The 'Duty of Care' Management Approach: Part 1

An approach with tools to care of your company

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THE 'DUTY OF CARE' MANAGEMENT APPROACH

PART 1: AN APPROACH WITH TOOLS TO CARE OF YOUR COMPANY

CONTENTS

DEDICATIONS

This book is dedicated:

1. To God Almighty, for the blessings He bestows upon me, on a continuous basis,
2. To Divine Providence, for giving me faith to love, commit and engage in beneficial acts,
3. To Ancient Greece, for providing me with inspiration to write this book, and, last but not least,
4. To the five most important persons that adorn my world and fulfill my life, by loving me without limits and supporting me in all my endeavors and activities with warmth, kindness and best wishes: Sandy, Miranda, Christos, Dimitri and my wonderful, blue-eyed princess of my life, Melina.

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All these wonderful persons devoted their valuable time and expended their full energy to go through my very first draft offering me their valuable comments, changes, additions and improvements.

– John Kyriazoglou

SYNOPSIS OF 'DUTY OF CARE' BOOK

This book describes, in two parts, the 'duty of care' responsibilities, plans, policies and tools, as well as inspiring ways to attain and improve them for board members, executives and managers of enterprises and organizations.

I achieve these by recommending the use of:

a) A seven-step 'Duty of Care' Implementation Approach;

b) A 'Duty of care' model (DRAPES);

c) The B^4 Workplace Wellness Model;

d) The 'HARMONY' Milestones;

e) The seven ancient Greek principles (faith, temperance, etc.);

f) Numerous ancient Greek wisdom sayings and short stories; and

g) Several strategic guidelines, management tips, plans, policies and audit tools.

All these could be used to inspire and motivate you to manage better and improve your business operations as well as protect more effectively your corporate assets, systems, data, customers and employees, considering the best use of the company's Data, Risks, Assets, People, Environment and Standards.

SUMMARY: THE COMPLETE 'DUTY OF CARE' MANAGEMENT GUIDE

This is the first part of the two-part book on 'Duty of Care'. It contains an implementation approach of seven-steps, the description of the seven ancient Greek principles, hard and soft controls and methods as well as numerous inspiration quotes and short stories by ancient Greeks that can be used by managers to care for, manage and protect better their company's assets, systems, data, customers and employees.

This is complemented by a second part as described next.

Summary - Part 2: 'Duty of Care' Support Tools

The second part of this book contains several plans, policies and audit questionnaires that can be used to review and improve management's duty of care tasks.

Also an e-book version of these books is available on: www.bookboon.com

PROLOGUE: MANAGEMENT'S 'DUTY OF CARE' RESPONSIBILITIES

'The most important of all goods is health, the second is beauty of the soul and the third is to be able to become rich without doing anything bad'.

– Plato

Summary: This chapter describes:

1) The 'Duty of care' responsibilities of managers to companies, to employees, to shareholders, to customers and society;
2) The proposed 'Duty of Care' model (DRAPES) which may be used to manage, protect, recover and improve Company capabilities, processes and systems to make or distribute goods and provide best services to customers, considering the best use of the company's Data, Risks, Assets, People, Environment and Standards;
3) The B^4 Workplace Wellness Model and the 'HARMONY' Milestones; and
4) The ancient Greek principles, such as: faith, temperance, etc.

These set the conceptual background and the foundation for implementing hard controls (policies, procedures, etc.), via the seven-step 'Duty of Care' Implementation Approach, with the full use and support of the above models and principles, also taking into consideration the human aspects (soft controls) related to this implementation.

INTRODUCTION

Our workplaces are full of problems, to put it lightly. According to the World Health Organisation (2005) 'Mental health problems, such as depression, anxiety, substance abuse and stress, are common, affecting individuals, their families and co-workers, and the broader community. In addition, they have a direct impact on workplaces through increased absenteeism, reduced productivity, and increased costs[1].

The Royal College of Psychiatrists (2008), in a report commissioned by the cross-government Health Work and Well-Being Programme, estimate that about 17% of people of working age have problems such as depression or anxiety that reach the level of a mental ill health diagnosis, and a further 17% have lower level problems such as insomnia, which would not be considered as a disorder, but nevertheless have a deleterious effect on performance[2].

It is the responsibility of each company and its individual owners and managers to do something about these crucial and debilitating problems at work.

The principle that investing in support for employees who may be struggling is not just morally correct but a financial imperative is well established[3].

Also it is important to remember that staff are the single most valuable asset of the organisation. This means that when they work and travel for the company, their safety, mental as well as physical, needs to be assured to the best of the company's ability, at all times.

In general terms, a manager's or professional's duty of care responsibility is a legal, and many times, professional obligation, which is imposed on an individual manager or professional, requiring them to adhere to a standard of reasonable care while performing their duties and avoid any acts that could foreseeably harm others (organisations, societies, people, environment, etc.)

In practical terms, duty of care means that every party to a contract must comply with the rules included in it, as well as other relevant industry and state laws and regulations on ethics, health and safety. The same goes for accountants in correctly maintaining financial transactions and preparing company accounts, for auditors, in confirming the financial statements of a company, and for the Board and managers in managing their corporate resources, etc.

Question: What responsibilities does a business have τo its Employees, Shareholders, Stakeholders, Partners, Customers and Society, in general?

'DUTY OF CARE' RESPONSIBILITIES OF MANAGERS

The most basic products of an economic system consist of tangible consumable items ('goods') and tasks ('services') performed by individuals via the operation of companies managed by various mechanisms (boards, senior executives and managers, collectively termed 'managers').

Companies and organizations exist to make or distribute goods and provide services to their customers to satisfy one or more of their needs and wishes which usually affect every aspect of their daily life and existence.

Companies and organizations also, generate jobs and prosperity, material and spiritual, for employees, shareholders, stakeholders, partners and all members of the communities they serve as well as the greater socio-economic system[4].

'Duty of care' responsibilities of managers to companies

Managers have a 'duty of care' to their employees, their companies, their customers, and to society, at large, according to various laws, rules, regulations, directives and standards[5].

'Duty of care' of responsibilities of managers to employees

The 'duty of care' role of managers towards the company employees implies that they, the managers, should take all steps which are reasonably possible to ensure their health, safety and wellbeing. Demonstrating concern for the physical and mental health of your workers shouldn't just be seen as a legal duty - there's a clear business case, too. It can be a key factor in building trust and reinforcing your commitment to your employees, and can help improve staff retention, boost productivity and pave the way for greater employee engagement.

Legally, employers must abide by relevant health and safety and employment law, as well as the common law duty of care. They also have a moral and ethical duty not to cause, or fail to prevent, physical or psychological injury, and must fulfil their responsibilities with regard to personal injury and negligence claims.

Requirements under an employer's duty of care are wide-ranging and may manifest themselves in many different ways, such as:

1. Clearly defining employee roles, jobs and assignments.
2. Ensuring a safe work environment for all people.
3. Providing adequate training and feedback on employee performance.
4. Ensuring that staff do not, normally, work excessive hours without due reason.
5. Providing areas for rest and relaxation.
6. Protecting staff from discrimination, bullying or harassment, either from colleagues or third parties.
7. Protecting all people (corporate, customers, partners, community, etc.) and all assets (property, patents, research, production facilities, information systems, networks, data (personal, financial, sales, research, etc.)) from harm of any kind (fraud, misappropriation, damage, destruction, etc.).
8. Providing communication channels for employees to raise concerns.
9. Consulting and reviewing with employees on issues which concern them.
10. Produce quality products and provide best services to customers.
11. Take measures to avoid pollution to the environment.
12. Comply with all laws, regulations and standards[6].

'Duty of care' responsibilities of managers to shareholders

The 'duty of care' duties of managers towards their company's shareholders, implies that they, the managers, should take all steps to increase the company's profits and to protect all people (corporate, customers, partners, community, etc.) and all assets (property, patents, research, production facilities, information systems, networks, data, financial, etc.) from harm of any kind (fraud, misappropriation, damage, destruction[7], etc.).

'Duty of care' responsibilities of managers to customers and society

The 'duty of care' duties of managers towards the company's customers, and society, implies that they, the managers, should take all steps to produce quality products and provide best services to customers, to take measures to avoid pollution to the environment and to comply with all laws, regulations and standards[8].

'DUTY OF CARE' MODEL: DRAPES

I am proposing the consideration and use of the **DRAPES** 'Duty of Care' model, as described next.

The DRAPES Model symbolizes and envisions the protection and good custodianship and taking care of the most critical things of companies and organizations by all corporate managers, at all levels.

These things are summed in the acronym DRAPES:

1. 'D' for Data (in all its forms such as manual, computerized, digital, etc.),
2. 'R' for Risks,
3. 'A' for Assets (physical, intellectual, information systems, data bases, processes, etc.),
4. 'P' for People (employees, partners, customers, shareholders, stakeholders, etc.),
5. 'E' for Environment and
6. 'S' for Standards (moral, regulatory, legal, etc.).

The ethical basis for the DRAPES Model is the set of seven ancient Greek wisdom principles of *Temperance, Faith, Justice, Harmony, Friendship, Kalokagathia (Goodness and Kindness) and Courage* (as explained in 'Chapter 8: The Seven Ancient Greek Wisdom Principles').

Why use these ancient Greek wisdom principles?

1. Based on my working and consulting experience in many organizations and cultures, and Professor Beck (see Bibliography) has very wisely analyzed and documented in her works there is a need for a common set of categories that gives a theoretical description of universal and cross-cultural virtues; the ancient Greeks have such categories.

2. The ancient Greeks showed that the most important criterion for wisdom is the recognition of higher powers in the universe than human beings, powers humans cannot control. Human beings must create cultures within the context of those greater powers; they must also integrate their culture with nature, Supreme Being and the universe.

3. The ancient Greek view of the human soul (psyche) has a naturalistic foundation: a virtuous person is also a biologically flourishing person; virtue is not primarily based entirely on a specific cultural context; rather, the basic virtues are connected to the human condition and do not change over time.

