

Linking Ethical Business Conduct and the Environment: A Practical Reflection

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Ethical Business Conduct & Responsible Environmental Management: Two Links

- Parallel rationales
- *Self-Assessment and Improvement Process (SAIP[®])*



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Why Engage in Ethically Responsible Business Practices?

- Stakeholders demand it... except when they don't
- It pays... except when it costs
- It's the right thing to do... by whose standards?



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Creating Corporate Conscience: *The Three Tasks of Leadership*

- ***Orienting*** toward particular values
- ***Institutionalizing*** those values
- ***Sustaining*** those values over time

From K.E. Goodpaster, "Ethical Imperatives and Corporate Leadership" (1989)



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The SAIP Institute

The Institute fosters ethically and socially responsible organizational conduct by promoting, applying, adapting and continually improving the *Self-Assessment and Improvement Process* (SAIP®). Through engagements with practitioners and collaborations with scholars, the Institute also aids the formation of ethical, effective leaders.



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The SAIP[®] is...

A comprehensive, systematic self-appraisal that equips senior executives and boards of directors to address the expectation that organizations will conduct their affairs in an ethically responsible manner.

The self-appraisal's results enable managers to identify emerging issues, and launch targeted improvement initiatives, on questions of ethics, governance, and social responsibility.



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The SAIP[®] is not

- An opinion survey....
- A reputation management tool...
- Or a reporting platform.



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**ETHICAL
PRINCIPLES**



How does the SAIP[®] work?

- Uses the Baldrige method to transform ethical principles into a matrix of assessment questions
- Answering the questions, and scoring the answers, allows a company to identify strengths/weaknesses
- The information generated by the process permits the formulation of improvement initiatives

SAIP[®] Assessment Matrix

Category	1 Fundamental duties	2 Customers	3 Employees	4 Owners/ operators	5 Suppliers/ partners	6 Competitors	7 Communities
1. Responsibilities of business	1.1	1.2	1.3	1.4	1.5	1.6	1.7
2. Economic and social impact of business	2.1	2.2	2.3	2.4	2.5	2.6	2.7
3. Business behavior	3.1	3.2	3.3	3.4	3.5	3.6	3.7
4. Respect for rules	4.1	4.2	4.3	4.4	4.5	4.6	4.7
5. Support for multilateral trade	5.1	5.2	5.3	5.4	5.5	5.6	5.7
6. Respect for the environment	6.1	6.2	6.3	6.4	6.5	6.6	6.7
7. Avoidance of illicit operations	7.1	7.2	7.3	7.4	7.5	7.6	7.7

Example: Selected Assessment Questions

Cell 6.5

6.5 Suppliers

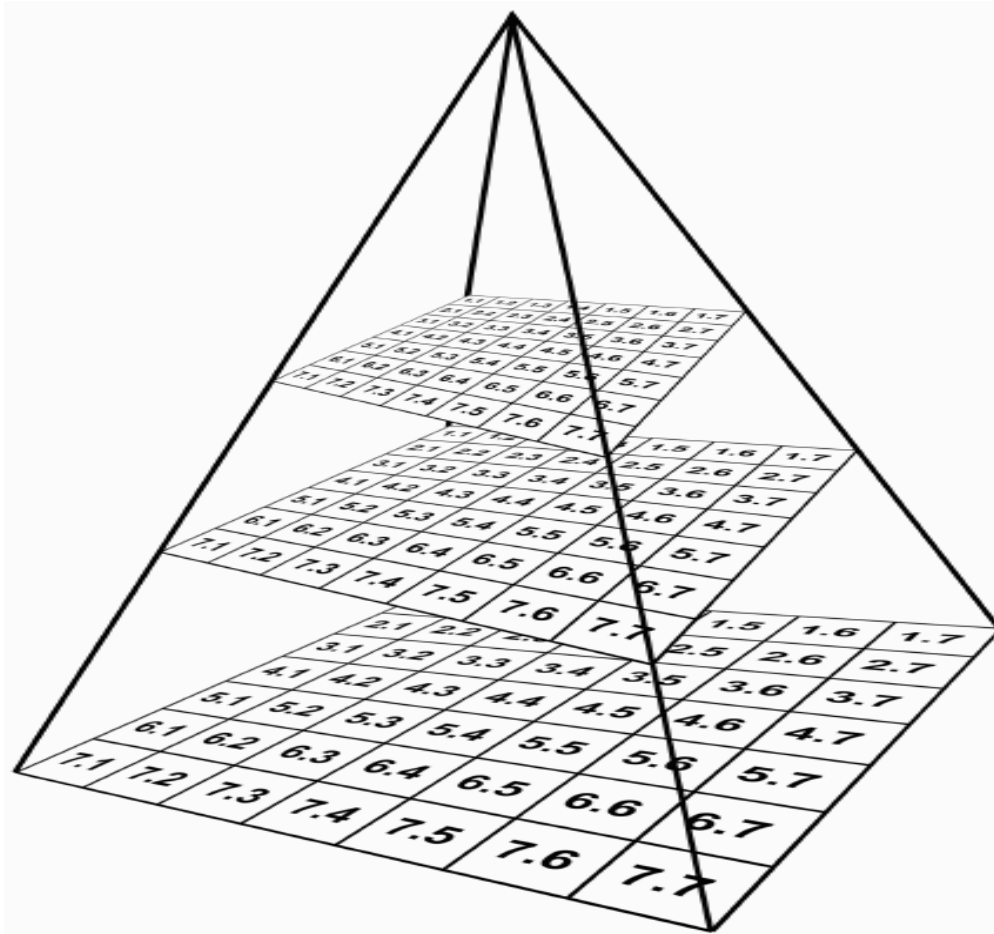
This cell examines how the company shares knowledge on environmental impacts with suppliers/partners. Respond to the following questions:

6.5.1 How and to what extent does the company apply environmental performance standards on a comparable basis throughout its supply chain?

6.5.2 How and to what extent does the company share knowledge on environmental impacts with its suppliers?

6.5.4 What are the company's current levels and trends in key measures of sustainability, such as life cycle impacts, over the entire supply chain?

Streamlining the SAIP[®]



Level I:
Executive Survey

Level II:
Core Process

Level III:
Comprehensive Assessment



SAIP[®]: Distinctive Features

- Qualitative *and* quantitative
- Assessment *and* improvement
- Available in different formats
- Self-appraisal *or* assisted audit

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