

Ethics & Governance: Developing & Maintaining an Ethical Corporate Culture, 3e
 L.J. Brooks & D. Selley
 Canadian Centre for Ethics & Corporate Policy, Toronto, 2008
<http://www.ethicscentre.ca>

Creating Scorecards from E & G Checklists

The following ten checklists for assessing aspects of an organization’s ethical corporate culture are included in *Ethics & Governance*, and are downloadable from the companion website at <http://www.ethicscentre.ca>:

- An Ethical Culture: Elements & Motivation
- Leadership, Core Values & Important Issues
- Guidance Communications – Mission Statement, Code of Conduct, Decision Aids
- Development of Commitment & Understanding – Launch
- Reinforcement & Compliance
- Monitoring & Reporting Ethical Performance
- Making Ethical Decisions
- Conflicts of Interest
- International Operations
- Not-for-profit Entities & Small Owner-managed Enterprises

Scorecards indicating Completion

These checklists can be converted into scorecards by counting the checkmarks (✓) inserted during the assessment procedure, and then comparing the totals arrived at by section and in total to the maximum available as a percentage. For example, if 3 checkmarks were placed in the following segment indicating substantial completion, the score would be ¾ or 75% for the segment. Fractional scores could also be assigned, if needed.

	Create a Governance & Leadership Framework
✓	• Clarify roles of board & governance/ethics subcommittee, chair, CEO
✓	• Identify ethics champion, chief ethics officer & role of each
✓	• Identify reporting relationships & expectations
	• Identify responsibilities and performance expectations

Scorecards indicating Quality or Performance Assessment

Instead of inserting checkmarks when assessing a specific element on a checklist, a five-letter grade can be assigned that compares the quality or performance achieved against the following:

- A – outstanding/best known standard
- B – good, above normal standards/expectations
- C – OK, barely meet standards/expectations
- D – needs improvement
- E – needs drastic action

These letter grades have been chosen to match educational grades usually used so that directors, executives and employees will intuitively understand what an A score means or that a D or E score leave room for improvement.

These scores should be assessed by an individual with an understanding of what is expected and/or what levels of performance are known to be best practice. Discussions within industry associations can be helpful here, and can lead to studies within association members to produce benchmarks. Consultants are also available to provide an understanding of what is expected, and what leading edge organizations are expecting to achieve in specific steps or time frames. Organizations developing an ethical corporate culture need to identify their expectations for quality and performance through such comparisons, and through the examination of stakeholder expectations. If such expectations are developed in advance, they should be used in the scoring process.

Development of Specific Scorecards

It may be desirable for an organization to develop specific scorecards using the E & G checklists as a base. For example, an organization might wish to use this technique to develop scorecards such as those shown as illustrations below to assess:

- Core Values integration into the organization's activities
- Leadership performance
- Overall performance on key issues
- Ethics Risk Gap & Ethics Opportunity Performance

Core Values Scorecard					
Extent of integration into the organization's activities:					
	A	B	C	D	E
Hypernorms					
▪ Honesty					
▪ Fairness**					
▪ Compassion					
▪ Integrity					
▪ Predictability/reliability*					
▪ Responsibility*					
Reputation Drivers*					
▪ Trustworthiness					
▪ Credibility					
Ethical Decision Criteria**					
▪ Net positive utility/consequences					
▪ Observance of duties expected					
▪ Observance of stakeholder's rights					
▪ Virtues expected					

Leadership Scorecard					
Do the leaders of your organization:					
	A	B	C	D	E
Understand the need for & support:					
▪ An ethical corporate culture?					
▪ Common values & beliefs to be developed, shared, & integrated into strategy & actions					
▪ Consider all stakeholders in decisions					
▪ Ethics codes, guidelines & reinforcement					
▪ Monitoring, rewards & punishment					
▪ A protected whistleblower program					
▪ Continued review of ethics risks as part of the risk management program					
Speak out in support continuously					
Walk the talk					

A Summary Scorecard – Key Success Factors					
	A	B	C	D	E
Leadership – tone at the top					
Values – corporate & individual					
Guidance – content, understandability					
Commitment generated & maintained					
Strategy link					
Failsafe mechanism					
Leadership – tone at the top					
Values – corporate & individual					

Ethics Risk Gap & Opportunity Performance Scorecard					
<p>An ethics risk exists when stakeholders’ expectations are not met. An ethics opportunity exists when stakeholders’ basic expectations are met to a greater extent than competitors, or exceeded to a greater extent than expected. Ethics risks and opportunities can be identified through surveys, discussion forums, environmental scanning and reference to experts.</p>					
Stakeholders’ High Priority Expectations	Performance Gap		Strategic & Operational Objectives & Timeline	Achievement to Date	
	Ethics Risk (Shortfall)	Ethics Opportunity		Report	Score A-E
Specific Issues					
▪ Sustainability					
▪					
▪					
Actions					
▪ Processes					
▪ Decisions					
▪					
▪					
Values					
▪ Reputation					
▪ Hypernorms					
▪					
▪					