4. The ancient Greek idea of a just society is one where those who are competent are given positions of authority based on their competence. Further, one important aspect of competence is that all authority—from the authority of parents over children, to positions of leadership in public life and business—is exercised for the well-being of those over whom the authority figure has power. Rule is for the sake of the ruled.

5. The most naturally just society is one where as many people as possible are given opportunities to develop their psyches to the highest level possible, including the exercise of personal, social, intellectual and professional virtues.

This model is put into practice by envisioning (vision and mission statements), the B^4 Workplace Wellness Model and the 'Duty of Care' Implementation Approach, as described below and detailed in the next chapters of this book.

Envisioning, through the crafting and communication of a 'vision' statement ('where to go') and a mission statement ('how to get there') by a company, binds all participants (management, employees, partners, etc.) to a final cause, that toward which all else aims.

This is the Ancient Greek view of the nature of the natural world: it evolves in the way that promotes the highest possible level of well-being for as many creatures as possible.

The Greeks looked at nature as a whole with parts; Aristotle was an early environmentalist who would completely accept the notion of an ecosphere, biosphere, etc.
His Chain of Being was an early example of this way of understanding the natural world.

By analogy, every aspect of a culture, whether it refers to a corporation or society, must have a meaningful purpose or goal within the context of all the purposes and goals of every human culture because of our human nature and our human reasons for existence.

Therefore, in accordance with above, I propose the following management code of ethics, vision and mission for your consideration and use of my proposed 'duty of care' model.

The proposed management code of ethics is:

1. Control yourself and be modest (Principle of Temperance);
2. Believe in your causes and people (Principle of Faith);
3. Be just to all people (Principle of Justice);
4. Resolve conflicts with peace (Principle of Harmony);
5. Be friendly to all (Principle of Friendship);
6. Be good and kind (Principle of Kalokagathia); and
7. Be courageous in all aspects of life (Principle of Courage);

The proposed vision is: To Manage, Protect, Recover and Improve Company capabilities to make or distribute goods and provide best services to customers.

The proposed mission is: To Manage, Protect, Recover and Improve Company capabilities, processes and systems to make or distribute goods and provide best services to customers, considering the best use of the company's: Data; Risks; Assets; People; Environment; and Standards, in accordance with the B^4 workplace wellness model, described next, and ways to implement it in a step-wise approach, presented later in this chapter.

B⁴ WORKPLACE WELLNESS MODEL

This workplace wellness model (B⁴ workplace wellness model) has four dimensions: Believing; Bonding; Belonging; and Benefiting.

Dimension 1: Believe. Believe (or have faith) in God, nature, yourself, your family, your company (its vision, mission, products, services, quality, etc.), your employees, your associates, your community, your country and your values and beliefs.

Dimension 2: Bond. Bond (or unite) with God, nature, your friends, your family, your employees, your associates, your community, your company (its vision, mission, products, services, quality, etc.), your country and your profession.

Dimension 3: Belong. Belong (or attach) to your family, your nation, your company (its vision, mission, products, services, quality, etc.), your employees, your associates, your community and your country.

Dimension 4: Benefit. Benefit (be of service or be good to) nature, yourself, your family, your company (its vision, mission, products, services, quality, etc.), your employees, your associates, your community, your country, your nation, others less advantaged, and your friends.

'HARMONY' MILESTONES

The acronym 'HARMONY' associates your 'Duty of Care' tasks in establishing and managing your company or organization in 7 steps (Step 1: Establish Governance Framework, Step 2: Improve Board Effectiveness, Step 3: Increase Executive Leadership, etc.) with the harmonized world-view proposed by the 'HARMONY' milestones of:

- H: Harmonize governance structures with society's demands
- A: Acknowledge the role of all people (employees, partners, regulators, etc.)
- R: Resolve conflicts among different perspectives and view-points
- M: Manage business operations and activities effectively and efficiently
- O: Organize people to produce best products and provide optimal services
- N: Nourish spiritual and mental aspects of all people (employees, customers, partners, etc.)
- Y: Yield to best improvement processes, viewpoints, ideas, concepts and practices.
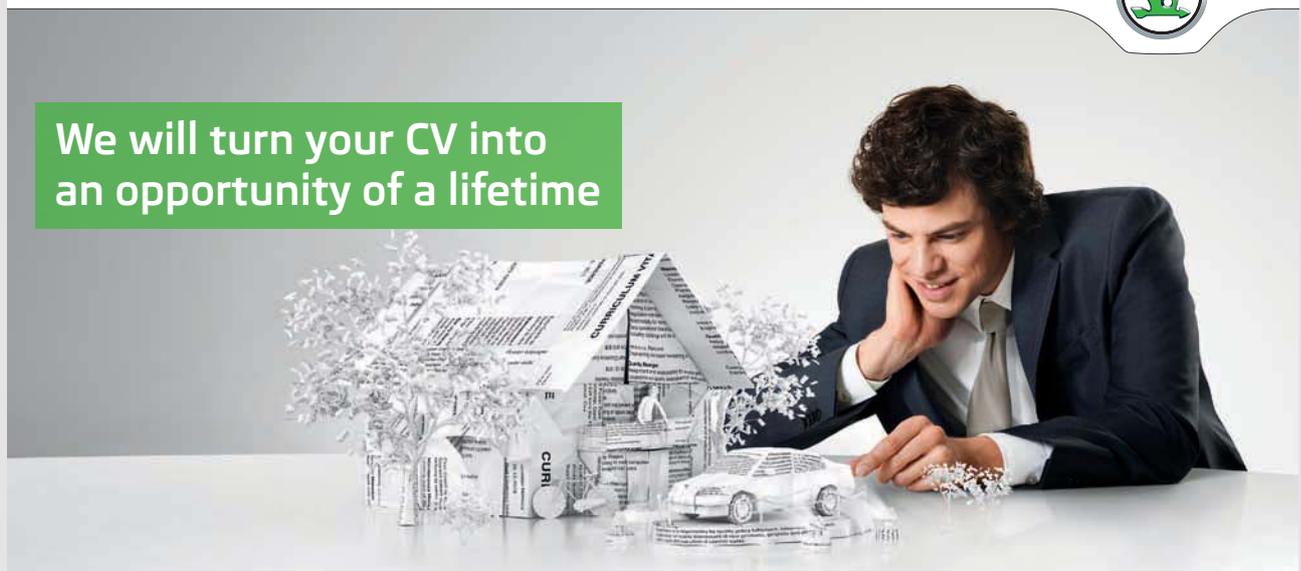
RECOMMENDATION

I am proposing the use of the 'Duty of Care' model (DRAPES, as described above) and the ancient Greek wisdom seven principles (*Temperance, Faith, Justice, Harmony, Friendship, Kalokagathia (Goodness and Kindness) and Courage*) and sayings (see 'Chapter 8: The Seven Ancient Greek Wisdom Principles') to permeate and inspire all board and management activities in running a company or organization better.

The 'Duty of Care' Implementation Approach, I am proposing, will facilitate the use of the ***DRAPES*** model and enable its vision and mission to be materialized by crafting, developing, implementing, assessing and improving the relevant strategies, plans, policies, procedures (hard controls, such as policies, procedures, etc., more details in Chapter 9) with the support and inspiration of a set of soft controls (such as tone at the top, etc., more details in Chapter 9) that inspire and motivate people to do the best job in implementing all the required hard controls to suit the specific company's purposes.

This **Implementation Approach** contains seven steps with each step including a set of hard controls, one or more soft control improvement actions, and the use of one of the ancient Greek wisdom principles (temperance, harmony, etc.).

In summary, the steps of this approach are:

Step 1: Establish Governance Framework
Step 2: Improve Board Effectiveness
Step 3: Increase Executive Leadership
Step 4: Improve Business Operations
Step 5: Manage Human Aspects
Step 6: Augment Trust and Confidence
Step 7: Improve Internal Management Controls

More details are presented in the following chapters (1 to 15) and in Part 2 of this book (Duty of Care Support Tools).

END NOTES

1. 'Mental Health Policies and Programmes in the Workplace', 2005, World Health Organisation, p 18, www.who.int

2. Royal College of Psychiatrists (2008), Mental Health and Work
   https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/212266/hwwb-mental-health-and-work.pdf

3. For example, MIND (2011) 3. Mind (2011) Taking Care of Business: Employers' Guide to Mentally Healthy Workplaces (http://www.mind.org.uk/media/43719/EMPLOYERS_guide.pdf) has produced and employers' guide to mentally healthy workplaces, in which it says that work-related mental ill health costs the UK economy up to £26 billion pa., and recommends simple measures that can save up to 30% of the cost. 4. Addley, E, (2014) Mental Health in the Workplace: "You've got to be blind not to take this seriously' The Guardian, September 10th, 2014 http://www.theguardian.com/society/2014/sep/10/mental-health-workplace-employers

4. **Goods** are items that are tangible, such as books, pens, salt, shoes, hats and folders and **services** are activities provided by other people, such as doctors, lawn care workers, dentists, barbers, waiters, online servers, etc.
   For more details, see:
   1) Hendrickson, C.T.; Lave, L.B.; Matthews, H.S. (2010). Environmental Life Cycle Assessment of Goods and Services: An Input-Output Approach. Taylor & Francis.
   2) Murley, L.; Wilson, A. (2011). The Distribution of Goods and Services. Dollars and sense: a guide to financial literacy. Rosen Central; and
   3) http://businessroundtable.org/resources/corporations-101-the-role-of-corporations-and-corporate-governance

5. For more details, see:
   http://deloitte.wsj.com/riskandcompliance/2013/05/24/the-role-and-benefits-of-a-corporate-governance-framework/

   http://www.accaglobal.com/content/dam/acca/global/PDF-students/2012s/sa_oct12-f1fab_governance.pdf

   https://en.wikipedia.org/wiki/Corporate_governance

   https://www.frc.org.uk/Our-Work/Publications/Corporate-Governance/UK-Corporate-Governance-Code-September-2012.aspx

