

EBEN GR Business Ethics Excellence Model Implementation as a Tool for Measuring SROI

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- Corporate Governance
- Corporate Social Responsibility
- Business Ethics
- The EBEN GR Business Ethics Excellence (BEE) Model
- Initial Findings of BEE Model Implementation in Greece & Cyprus
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Corporate Governance

... the overall control of activities in a corporation that involves:

- ✓ the formulation of corporate objectives, strategies, and plans and
- ✓ the proper management structure

in order to be responsible to its various stakeholders.

A basic pillar for CG is compliance. Compliance is an important foundation for fulfilling social responsibilities, and many organisations understand that thorough compliance is essential for the continuation of business activities.



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Corporate Governance

An organisations' framework for CG should, among others:

- ✓ ensure the strategic guidance, the effective monitoring of management by the board, and its accountability to the company and shareholders.
- ✓ ensure that timely and accurate disclosure is made on all matters regarding the corporation.
- ✓ promote transparent and efficient markets,
- ✓ be consistent with the rule of law and clearly articulate the division of responsibilities among different supervisory, regulatory and enforcement authorities.
- ✓ protect and facilitate the exercise of shareholders' rights.

(OECD, 2004)



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Corporate Governance

Corporate Governance, therefore, is not only about compliance.

It is about the relationships and responsibilities between the board, management, shareholders and other relevant stakeholders within a legal and regulatory framework.

As a result, organisations, now more than ever, need some sort of guidance on how they should approach CG issues.



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Corporate Social Responsibility

Corporate Social Responsibility is generally understood to be about how companies manage the business processes to produce an overall positive impact on society.

CSR can be defined as a commitment to improve community well-being through discretionary business practices and contribution of corporate resources.

Kotler and Lee (2005)



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Corporate Social Responsibility

A recent survey in Greece concerning CSR practices in SMEs, contacted by the Hellenic Network for CSR revealed that the adoption of CSR good practices is relatively low.

- 53% of over 300 Greek SMEs stated that either they are not using CSR practices at all or they use some of them rarely.
- The economic cost has been identified as the single most important reason for not being involved in CSR practices.

Corporate Social Responsibility

It seems that CSR has the potential to bring benefits if businesses understand and seek to improve their environmental and social impacts.

Modern organisations are facing with the challenge of understanding CSR prior to managing or implementing such practices.

Therefore, it is important for modern enterprises to have a framework of CSR implementation.

Business Ethics

Definition of Ethics

...“a system of morals” and “rules of behaviour”. Ethics attempts to tell us what is and what is not morally acceptable within a particular society or culture

Hurn, 2008

... ethics is about fairness, and deciding what is right or wrong, about defining the practices and rules which underpin responsible conduct between individual and groups.

Connock and Johns (1995)

... being ethical involves taking action to ensure that these practices and rules are applied consistently in all day-to-day business situations.

Orme and Ashton (2003)



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Business Ethics

Having a moral compass leads to more effective business practices:

- ✓ people are usually willing to pay premium prices to feel good about the products they buy.
- ✓ companies that follow certain moral codes attract better people
- ✓ these people often are willing to work harder with less compensation.

Ethical companies are less likely to undergo the costly scrutiny of courts and regulators.

There is some sort of a relationship between business ethics and business success, or better sustainable excellence.



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The EBEN GR Business Ethics Excellence Model

Developed in 2007 by EBEN GR aiming to align the continuous upgrading of quality and excellence in a business environment with ethical governance and CSR.

