct.
- The business ethics officer registers the report.
- The business ethics officer creates a plan for resolving the matter.
- The plan includes analyzing facts, developing assignments, conducting interviews, and disclosing information to select individuals.
- If the business ethics officer requires additional help from special departments, he or she coordinates other resources, such as legal, internal audit, human resources, or security.

- The business ethics officer devises a written schedule for completing the investigation and standards for the disclosure of information.
- The business ethics officer remains in close contact with individuals involved in the investigation and periodically requests information and details on proceedings.
- At the conclusion of the investigation, the business ethics officer presents a summation of the findings to the enterprise's managers and the board of directors.
- Owners or senior managers decide what corrective action should be taken, including whether the matter should be voluntarily disclosed to a government agency or other stakeholders.

encouraging official investigations of misconduct. Local communities are less willing to host an enterprise known for corrupt or irresponsible practices.
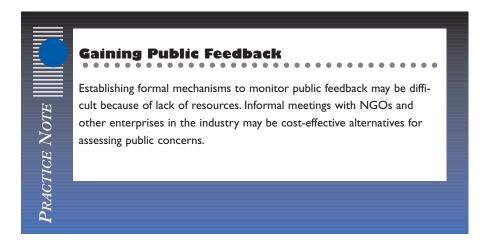
These trends provide owners and managers with the incentive and opportunity to secure feedback from external stakeholders. Feedback mechanisms include media reviews, stakeholder satisfaction surveys, conferences, and discussion groups. The focus of such efforts should be to ascertain how well the enterprise is fostering and meeting stakeholder expectations. Also important is public perception about how responsible the enterprise is or how consistent its business practices are with its core beliefs.

Anita Roddick, founder and CEO of The Body Shop, described an integrated process recently:

> So how can loyalty be built and maintained by British business and what, if any, is the role of government in assisting this process? I believe the key to loyalty is trust, and trust flows from a high level of commitment to transparency and a genuine desire to engage on a human level. In The Body Shop this means putting a lot of effort into assessing the quality of relationships with stakeholders, through systematic dialogue involving opinion surveys and focus groups. It also means active, audited disclosure of social and environmental performance so that everyone involved with the business can judge progress (or lack of it) for themselves. It means being open about our company values, campaigning on issues such as human rights and animal welfare—issues we know our customers and employees care about. Make no mistake, this is not done simply for the fun of it. It works for us because it is genuine, but it also helps us run a better and a more successful company, with very loyal employees and customers.[28]

Meetings with external stakeholders are an effective way to secure feedback. An RBE can sponsor such meetings to demonstrate its initiative and interest. An owner or senior manager should lead the meetings. Local community, government, and NGO representatives may be invited. Questions, comments, and suggestions should be encouraged.

Monitoring media coverage of business is an essential means of securing feedback from the public and making appropriate adjustments to the business ethics program. In recent years, the media have become better informed about how to measure whether leaders of an enterprise are committed to responsible business conduct. Through the media, a business can capture the perceptions of the public regarding its expectations of business and its role in the community.

Gaining Public Feedback

Establishing formal mechanisms to monitor public feedback may be difficult because of lack of resources. Informal meetings with NGOs and other enterprises in the industry may be cost-effective alternatives for assessing public concerns.

Finally, as discussed in Chapter 10, an RBE engages its stakeholders by monitoring, tracking, and reporting its performance in areas of concern to its stakeholders, especially civil society. The reaction of civil society and the media to the enterprise's social responsibility reports is valuable information and invites further dialogue.

SUMMARY

It is vital to the welfare of the enterprise and its ability to meet the reasonable expectations of its stakeholders that owners and managers know whether enterprise standards and procedures are being followed and whether reasonable stakeholder expectations are being met. The source of this information, in all cases, is the stakeholders of the enterprise: employees, agents, customers, suppliers, and regulators, to name but a few.

Owners and managers of an RBE should develop a plan to communicate with stakeholders the enterprise's standards, procedures, and expectations. They can do so by answering two fundamental questions:

1. How can we most effectively communicate our standards and procedures and foster reasonable expectations among our stakeholders?
2. How can we know that our members follow our standards and reasonable stakeholder expectations are met?

To communicate enterprise standards, procedures, and expectations, owners and managers use all manner of vehicles: formal and informal communications; training, education, and development; and stakeholder engagement.