6. For more details, see:
    http://www.hse.gov.uk/legislation/

    http://www.healthyworkinglives.com/advice/Legislation-and-policy/Workplace-Health-and-Safety/health-safety-legislation

    https://osha.europa.eu/en/safety-and-health-legislation

    https://osha.europa.eu/en/safety-and-health-legislation/european-directives

    https://www.worksafe.qld.gov.au/laws-and-compliance/workplace-health-and-safety-laws/laws-and-legislation

    https://www.ccohs.ca/oshanswers/legisl/intro.html

    https://www.epa.gov/laws-regulations/summary-occupational-safety-and-health-act

7. For more details, see:
    http://smallbusiness.chron.com/managers-responsibilitiesstakeholders-37999.html

    http://www.universalteacherpublications.com/mba/notes/ms01/c2/professional-manager-responsibilities.htm

    http://www.studylecturenotes.com/management-sciences/economics/345-business-obligations-to-shareholders-employees-consumers-a-society

    http://www.investopedia.com/ask/answers/05/shareholderinterest.asp

    http://ec.europa.eu/justice/civil/company-law/index_en.htm

    https://www.frc.org.uk/Our-Work/Codes-Standards/Corporate-governance/UK-Corporate-Governance-Code.aspx

8. For more details, see:
   http://eur-lex.europa.eu/summary/chapter/environment.html?root_default=SUM_1_CODED%3D20

   https://www.epa.gov/laws-regulations

   http://ec.europa.eu/justice/civil/company-law/index_en.htm

   http://www.universalteacherpublications.com/mba/notes/ms01/c2/professional-manager-responsibilities.htm

   http://www.studylecturenotes.com/management-sciences/economics/345-business-obligations-to-shareholders-employees-consumers-a-society

FURTHER RESOURCES

For more details on all issues related to ancient Greek wisdom, reducing occupational stress, improving wellness, soft controls, etc., see my books and other references in the BIBLIOGRAPHY chapter at the end of this book.

1 ESTABLISH GOVERNANCE FRAMEWORK

> 'Human laws are the creation of Divine Law, as it (the Divine Law) is superior to all other laws and it is applicable to all people the same way'
>
> – Heraclitus

Summary: This chapter presents the activities of step 1 of the seven-step **'Duty of Care' Implementation Approach** (described in Prologue) by:

1) Introducing governance and its related hard controls;
2) Describing the impact of the principle of Faith on the implementation of these hard controls;
3) Offering several strategic guidelines, aspects of ancient Greek sayings and specific soft control improvement actions; and
4) Guiding managers with governance performance measures and governance compliance indicators to ensure that all these align with their 'duty of care' responsibilities.

1.1 INTRODUCTION TO GOVERNANCE

Governance is the act of governing. It relates to decisions and actions that define what is expected, assign power, or assess and verify performance. To distinguish the term 'governance' from 'government' it is worth noting the following. 'Governance' is what a 'government' does.

As Pythagoras has said over 2,500 years ago: 'Good government can be firmly effected if the rulers are equal in all things to the citizens, and surpass them in nothing else than justice'.

Governance might relate to a national, state or provincial government, a corporate government for private companies and public organizations (including non-profits, NGOs, etc.), a socio-political government for tribes, families, etc., or any number of different kinds of government, but governance is the physical exercise of management power and policy.

Governance, in the current 21st century business environment, includes the establishment of a control framework of policies, procedures and controls, and continuous monitoring of their proper implementation, by the members of the governing body of an organization (private, public, etc.).

It is mainly your job and responsibility and part of your 'duty of care' duties as a business manager, corporate leader, board member or professional consultant, etc., to ensure that that an effective governance framework with its constituent components and controls is implemented fully by your people to satisfy your company's needs and requirements.

To ensure it is done, you need to implement a set of governance hard controls by defining '*what needs to be done*' and '*how to do it*'. To make certain it is done very well, you must involve and engage your people and explain well '*why to do it*' by giving them the **rationale**, the **motivation** and the **inspiration** for doing what needs to be done.

'What' and 'how' engage the minds of your people. But it's the 'why' that captures their hearts.

What effective governance hard controls need to be implemented and ways to achieve this task very well are further detailed in the next paragraphs.
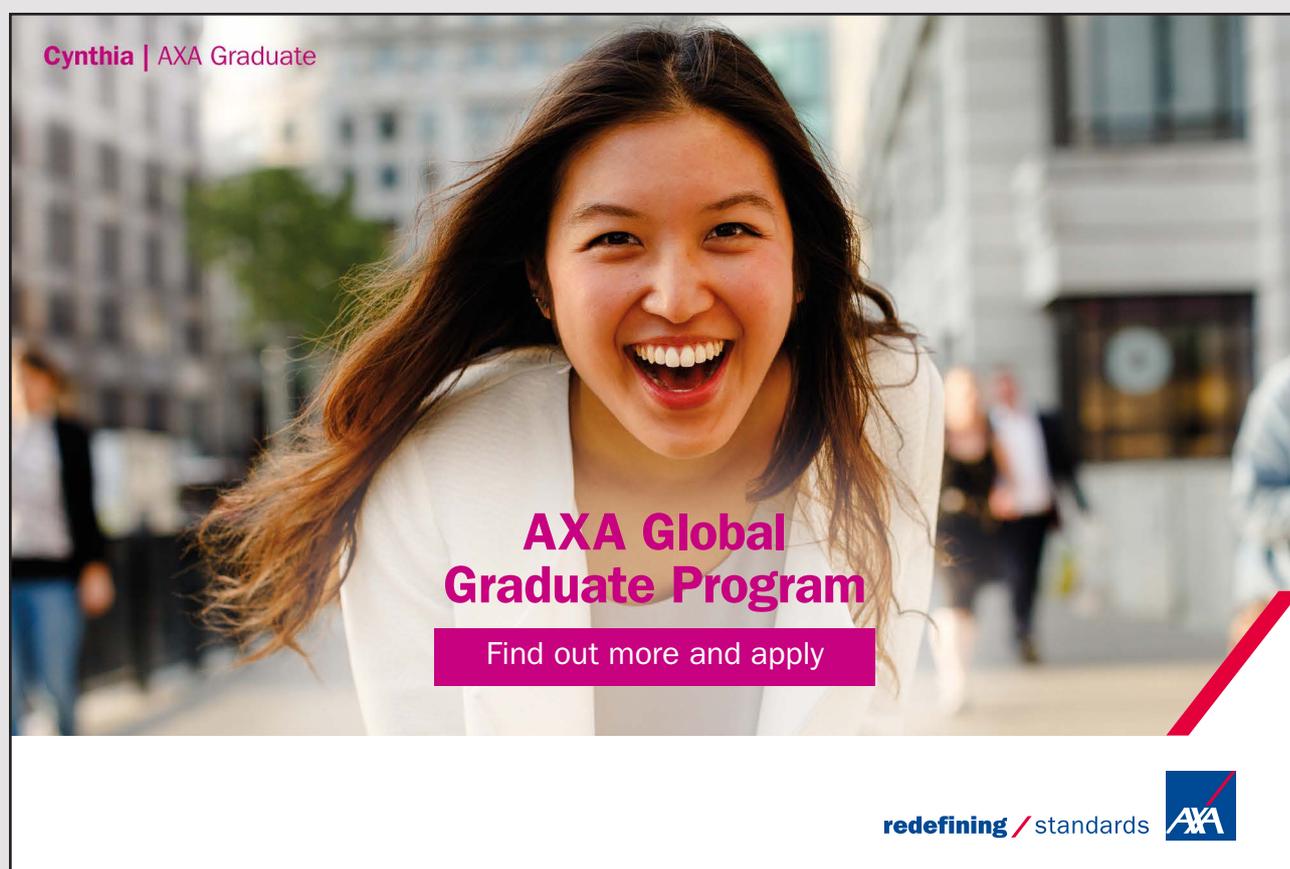
1.2   GOVERNANCE HARD CONTROLS

Governance, in the current 21ˢᵗ century business environment, includes activities to craft, establish, design, develop, implement, monitor, evaluate and improve the hard controls listed below.

1. Business Management Controls Framework.
2. Business Management Controls System Manual.
3. Corporate Philosophy Controls.
4. Rick controls.
5. Compliance controls.
6. Internal Audit Process.
7. Ethics and Culture Assessment.
8. Monitoring controls (System, Plan, Policies and Procedures).
9. Review of operations controls.
10. Data Protection and Privacy Management Controls.

A full list of governance hard controls is included in Chapter 9 (Hard and Soft Controls) of this book. For detail examples of governance hard controls (plans and policies) and tools to improve them (e.g. audit questionnaires), see Part 2 of this book.

The above controls will be crafted, established, designed, developed and implemented in this step and will be monitored in step 4 (improve business operations). Their evaluation and improvement is the task of step 7 (improve internal management controls).

1.3   IMPACT OF PRINCIPLES AND SOFT CONTROLS
ON GOVERNANCE HARD CONTROLS

Governance hard controls (e.g., policies, controls, etc.), such as Business Management Controls Framework, Business Management Controls System Manual, Ethics Code, etc., specify and define '*what needs to be done*' by enterprise managers to achieve good and effective governance for their business organization.

Governance action plans, assessments and procedural practices (also defined as hard controls, as per Chapter 9: Hard and Soft Controls) define and direct corporate people (managers, partners, employees, etc.) '*how to do it*', i.e., how to implement the defined governance hard controls.

But people, as my consulting practice and various sociological and business studies, have shown, also need to know '*why to do it*'.

The adoption in your mindset and use of the proposed ancient Greek principles and the employment of soft controls (as per Chapter 8: Hard and Soft Controls) with their actions, support 'the how to do it' as they provide the '*why to do it*', meaning the ***rationale***, the ***motivation*** and the ***inspiration*** for doing what needs to be done, i.e., the better implementation of **governance** hard controls.

'What' and 'how' engage people's minds. But it's the 'why' that captures their hearts.

1.4   STRATEGIES FOR IMPLEMENTING GOVERNANCE HARD CONTROLS

When you design, develop and implement these **governance** hard controls and monitor and review their use and results for your specific business environment, it is best practice for you to consider using the following strategic guidelines:

Strategic Guideline 1: Learn ways to govern your business

Learning ways to govern, in general, may be achieved by:

1. Participating in specific professional training programs (coaching, mentoring, NLP, etc.) and taking seminars on governance and related issues, concepts, ideas, trends and skills (e.g.: knowledge economy, Internet of Things, Cybersecurity, Data Protection, foreign languages, etc.);
2. On-the-job training.
3. In addition to above, governing your specific business also entails your in-depth knowledge of your company's operations, functions, data, assets, people, and industry, as per the DRAPES model (detailed in Prologue), and understanding how governance aspects may impact them.