A practical tool that can be used as

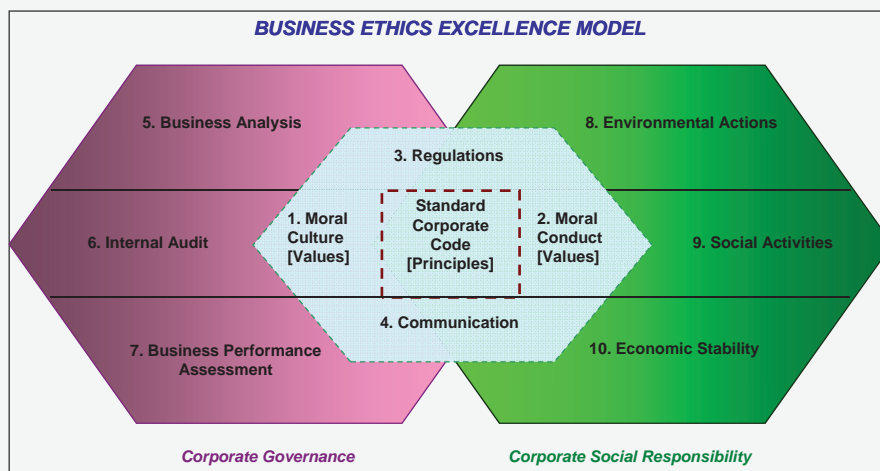
- a tool for *Self-Assessment*,
- a way to *Benchmark* with other organisations
- a guide to identify areas for *Improvement*.



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Moral Culture & Moral Conduct (Criteria 1 & 2)

A corporate value code is an important management tool which can positively form the culture of an organization.

Regulations & Communication (Criteria 3 & 4)

Quality of Information communicated is a prerequisite for the effective diffusion of Corporate Governance & CSR values to all company stakeholders.



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Business Analysis (Criterion 5)

... has become a MUST if a company wants to survive & grow in a rapidly changing environment and has caused the creation of many tools that can assist to the above goals.

Internal Auditing (Criterion 6)

... is an independent appraisal function established within an organization to examine & evaluate the activities as a service to the organization.



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Performance Assessment (Criterion 7)

... its the ultimate aim to improve the performance of the organization.

Environmental Actions (Criterion 8)

... the Model implies that in order to manage its environmental actions an organisation should implement some sort of an Environmental Management System.



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Social Activities (Criterion 9)

... should include employment & working relations, occupational health and safety, human rights and child labour, society/community issues, and products and/or services.

Economic Stability (Criterion 10)

... is primarily composed of sound environmental, social, economic, and financial & operating results including reasonable growth and successful investments for sustainable development. All results should be *properly reported* at a systematic way diffusing information to all stakeholders allowing improvement and innovative actions.



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Business Ethics and the Role of Leadership

What does it take to be an ethical leader and/or ethical employee?

- ❑ It takes **principles**, so that decisions are governed by ethical values such as honesty, respect, responsibility, and fairness.
- ❑ It takes **trust** in honest reporting, an environment where dissent is possible, where all team players are trustworthy and trusted.
- ❑ It takes **courage** so that leaders and workers alike demonstrate integrity and do the right thing even when it is difficult or costly.

... there is a big difference between what you have a right to do and what is right to do.



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Initial Findings of BEE Model Implementation

Industry Sector	No. of Organizations	Gold Level	Silver Level	Bronze Level
Education	2		1	1
Food	4	1	1	2
Shipping	4	4		
Services	2		1	1
Retail	2			2
Construction	1	1		
Information Technology	2	1		1
Manufacturing	1			1
Telecommunications	1	1		
Government	1			1
Total	20	8	3	9



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Initial Findings of BEE Model Implementation

- ❑ In 2007 only four (4) organizations attempted to implement it at the Bronze level.
- ❑ In 2008, seven (7) organizations achieved the Bronze level, while four (4) organizations achieved the Silver.
- ❑ In 2009, five (5) organizations achieved the Bronze level, four (4) organizations achieved the Silver level for the first time, while three (3) organizations reached the Gold level for the first time.
- ❑ In 2010, seven (7) organizations achieved the Gold level (5 for the first time), two (2) organizations achieved the Silver level (both for the first time) and three (3) organizations achieved the bronze level for the first time

Conclusions

- ❑ The EBEN GR BEE Model has already been implemented by 20 different organisations in Greece and Cyprus and there is a continuous interest in the utilization of the model and its adoption at a European level by the EBEN.
- ❑ Further research is required
 - in determining different pre-defined levels of CG and CSR excellence and
 - on the framework of independent EBEN GR assessments required to determine a specific BEE score.
 - In addition, the weight of each model criterion may be re-examined following a comprehensive investigation with the contribution of the organizations having implemented the EBEN GR BEE Model.