To ensure that management knows what is going on in the enterprise, owners and managers establish various mechanisms, as appropriate to the relevant context and organizational culture: monitoring, auditing, reporting, and stakeholder surveys.

RESPONSIBLE BUSINESS ENTERPRISE
Checklist

1   Who in our enterprise has responsibility for ensuring that the core beliefs of the enterprise are documented and disseminated to employees, agents, and other stakeholders?

2.   How do our owners and managers communicate enterprise standards, procedures, and expectations to our employees, agents, and other stakeholders?

3.   Can owners and managers reasonably expect employees and agents to report observed misconduct? If not, why not? If not, what other mechanisms are in place, or should be in place, so that owners and managers know what is going on in the organization?

9 Communications Needs Assessment Worksheet

RBE Worksheet 9, which can be photocopied for use with your organization, assists owners and managers in conducting a needs analysis to find out what stakeholders need to know. Use the standard assessment tools (interviews, focus groups, surveys, document review, and direct observation) to answer the questions listed.

	Interviews	Focus Groups	Surveys	Document Review	Direct Observation
What kinds of responsible business conduct issues do employees and other stakeholders face or are they concerned about?					
What do employees and other stakeholders need to know to be able to fulfill their roles and responsibilities and have reasonable expectations of the enterprise?					
How do employees and other stakeholders learn what is expected of them and what they can expect?					
What communications methods are available to the enterprise to reach specific stakeholders?					
What are the criteria by which successful communications will be evaluated?					

10   Training Program Outcomes Worksheet

Using RBE Worksheet 10, training program designers can work from expected outcomes of the business ethics program through general and specific training topics to formulate specific training program objectives. In filling out RBE Worksheet 10, which may be photocopied for use within your organization, treat each cell opposite a program outcome separately.

Performance Measures	General Training Topics	Specific Topics	Training Objectives
Amount of observed violation of enterprise standards, including legal requirements	• Enterprise core beliefs • Risks to the enterprise when standards are violated • Personal and organizational responsibility and accountability • Difference between personal morality and enterprise standards • Policy on rewarding responsible behavior and punishing irresponsible behavior		
Awareness of issues of responsible business conduct at work	• Enterprise expectations for employee behavior • Stakeholder expectations • Enterprise standards and policies • Recognition of ethics, compliance, and responsibility issues		
How often employees and agents speak in terms of core beliefs and standards	• Ethics and policy theory • Dimensions of culture • Value of diversity • Listening and giving feedback		
How often employees and agents make decisions in terms of core beliefs and standards	• Ethics, compliance, and responsible decision-making • Strategic planning based on core beliefs		
How willing employees and agents are to seek advice on standards	• Individual responsibility to seek advice • Communication channels		

Performance Measures	General Training Topics	Specific Topics	Training Objectives
How willing employees and agents are to report observed or suspected violations	• Individual responsibility to report concerns • Communication channels • Policy on confidentiality • Policy against retaliation		
How satisfied those who reported observed or suspected violations are with management's response	• Manager or supervisor training on advising employees • Policies on confidentiality and nonretaliation • Help-line protocols		
How committed employees are to the enterprise	• Core beliefs about stakeholder expectations • Individual and enterprise roles and responsibilities to stakeholders • Opportunities to enhance enterprise reputation • Opportunities to add value to the community • Individual or team skills, knowledge, understanding, and attitude development		
How satisfied stakeholders are that the enterprise meets their expectations	• Core beliefs about stakeholder expectations • Individual and enterprise roles and responsibilities to stakeholders • Opportunities to enhance enterprise reputation • Opportunities to add value to the community • Individual or team skills, knowledge, understanding, and attitude development		

II Communications Infrastructure Worksheet

RBE Worksheet 11, which may be photocopied for use within your enterprise, provides a tool for ensuring consideration of all necessary infrastructure to communicate and solicit feedback about enterprise standards, procedures, and expectations. Owners, managers, and staff members should discuss with their stakeholders each issue along the vertical axis to ensure that they are consistent with their core beliefs and the reference standards and best practices developed in this chapter. From this dialogue, they will be able to identify any required business ethics infrastructure.

	Enterprise Core Beliefs	Reference Standards or Best Practices	Current Structure and Practice	Required Infrastructure
Means of communicating standards and procedures and establishing expectations				
Monitoring and auditing procedures and dialogue mechanisms				