Strategic Guideline 2: Prepare your mind and people for governing

To prepare your mind and people for governing your business I recommend that:

1. You review and communicate your Duty of Care vision and mission (detailed in Prologue) to all your employees so that you are all communicating and operating on the same level of awareness; and
2. You find ways, practices and techniques for implementing governance controls that make you employ fully all aspects of the B[4] workplace wellness model (detailed in Prologue) by:
   2.1. Believing in governing better;
   2.2. Bonding with your people on governance issues;
   2.3. Belonging to the group that governs your company and its people with passion; and
   2.4. Benefiting all by enabling governance controls to produce better products and deliver higher-quality services to your customers.

**Strategic Guideline 3: Drive yourself for governance
with Ancient Greek Wisdom Principles**

To drive yourself for governance as a manager into further action, I recommend that you:

1. Review fully and comprehend my proposed ancient Greek wisdom principles (Chapter 8 of this book);
2. Adopt and use my proposed management code of ethics based on these principles (Control yourself and be modest, Believe in your causes and people, etc., as per Prologue); and
3. Comprehend how they may impact your professional and personal conduct related to *governance*.

A full and unbiased understanding of these principles and adoption of the management code of ethics can bring wider insights into the cause-and-effect sequences of implementing governance hard controls for enterprises. Consequently, you, as a manager, can become more equipped to make wise choices and avoid implementation failures as regards the above-mentioned **governance** hard controls.

Strategic Guideline 4: Inspire yourself by faith

Inspire yourself, as a manager, by the principle of faith when you establish the governance framework of your company.

This is because Faith in every-day personal life and business operations has to do with the quality of commitment, being ethical and religious, worship, religious and moral behavior, devoutness, beliefs, believing in the existence of God, praying, meditation, living in agreement with nature, Divine Providence, hope and Divine Punishment.

Consider all these aspects and manifestations in taking your management decisions, especially when dealing with your people, who will have to do the detail work, and your partners, whom you and your people interact and deal with in your company's daily activities.

Strategic Guideline 5: Fortify your soul with faith-related wise wisdom

In addition to the above guidelines, remember when you design your company's governance framework and implementing its hard controls to fortify your soul by understanding and incorporating, into your mind-set and world-view, the following ancient Greek wise guidance (sayings, short story) related to the use of the principle of *faith*:

Saying 1: The goal of life is happiness, i.e. living in agreement with Nature (Principle 1 of the fundamental principles of the Cynics, like Diogenes, etc.);

Saying 2: 'Nobody can escape God's attention, when they design evil acts' by Menander**;** and

Short story: The meaning of Aesop's fable 'The Travelers and the Plane-Tree' *that some people (such as managers, professionals, company executives, etc.) underrate their best blessings and do not feel grateful for anything given to them by God or their customers or their employees*, as detailed next:

'Two Travelers, worn out by the heat of the summer's sun, laid themselves down at noon under the wide spreading branches of a Plane-Tree. As they rested under its shade, one of the Travelers said to the other, "What a singularly useless tree is the Plane! It bears no fruit, and is not of the least service to man." The Plane-Tree, interrupting him, said, "You ungrateful fellows! Do you, while receiving benefits from me and resting under my shade, dare to describe me as useless, and unprofitable?'

Strategic Guideline 6: Plan your governance implementation actions

Utilizing all of the above (learning ways, preparing your mind, seven principles, the principle of faith, sayings and short story) will support you and show you how, as a manager, shareholder, board member, etc.:

1. To plan better for the implementation of the *governance* hard controls;
2. To be a good role model for your people so that you may influence a person's life in a positive light;
3. To react positively to the errors and faults made by your people (employees, customers, partners, etc.) related to governance;
4. To reduce the occupational stress and improve the wellness of your corporate employees; and
5. To improve your company's productivity and effectiveness, in the process.

Strategic Guideline 7: Complete your governance plan with soft controls

Your governance hard controls plan should be finally completed by the full use of specific soft controls (**Ethical Climate, Empowerment** and **Culture**) and their corresponding improvement actions, described next.

1.5   APPLYING FAITH-RELATED SOFT CONTROL IMPROVEMENT ACTIONS (IA)

As a manager or board member, consider as part of your 'duty of care' responsibilities, in implementing the above-mentioned governance hard controls (**Business Management Controls Framework, Ethics Code,** etc.) of this step, to improve your company's ethical climate, by executing the following improvement actions (IA).

1.5.1   ETHICAL CLIMATE IMPROVEMENT ACTIONS

IA (1): Use honesty in ensuring that you always maintain a positive and ethical climate in managing and interacting with your employees, your superiors and your customers,

IA (2): Leave aside and amend, as required in certain circumstances, your personal self-interest, company profit, operating efficiency, rules, procedures, etc., in order to preserve and improve the ethical climate of your business and to serve the greater good, and

IA (3): Deal with all your stakeholders (employees, external auditors, customers, suppliers, authorities, regulators, community, etc.) on the same basis of fairness, and,

IA (4): Deal with all your stakeholders (employees, external auditors, customers, suppliers, authorities, regulators, community, etc.) on the same basis of written and approved rules and codes of business conduct.

1.5.2 EMPLOYEE EMPOWERMENT IMPROVEMENT ACTIONS

IA (1): Give authority and responsibility to selected employees to carry out specific actions to achieve general corporate goals and specific objectives,

IA (2): Encourage employees to assume a more energetic and effective role in their work, and

IA (3): Involve employees in assuming responsibility for improving the way things are done in their daily work activities, and

IA (4): Monitor these results to ensure that these are properly done.

1.5.3 CORPORATE CULTURE IMPROVEMENT ACTIONS

IA (1): Discuss all cultural issues with employees,

IA (2): Provide examples of behavior in your daily supervision activities, and

IA (3): Involve your employees in reviewing corporate statements on vision, mission and values.

For more improvement actions, see Part 2 of this book (Chapter 10: 'Duty of Care' Approach Improvement Plans).

1.6 ALIGNING THE IMPLEMENTATION OF GOVERNANCE HARD CONTROLS WITH 'DUTY OF CARE'

In addition to all above, you must also ensure that the defined *governance hard controls* which have been implemented with the enabling aspects of soft controls and ancient Greek principles and sayings, contribute to, and materialize better the manager's 'duty of care' responsibilities, in terms of:

1. Managing, protecting, recovering and improving your company's capabilities, processes and systems to make or distribute goods and provide best services to your customers,
2. Considering the best execution of your 'duty of care' responsibilities towards your company's Data, Risks, Assets, People, Environment and Standards, as described in the DRAPES model and
3. The B^4 workplace wellness model (of four dimensions: Believing; Bonding; Belonging; and Benefiting) in Prologue.

This alignment can be assessed by **developing, implementing and monitoring** 'duty of care' **Governance** performance measures and compliance indicators as presented in Chapter 13 of this book.

1.7 CONCLUSION

All of these, i.e., the seven ancient Greek principles and more specifically the principle of *Faith,* sayings and short story, as well as the specific soft controls with their improvement actions, when used appropriately:

1. Will make it easier for your to exercise fully your 'duty of care' responsibilities, as a manager or board member and
2. Will inspire, drive, engage and motivate both you and your people to work to their best so that your enterprise gets as a result the more efficient and effective implementation of the above-listed *governance* hard controls.

Using the beneficial effects of the principle of *Faith* in all your *governance* actions connects you with nature and the Supreme Being.

It is bound to help you take the **first step** towards a more harmonic, balanced and fulfilling life for you, at both levels: personal and business, so that you reach the first 'HARMONY' Milestone (H: Harmonize governance structures with society's demands).

Connecting with nature, believing in the Supreme Being and employing all aspects of *Faith* impacts your perspective, reasoning, ethics, behavior and the way you think and carry out your daily business activities, managing and directing your people, interacting with customers, partners and authorities, etc.

Faith provides you with the moral ground and inner strength for doing and thinking the way you do. It also improves your *spiritual strength* and gives your people an example to follow in their implementation of your *governance* controls.

1.8   OUTCOME OF THIS STEP

The results of implementing the above-mentioned governance hard controls are:

1. To establish the basic governance mechanisms which will enable all other internal and business management controls to take effect for your company or organization
2. To ensure that you execute the first 'Duty of Care' responsibilities to the fullest extent of your capabilities
3. To inspire all your people (board members, management, staff, associates, partners, etc.) in supporting you in your 'Duty of Care' tasks and responsibilities while benefiting all actors in the process (company, employees, community, society, etc.)
4. To help you reach your first HARMONY milestone (H: Harmonize governance structures with society's demands).

1.9   MANAGEMENT TIP

Let *Faith* be your first source of power and spiritual energy in implementing your company's above-mentioned **governance** hard controls more effectively and also support you to become a more-results oriented manager or board member for the good of your company and its people.

Faith will inspire your soul to enable you to execute more effectively and efficiently your **governance** 'Duty of Care' responsibilities towards your company, as per the DRAPES model and the B^4 workplace wellness model, in terms of:

a) Managing,
b) Protecting,
c) Recovering and
d) Improving

The aspects of your company's capabilities, processes and systems to make or distribute goods and provide best services to customers, considering the best use of the company's: Data; Risks; Assets; People; Environment and Standards.

2 IMPROVE BOARD EFFECTIVENESS

'Seek the true value of all things, and enjoy all gifts of God according to Measure'.

– Pythagoras

Summary: This chapter presents the activities of step 2 of the seven-step **'Duty of Care' Implementation Approach** (described in Prologue) by:

1) Introducing board effectiveness and its related hard controls;
2) Describing the impact of the principle of Temperance on the implementation of these hard controls;
3) Offering several strategic guidelines, aspects of ancient Greek sayings and specific soft control improvement actions; and
4) Guiding managers with board effectiveness performance measures and board effectiveness compliance indicators to ensure that all these align with their 'duty of care' responsibilities.

2.1 INTRODUCTION TO BOARD EFFECTIVENESS

A board of directors (board) is a body of elected or appointed members who jointly oversee the activities of an enterprise (private company, public organization, etc.). Their main task and measure of effectiveness is to see that the wealth of a corporation is increased, among other governance tasks.

Wealth is defined by the abundance of valuable resources (land, water, people, minerals, etc.) and/or material possessions (clothes, equipment, buildings, gold pieces, animals, etc.), and the management and control of such assets.

It is mainly your job and responsibility and part of your 'duty of care' duties as a board member to ensure that that an effective board with its constituent components and controls is implemented fully by the members of your board to satisfy your company's needs and requirements.

To ensure it is done, you need to implement a set of board effectiveness hard controls by defining '*what needs to be done*' and '*how to do it*'. To make certain it is done very well, you must involve and engage your board people and explain well '*why to do it*' by giving them the **rationale**, the **motivation** and the **inspiration** for doing what needs to be done.

'What' and 'how' engage the minds of your people. But it's the 'why' that captures their hearts.

What board effectiveness hard controls need to be implemented and ways to achieve this task very well are further detailed in the next paragraphs.

2.2 BOARD EFFECTIVENESS HARD CONTROLS

Board Effectiveness, in the current 21st century business environment, includes activities to craft, establish, design, develop, implement, monitor, evaluate and improve the hard controls listed below.

1. Charters for the board of directors
2. Charters for the corporate committees
3. Board selection process
4. Board training plan
5. Board ethics code
6. Board effectiveness assessment and compliance procedure[1]
7. Performance Management Framework.

A full list of board effectiveness hard controls is included in Chapter 9 (Hard and Soft Controls) of this book.

For detail examples of board effectiveness hard controls (plans and policies) and tools to improve them (e.g. audit questionnaires), see Part 2 of this book.

All these controls will be crafted, established, designed, developed, implemented, monitored, evaluated and improved in this step.

2.3   IMPACT OF PRINCIPLES AND SOFT CONTROLS ON BOARD EFFECTIVENESS HARD CONTROLS

Board Effectiveness hard controls (e.g., policies, controls, etc.), such as charters for the board of directors and for corporate committees, etc., specify and define '*what needs to be done*' by enterprises to achieve a good and effective board for their business organization.

Board Effectiveness action plans, assessments and procedural practices (also defined as hard controls, as per Chapter 9: Hard and Soft Controls) define and direct corporate people (especially board members) '*how to do it*', i.e., how to implement the defined Board Effectiveness governance hard controls.

But people, as my consulting practice and various sociological and business studies, have shown, also need to know '*why to do it*'.

The adoption in your mindset and use of the proposed ancient Greek principles and the employment of soft controls (as per Chapter 2: Hard and Soft Controls) with their actions, support 'the how to do it' as they provide the '*why to do it*', meaning the ***rationale***, the ***motivation*** and the ***inspiration*** for doing what needs to be done, i.e., the better implementation of **board effectiveness** hard controls.

'What' and 'how' engage people's minds. But it's the 'why' that captures their hearts.

2.4   STRATEGIES FOR IMPLEMENTING BOARD EFFECTIVENESS HARD CONTROLS

When you design, develop and implement these **Board Effectiveness** hard controls and monitor and review their use and results for your specific business environment, it is best practice for you to consider the following guidelines:

Strategic Guideline 1: Learn ways to act as a board director for your business

Learning ways to act as a board director, in general, may be achieved by taking specific professional seminars on board duties and responsibilities and by on-the-job training.

In addition to above, acting in a board director capacity for your specific company also entails your in-depth knowledge of your company's operations, functions, data, assets, people, and industry, as per the DRAPES model (detailed in Prologue), and understanding how governance aspects may impact them.

Strategic Guideline 2: Prepare your mind and people for Board oversight

To prepare your mind and people for acting as a board director for your business I recommend that:

1. You review and communicate your Duty of Care vision and mission (detailed in Prologue) to all your managers and employees so that you are all communicating and operating on the same level of awareness; and

2. You find ways, practices and techniques for implementing board effectiveness controls that make you employ fully all aspects of the
B^4 workplace wellness model (detailed in Prologue) by:

2.1. Believing in acting as a board director very well;

2.2. Bonding with your people on board effectiveness issues;

2.3. Belonging to the group that make the board function well for your company with passion; and

2.4. Benefiting all by enabling board effectiveness controls to ensure your company produces better products and delivers higher-quality services to your customers.

**Strategic Guideline 3: Drive yourself as a director
with Ancient Greek Wisdom Principles**

To drive yourself as a director into further action, I recommend that you:

1. Review fully and comprehend my proposed ancient Greek wisdom principles (Chapter 8 of this book);

2. Adopt and use my proposed management code of ethics based on these principles (Control yourself and be modest, Believe in your causes and people, etc., as per Pologue); and

3. Comprehend how they may impact your professional and personal conduct related to *board effectiveness.*

A full and unbiased understanding of these principles and adoption of the management code of ethics can bring wider insights into the cause-and-effect sequences of implementing board effectiveness hard controls for enterprises. Consequently, you, as a board director, can become more equipped to make wise choices and avoid implementation and oversight failures as regards the above-mentioned *board effectiveness* hard controls.

Strategic Guideline 4: Inspire yourself as a director by temperance

Inspire yourself as a director by the principle of temperance when you establish the board effectiveness framework of your company.

This is because **temperance** in every-day personal life and business operations has to do with the management of emotions, self-control, patience, prudence, humility, civic duties, wealth, mercy, errors, forgiveness, happiness, hate, anger, personal character, trust, truth, listening, speaking, managing time and work, effectiveness, hope, fortune, punishing, association with others, marriage, family, women, children, parents and living.

Consider all these aspects and manifestations in taking your board oversight and management decisions, especially when dealing with your people (managers and employees), who will have to do the detail work, and your partners, whom you and your people interact and deal with in your company's daily activities.

Strategic Guideline 5: Fortify your soul with temperance-related wise wisdom

In addition to the above guidelines, remember when you design your company's board effectiveness framework and implementing its hard controls to fortify your soul by understanding and incorporating, into your mind-set and world-view, the following ancient Greek wise guidance (sayings, short story) related to the use of the principle of *temperance*:

Saying 1: 'Good temper is a mean with respect to anger; the middle state being unnamed, and the extremes almost without a name as well, we place good temper in the middle position, though it inclines towards the deficiency, which is without a name. The excess might be called a sort of 'irascibility'. For the passion is anger, while its causes are many and diverse' by Aristotle;

Saying 2: 'It pertains to all men to know themselves and to be temperate' by Heraclitus;

Saying 3: 'The man who makes everything that leads to happiness depends upon himself, and not upon other men, has adopted the very best plan for living happily. This is the man of moderation, the man of manly character and of wisdom' by Plato; and

Short story: The meaning of **Aesop's fable** 'A mother crab and her son' *that examples by managers, professionals, company executives, etc. are more powerful than precept*, as detailed next: 'A mother crab criticized her son for walking sideways, whereupon the son asked his mother to show him how to walk straight. Of course the mother crab was unable to walk any straighter than her son, and soon apologized for criticizing what she herself was unable to do'.

Strategic Guideline 6: Plan your board effectiveness implementation actions

Utilizing all of the above (learning ways, preparing your mind, seven principles, the principle of temperance, sayings and short story) will support you and show you how, as a board member:

1. To plan better for the implementation of the *board effectiveness* hard controls;
2. To be a good role model for your people so that you may influence a person's life in a positive light;
3. To react positively to the errors and faults made by your managers;
4. To reduce the occupational stress and improve wellness of your corporate managers and employees; and
5. To improve your company's and your management's productivity and effectiveness, in the process.

Strategic Guideline 7: Complete your board effectiveness plan with soft controls

Your board effectiveness plan should be finally completed by the full use of specific soft controls (**Tone at the top** and **Understanding of the organization by the board/Top Management**) and their corresponding improvement actions, described next.

2.5 APPLYING SOFT TEMPERANCE-RELATED CONTROL IMPROVEMENT ACTIONS (IA)

As a board member, consider as part of your 'duty of care' responsibilities, in implementing the above-mentioned **board effectiveness** hard controls (**Charters for the board of directors,** etc.) of this step, to improve your company's tone at the top and other aspects, by executing the following improvement actions.

2.5.1 TONE AT THE TOP IMPROVEMENT ACTIONS

IA (1): Discuss and resolve all ethics and integrity issues, and
IA (2): Provide examples of behavior in your daily board duties and oversight activities.

2.5.2 UNDERSTANDING OF THE ORGANIZATION BY THE BOARD IMPROVEMENT ACTIONS

IA (1): Select and appoint board members/Top managers on the basis of education, professional background and practical experience,
IA (2): Ensure that board members/Top managers attend critical business operations for a specific period, and
IA (3): Provide board members/Top managers with specialized training courses on very specific issues and areas where the given organization is active.

For more improvement actions, see Part 2 of this book (Chapter 10: 'Duty of Care' Approach Improvement Plans).

2.6   ALIGNING BOARD EFFECTIVENESS HARD CONTROLS WITH 'DUTY OF CARE'

In addition to all above, you must also ensure that the defined *board effectiveness hard controls* which have been implemented with the enabling aspects of soft controls and ancient Greek principles and sayings, contribute to, and materialize better the manager's 'duty of care' responsibilities, in terms of:

1) Managing, protecting, recovering and improving your company's capabilities, processes and systems to make or distribute goods and provide best services to your customers,

2) Considering the best execution of your 'duty of care' responsibilities towards your company's Data, Risks, Assets, People, Environment and Standards, as described in the DRAPES model; and

3) The B^4 workplace wellness model (of four dimensions: Believing; Bonding; Belonging; and Benefiting) in Prologue.

This alignment can be assessed by **developing, implementing and monitoring** 'duty of care' **Board Effectiveness** performance measures and compliance indicators as presented in Chapter 13 of this book.

2.7   CONCLUSION

All of these, i.e., the seven ancient Greek principles and more specifically the principle of *Temperance,* sayings and short story, as well as the specific soft controls with their improvement actions, when used appropriately:

1. Will make it easier for you to exercise fully your 'duty of care' responsibilities, as a board member and
2. Will inspire, drive, engage and motivate both you and your people to work to their best so that your enterprise gets as a result the more efficient and effective implementation of the above-listed *board effectiveness* hard controls.

Using the beneficial effects of the principle of *Temperance* in all your board effectiveness actions improves the aspects of governance and law of your social health by enabling your skills to relate to others better and govern fairly by learning to be governed first.

It is bound to help you take the **second step** towards a more harmonic, balanced and fulfilling life for you, at both levels: personal and business, so that you reach the second 'HARMONY' Milestone (A: Acknowledge the role of all people (employees, partners, regulators, etc.).

Employing all aspects of *Temperance* impacts your perspective, reasoning, ethics, behavior and the way you think and carry out your daily business activities, managing and directing your people, interacting with customers, partners and authorities, etc.

Temperance improves your integrity, giving you a sense of inner balance and commitment, to yourself, family, business organization, profession, community and country. All these make you focus all your energy to controlling and managing yourself better, and this way, benefit yourself, your business associates, the people you work with, as well as your immediate family members, as well as others by it.

Temperance provides you with the moral ground and inner strength for doing and thinking the way you do. It also improves your *social health* and gives your people an example to follow in their implementation of your *governance* controls.

2.8   OUTCOME OF THIS STEP

The results of implementing the above-mentioned board effectiveness hard controls are:

1. To establish the basic board effectiveness mechanisms which facilitate the other internal and business management controls to take effect for your enterprise (private company, public organization, etc.)
2. To ensure that you execute the second 'Duty of Care' responsibilities to the fullest extent of your capabilities
3. To inspire all your people (board members, management, staff, associates, partners, etc.) in supporting you in your 'Duty of Care' tasks and responsibilities while benefiting all actors in the process (company, employees, community, society, etc.)
4. To help you reach your second HARMONY milestone (A: Acknowledge the role of all people (employees, partners, regulators, etc.)

2.9   MANAGEMENT TIP

Let *Temperance* be your second source of power and spiritual energy in implementing your company's above-mentioned **board effectiveness** hard controls more effectively and also support you to become a more-results oriented manager or board member for the good of your company and its people.

Temperance will inspire your soul to enable you to execute more effectively and efficiently your **board effectiveness** 'Duty of Care' responsibilities towards your company, as per the DRAPES model and the B^4 workplace wellness model, in terms of:

a) Managing,
b) Protecting,
c) Recovering and
d) Improving

The aspects of your company's capabilities, processes and systems to make or distribute goods and provide best services to customers, considering the best use of the company's: Data; Risks; Assets; People; Environment and Standards.

2.10 END NOTES

1. See following resources:
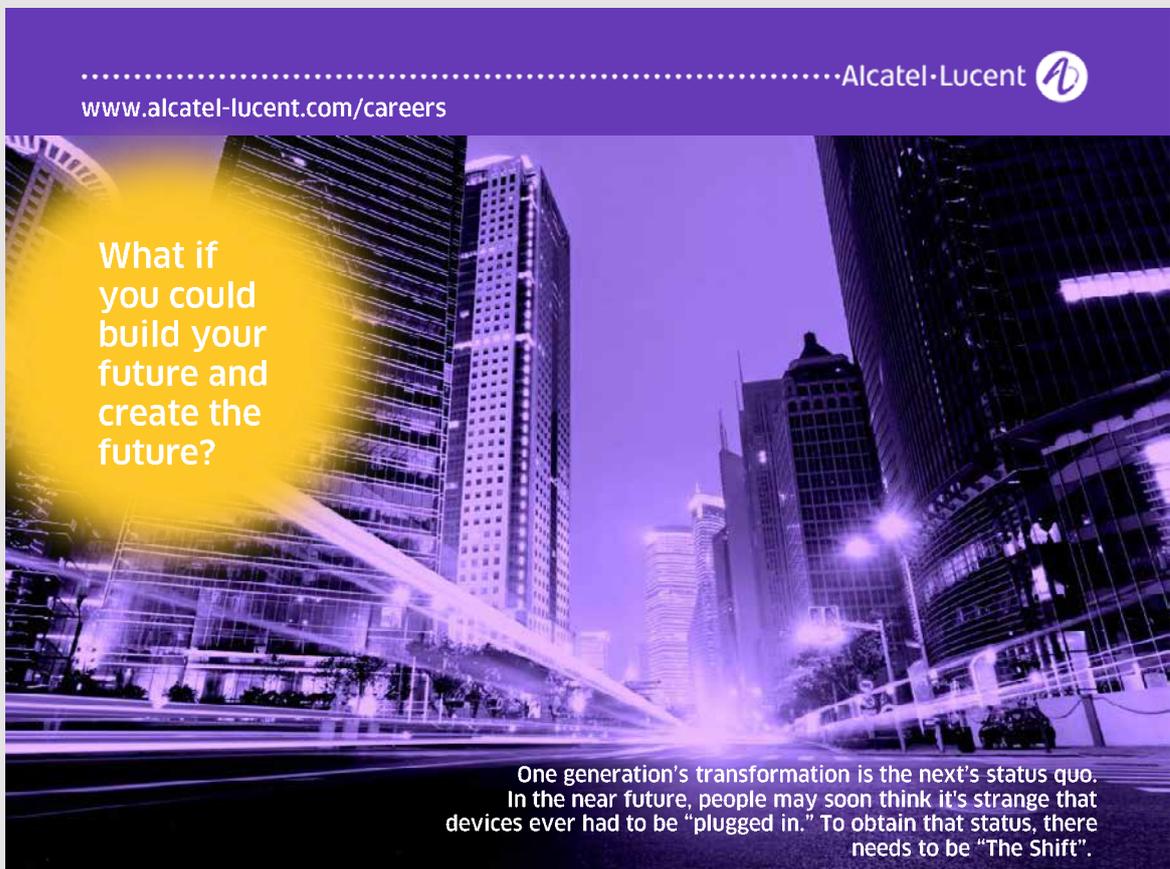
   http://www.cscs.org/board-effectiveness

   https://www.icaew.com/en/technical/corporate-governance/uk-corporate-governance/board-evaluations-and-effectiveness-reviews

   https://www2.deloitte.com/content/dam/Deloitte/in/Documents/risk/Corporate%20Governance/in-cg-performance-evaluation-of-boards-and-directors-noexp.pdf

   https://www.spencerstuart.com/research-and-insight/improving-board-effectiveness-five-principles-for-getting-the-most-out-of-a-board-assessment

   http://www.effectivegovernance.com.au/wp-content/uploads/2012/10/Seven-steps-to-effective-board-and-director-evaluations-Beck-and-Kiel.pdf

3   INCREASE EXECUTIVE LEADERSHIP

> 'It is a shame to concern yourself with more glory, money and honors
> while you ignore truth, wisdom and perfection of your soul'
>
> – Plato

Summary: This chapter presents the activities of step 3 of the seven-step **'Duty of Care' Implementation Approach** (described in Prologue) by:

1) Introducing executive leadership and its related hard controls;
2) Describing the impact of the principle of Justice on the implementation of these hard controls;
3) Offering several strategic guidelines, aspects of ancient Greek sayings and specific soft control improvement actions; and
4) Guiding managers with leadership performance measures and leadership compliance indicators to ensure that all these align with their 'duty of care' responsibilities.

3.1   INTRODUCTION TO EXECUTIVE LEADERSHIP

Executive Leadership is a set of practical skills, habits and dexterities that relate to the ability of an individual or individuals to manage, 'lead' or guide other individuals, teams or entire organizations in order to achieve specific and well-defined results.

These competencies and skills have to do with how leaders manage:

1. Resources (identification, organization, planning, and allocation of time, money, materials, facilities, human resources, and information);
2. Interpersonal Relationships (working with others in unison, participation, provision of services, exercise of leadership, negotiating, etc.);
3. Information (acquiring, organizing, interpreting, communicating, using, processing, and evaluating information); and
4. Systems (understanding complex interrelationships of systems such as social, financial, organizational, technological, etc., reviewing and correcting performance, designing, using, acquiring, maintaining and improving technologies, systems, policies and procedures, etc.).

It is worthwhile for leaders to consider that **Socrates** instructed each of his students to better manage themselves in their life, by following the following rules: 'Keep interested in the truth; Make sure that your soul is as good as possible; and to get a good soul, maintain the four virtues of prudence, temperance, courage and justice'.

It is mainly your job and responsibility and part of your 'duty of care' duties as a business manager, corporate leader, board member or professional consultant, etc., to ensure that that an effective executive leadership framework with its constituent components and controls is implemented fully by your people to satisfy your company's needs and requirements.

To ensure it is done, you need to implement a set of executive leadership hard controls by defining '*what needs to be done*' and '*how to do it*'. To make certain it is done very well, you must involve and engage your people and explain well '*why to do it*' by giving them the **rationale**, the **motivation** and the **inspiration** for doing what needs to be done.

'What' and 'how' engage the minds of your people. But it's the 'why' that captures their hearts.

What effective leadership hard controls need to be implemented and ways to achieve this task very well are further detailed in the next paragraphs.

3.2 EXECUTIVE LEADERSHIP HARD CONTROLS

Executive Leadership, in the current 21st century business environment, includes activities to craft, establish, design, develop, implement, monitor, evaluate and improve the hard controls listed below.

1. Strategic Management Controls
2. Corporate policies
3. Departmental Terms of Reference
4. Corporate Policies and Procedures Manual
5. Files, Documents and Records Management Procedures
6. Confidential Information Release Procedures
7. Management Reporting Procedures
8. Asset Protection Procedures
9. Legal Procedures
10. Administrative office controls
11. Business Intelligence Controls
12. Corporate Espionage and Sabotage Controls.

To create all your corporate policies and procedures you may use the 'Crafting Policies and Procedures Management Plan' included in Part 2 of this book.

A full list of leadership hard controls is included in Chapter 9 (Hard and Soft Controls) of this book.

For detail examples of leadership hard controls (plans and policies) and tools to improve them (e.g. audit questionnaires), see Part 2 of this book.

All these controls will be crafted, established, designed, developed and implemented in this step[1], monitored in step 4 (improve business operations), evaluated and improved in step 7 (improve governance, policies and procedures).

3.3 IMPACT OF PRINCIPLES AND SOFT CONTROLS ON EXECUTIVE LEADERSHIP HARD CONTROLS

Executive Leadership hard controls (e.g., policies, controls, etc.), such as Business Strategic Plan, Development and implementation of corporate policies, etc., specify and define '*what needs to be done*' by enterprise managers to achieve good and effective leadership for their business organization.

Executive Leadership action plans, assessments and procedural practices (also defined as hard controls, as per Chapter 9: Hard and Soft Controls) define and direct corporate people (managers, partners, employees, etc.) '*how to do it*', i.e., how to implement the defined leadership hard controls.

But people, as my consulting practice and various sociological and business studies, have shown, also need to know '*why to do it*'.

The adoption in your mindset and use of the proposed ancient Greek principles and the employment of soft controls (as per Chapter 9: Hard and Soft Controls) with their actions, support 'the how to do it' as they provide the '*why to do it*', meaning the **rationale**, the **motivation** and the **inspiration** for doing what needs to be done, i.e., the better implementation of **executive leadership** hard controls.

'What' and 'how' engage people's minds. But it's the 'why' that captures their hearts.

3.4   STRATEGIES FOR IMPLEMENTING LEADERSHIP HARD CONTROLS

When you design, develop and implement these leadership hard controls and monitor and review their use and results for your specific business environment, it is best practice for you to consider using the following strategic guidelines:

Strategic Guideline 1: Learn ways to lead your business

Learning ways to lead a company, in general, may be achieved by:

1. Participating in specific professional training programs (coaching, mentoring, NLP, etc.) and taking seminars on corporate leadership and related issues, concepts, ideas, trends and skills (e.g.: knowledge economy, financing, logistics, internal controls, Internet of Things, Cybersecurity, Data Protection, foreign languages, etc.);
2. On-the-job training.
3. In addition to above, leading your specific business also entails your in-depth knowledge of your company's operations, functions, data, assets, people, and industry, as per the DRAPES model (detailed in Chapter Prologue), and understanding how leadership aspects may impact them.

Strategic Guideline 2: Prepare your mind and people for leadership

To prepare your mind for leading your company and your people for leading them I recommend that:

1. You review and communicate your Duty of Care vision and mission (detailed in Prologue) to all your employees so that you are all communicating and operating on the same level of awareness; and
2. You find ways, practices and techniques for implementing leadership controls that make you employ fully all aspects of the B^4 workplace wellness model (detailed in Prologue) by:
   2.1. Believing in leading better;
   2.2. Bonding with your people on leadership issues;
   2.3. Belonging to the group that leads your company and its people with passion and positive attitude; and
   2.4. Benefiting all by enabling leadership controls to produce better products and deliver higher-quality services to your customers.

**Strategic Guideline 3: Drive yourself as a leader
with Ancient Greek Wisdom Principles**

To drive yourself as a corporate leader into further action, I recommend that you:

1. Review fully and comprehend my proposed ancient Greek wisdom principles (Chapter 8 of this book);
2. Adopt and use my proposed management code of ethics based on these principles (Control yourself and be modest, Believe in your causes and people, etc., as per Prologue); and
3. Comprehend how they may impact your professional and personal conduct related to *leadership.*

A full and unbiased understanding of these principles and adoption of the management code of ethics can bring wider insights into the cause-and-effect sequences of implementing leadership hard controls for enterprises. Consequently, you, as a leader, can become more equipped to make wise choices and avoid implementation failures as regards the above-mentioned leadership hard controls.

Strategic Guideline 4: Inspire yourself by justice

Inspire yourself, as a leader, by the principle of justice when you establish the leadership framework of your company.

This is because **Justice** in every-day personal life and business operations has to do with the application of the law and rules (to both society and company), wealth, application of justice, public office, governance, political system of governing and protection of homeland, family and business.

Consider all these aspects and manifestations in taking your executive leadership decisions, especially when dealing with your people, who will have to do the detail work, and your partners, whom you and your people interact and deal with in your company's daily activities.

Strategic Guideline 5: Fortify your soul with justice-related wise wisdom

In addition to the above guidelines, remember when you design your company's leadership framework and implementing its hard controls to fortify your soul by understanding and incorporating, into your mind-set and world-view, the following ancient Greek wise guidance (sayings, short story) related to the use of the principle of *justice*:

Saying 1: 'Laws govern and should be above all other rules' by Aristotle;

Saying 2: 'The just man is most free from disturbance, while the unjust is full of the utmost disturbance' by Epicurus;

Saying 3: 'True wisdom comes to each of us when we realize how little we understand about life, ourselves, and the world around us' by Socrates; and

Short story: The meaning of **Aesop's fable** 'The Philosopher, the Ants, and Mercury' *that every man should not only judge others but practice justice himself,* as detailed next:

'A Philosopher witnessed from the shore the shipwreck of a vessel, of which the crew and passengers were all drowned. He inveighed against the injustice of Providence, which would for the sake of one criminal perchance sailing in the ship allow so many innocent persons to perish. As he was indulging in these reflections, he found himself surrounded by a whole army of Ants, near whose nest he was standing. One of them climbed up and stung him, and he immediately trampled them all to death with his foot. Mercury presented himself, and striking the Philosopher with his wand, said: 'And are you indeed to make yourself a judge of the dealings of Providence, who has yourself in a similar manner treated these poor Ants?'

Strategic Guideline 6: Plan your leadership implementation actions

Utilizing all of the above (learning ways, preparing your mind, seven principles, the principle of *justice*, sayings and short story) will support you and show you how, as an executive leader:

1. To plan better for the implementation of the *leadership* hard controls;
2. To be a good role model for your people so that you may influence a person's life in a positive light;
3. To react positively to the errors and faults made by your people (employees, customers, partners, etc.);
4. To reduce the occupational stress and improve the wellness of your corporate managers and employees; and
5. To improve your company's productivity and effectiveness, in the process.

Strategic Guideline 7: Complete your leadership plan with soft controls

Your leadership plan should be finally completed by the full use of specific soft controls (**Leadership, Understanding of the organization by the board/Top Management** and **Employee Morale)** and their corresponding improvement actions, described next.

3.5   APPLYING JUSTICE-RELATED SOFT CONTROL IMPROVEMENT ACTIONS (IA)

As a manager or board member, consider as part of your 'duty of care' responsibilities, in implementing the above-mentioned **leadership** hard controls (**Business Strategic Plan, Corporate Policies**, etc.) of this step, to improve your leadership skills, by executing the following improvement actions.

3.5.1   LEADERSHIP IMPROVEMENT ACTIONS

IA (1): Have a vision, a mission and values,

IA (2): Be organized to the fullest,

IA (3): Plan, supervise, and execute efficiently and effectively,

IA (4): Delegate by assigning ownership of the work you give to employees, and always act with responsibility,

IA (5): Be passionate and enthusiastic and get your employees involved in the decision making process,

IA (6): Train and coach them as required to get the job done well,

IA (7): Handle emotional issues with calmness and fairness,

IA (8): Know your organization extremely well,

IA (9): Provide a positive and moral example to others, and

IA (10): Motivate people and keep clear channels of communication.

3.5.2   UNDERSTANDING OF THE ORGANIZATION BY THE BOARD/ TOP MANAGEMENT IMPROVEMENT ACTIONS

IA (1): Select and appoint board members/Top managers on the basis of education, professional background and practical experience,

IA (2): Ensure that board members/Top managers attend critical business operations for a specific period, and

IA (3): Provide board members/Top managers with specialized training courses on very specific issues and areas where the given organization is active.

3.5.3   EMPLOYEE MORALE IMPROVEMENT ACTIONS

IA (1): Provide opportunities for employees to make decisions about and influence their own work,

IA (2): Provide timely, accurate and proactive responses to their questions and concerns,

IA (3): Treat them as responsible adults with fairness and consistency,

IA (4): Develop and publicize corporate policies and procedures while ensuring that they work effectively,

IA (5): Communicate positively, effectively and constantly with all employees on all issues (e.g., performance, work details, etc.),

IA (6): Afford all staff the opportunity to grow and develop, and

IA (7): Provide appropriate leadership and a framework of strategy, vision, mission, values and goals.

All of these, ancient Greek principles, sayings and short story, and specific soft controls with their improvement actions, when used appropriately, will inspire, drive, engage and motivate both you and your people to work to their best so that your enterprise gets as a result the more efficient and effective implementation of the above-listed *executive leadership* hard controls.

For more improvement actions, see Part 2 of this book (Chapter 10: 'Duty of Care' Approach Improvement Plans).

3.6   ALIGNING THE IMPLEMENTATION OF LEADERSHIP HARD CONTROLS WITH 'DUTY OF CARE'

In addition to all above, you must also ensure that the defined *executive leadership hard controls* which have been implemented with the enabling aspects of soft controls and ancient Greek principles and sayings, contribute to, and materialize better the manager's 'duty of care' responsibilities, in terms of:

1) Managing, protecting, recovering and improving your company's capabilities, processes and systems to make or distribute goods and provide best services to your customers;

2) Considering the best execution of your 'duty of care' responsibilities towards your company's Data, Risks, Assets, People, Environment and Standards, as described in the DRAPES model; and

3) The B^4 workplace wellness model (of four dimensions: Believing; Bonding; Belonging; and Benefiting) in Prologue.

This alignment can be assessed by **developing, implementing and monitoring** 'duty of care' **Leadership** performance measures and compliance indicators as presented in Chapter 13 of this book.

3.7 CONCLUSION

All of these, i.e., the seven ancient Greek principles and more specifically the principle of *Justice,* sayings and short story, as well as the specific soft controls with their improvement actions, when used appropriately:

1. Will make it easier for your to exercise fully your 'duty of care' responsibilities, as a manager or board member and
2. Will inspire, drive, engage and motivate both you and your people to work to their best so that your enterprise gets as a result the more efficient and effective implementation of the above-listed *Executive Leadership* hard controls.

Using the beneficial effects of the principle of *Justice* in all your leadership actions improves your social health by enabling you to relate to others better and be fair to all dealings you're your employees, customers and partners.

It is bound to help you take the **third step** towards a more harmonic, balanced and fulfilling life for you, at both levels: personal and business, , so that you reach the third 'HARMONY' Milestone (R: Resolve conflicts among different perspectives and view-points).

Employing all aspects of *Justice* impacts your perspective, reasoning, ethics, behavior and the way you think and carry out your daily business activities, managing and directing your people, interacting with customers, partners and authorities, etc.

Justice improves your procedural justice aspects and affects how management decisions are made by you, other managers as well as board members of your company, and how policies and procedures are established. When a situation cannot be resolved between the parties, and a leader or manager is required to make a ruling, procedural justice suggests that decisions be neutral, based on fact, and appropriate for the actions.

Justice provides you also with the moral ground and inner strength for doing and thinking the way you do. It also improves further your *social health* and gives your people an example to follow in their implementation of your *justice* controls. When your employees believe problems will be resolved fairly and honestly, they will have more confidence in the management decision process.

3.8 OUTCOME OF THIS STEP

The results of implementing the above-mentioned leadership hard controls are:

1. To increase your executive skills which facilitate all business management controls to take effect for your company or organization
2. To ensure that you execute the third 'Duty of Care' responsibilities to the fullest extent of your capabilities
3. To inspire all your people (board members, management, staff, associates, partners, etc.) in supporting you in your 'Duty of Care' tasks and responsibilities while benefiting all actors in the process (company, employees, community, society, etc.)
4. To help you reach your third HARMONY milestone (R: Resolve conflicts among different perspectives and view-points).

3.9 MANAGEMENT TIP

Let *Justice* be your third source of power and spiritual energy in implementing your company's above-mentioned **leadership** hard controls more effectively and also support you to become a more-results oriented manager or board member for the good of your company and its people.
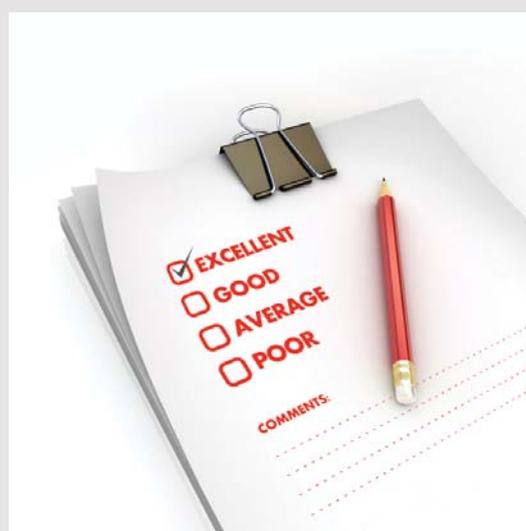
Justice will inspire your soul to enable you to execute more effectively and efficiently your **leadership** 'Duty of Care' responsibilities towards your company, as per the DRAPES model and the B^4 workplace wellness model, in terms of:

    a) Managing,
    b) Protecting,
    c) Recovering and
    d) Improving

The aspects of your company's capabilities, processes and systems to make or distribute goods and provide best services to customers, considering the best use of the company's: Data; Risks; Assets; People; Environment and Standards.

3.10 END NOTES

1. For more details, see:
   http://www.mckinsey.com/global-themes/leadership/why-leadership-development-programs-fail

   https://hbr.org/2010/02/leadership-development-secrets

   https://hbr.org/2016/10/why-leadership-development-isnt-developing-leaders

   https://www.inc.com/guides/2010/07/how-to-create-a-leadership-development-program.html

   http://www.oracle.com/us/media1/steps-effective-leadership-dev-1657106.pdf

4   IMPROVE BUSINESS OPERATIONS

'You should enjoy when they check you rather than when they flatter you'

– Pythagoras

Summary: This chapter presents the activities of step 4 of the seven-step **'Duty of Care' Implementation Approach** (described in Prologue) by:

1) Introducing business operations and its related hard controls;
2) Describing the impact of the principle of **Harmony** on the implementation of these hard controls;
3) Offering several strategic guidelines, aspects of ancient Greek sayings and specific soft control improvement actions; and
4) Guiding managers with business operations performance measures and business operations compliance indicators to ensure that all these align with their 'duty of care' responsibilities.

4.1   INTRODUCTION TO BUSINESS OPERATIONS

Business Operations has to do with everything that happens within a company to keep it running and earning money. The outcome of business operations is the harvesting of value from assets owned by a business. Business managers are mainly responsible to carry out these tasks.

Business Operations also entails getting managers to improve their self-management skills so that they do the best job possible.

In this regard, it is worth considering what **Pythagoras** has said on self-management: '**Never** do anything which you do not understand, but learn all you ought to know, and by that you will lead a very pleasant life'; 'Accustom yourself to a way of living that is neat and decent without luxury'; and in his golden verse number 42, he instructed that everyone, on a daily basis, should ask himself (or herself) the following three questions:

Question 1: 'Wherein have I done amiss?'
Question 2: 'What have I done?'
Question 3: 'What have I omitted that I ought to have done?'

And, depending on the replies (i.e., you have done good and acted responsibly), either reprimand and improve yourself or rejoice. It is mainly your job and responsibility and part of your 'duty of care' duties as a business manager, corporate leader, board member or professional consultant, etc., to ensure that that an effective business operations framework with its constituent components and controls is implemented fully by your people to satisfy your company's needs and requirements.

To ensure it is done, you need to implement a set of business operations hard controls by defining '*what needs to be done*' and '*how to do it*'. To make certain it is done very well, you must involve and engage your people and explain well '*why to do it*' by giving them the **rationale**, the **motivation** and the **inspiration** for doing what needs to be done.

'What' and 'how' engage the minds of your people. But it's the 'why' that captures their hearts.

What effective business operations hard controls need to be implemented and ways to achieve this task very well are further detailed in the next paragraphs.

4.2   BUSINESS OPERATIONS HARD CONTROLS

Improving Business Operations, in the current 21st century business environment, includes activities to craft, establish, design, develop, implement, monitor, evaluate and improve the hard controls listed below.

1. Transaction Authorization Controls
2. Financial Organization Controls
3. Financial Policies and Procedures
4. General Ledger Controls
5. Computerized Financial Systems
6. Financial Performance Controls
7. Customers Sales Controls
8. Production Policies and Procedures
9. Manufacturing Process Controls.

A full list of business operations hard controls is included in Chapter 9 (Hard and Soft Controls) of this book.

For detail examples of business operations hard controls (plans and policies) and tools to improve them (e.g. audit questionnaires), see Part 2 of this book.

The above controls will be crafted, established, designed, developed, implemented and monitored in this step and will be evaluated and improved in step 7 (improve governance, policies and procedures).

Also all other controls (governance, leadership, board. etc.) will also be monitored during this step.

4.3   IMPACT OF PRINCIPLES AND SOFT CONTROLS ON BUSINESS OPERATIONS HARD CONTROLS

Business Operations hard controls (e.g., policies, controls, etc.) specify and define '*what needs to be done*' by enterprise managers to achieve good and business operations for their company or organization.

Business Operations action plans, assessments and procedural practices (also defined as hard controls, as per Chapter 9: Hard and Soft Controls) define and direct corporate people (managers, partners, employees, etc.) '*how to do it*', i.e., how to implement the defined business operations hard controls.

But people, as my consulting practice and various sociological and business studies, have shown, also need to know '*why to do it*'.

The adoption in your mindset and use of the proposed ancient Greek principles and the employment of soft controls (as per Chapter 9: Hard and Soft Controls) with their actions, support 'the how to do it' as they provide the '*why to do it*', meaning the ***rationale***, the ***motivation*** and the ***inspiration*** for doing what needs to be done, i.e., the better implementation of business operations hard controls.

'What' and 'how' engage people's minds. But it's the 'why' that captures their hearts.

4.4   STRATEGIES FOR IMPLEMENTING BUSINESS OPERATIONS HARD CONTROLS

When you design, develop and implement these business operations hard controls and monitor and review their use and results for your specific business environment, it is best practice for you to consider using the following strategic guidelines:

Strategic Guideline 1: Learn ways to manage your business operations

Learning ways to manage your business operations, in general, may be achieved by:

1. Participating in specific professional training programs (coaching, mentoring, NLP, etc.) and taking seminars on business operations and related issues, concepts, ideas, trends and skills (e.g.: knowledge economy, warehouse management, production management, financing, logistics, internal controls, Internet of Things, Cybersecurity, Data Protection, foreign languages, etc.);
2. On-the-job training.
3. In addition to above, managing operations for your specific business also entails your in-depth knowledge of your company's operations, functions, data, assets, people, and industry, as per the DRAPES model (detailed in Prologue), and understanding how business operations aspects may impact them.

**Strategic Guideline 2: Prepare your mind and people
for managing business operations**

To prepare your mind, as a manager, for managing the business operations of your company and your people I recommend that:

1. You review and communicate your Duty of Care vision and mission (detailed in Prologue) to all your employees so that you are all communicating and operating on the same level of awareness; and
2. You find ways, practices and techniques for implementing business operations controls that make you employ fully all aspects of the B^4 workplace wellness model (detailed in Prologue) by:
   2.1. Believing in managing operations better;
   2.2. Bonding with your people on business operations issues;
   2.3. Belonging to the group that manages business operations for your company and its people with passion and positive attitude; and
   2.4. Benefiting all by enabling business operations controls to produce better products and deliver higher-quality services to your customers.

**Strategic Guideline 3: Drive yourself for business operations
with Ancient Greek Wisdom Principles**

1. Review fully and comprehend my proposed ancient Greek wisdom principles (Chapter 1 of Part 2 of this book);
2. Adopt and use my proposed management code of ethics based on these principles (Control yourself and be modest, Believe in your causes and people, etc., as per Prologue); and
3. Comprehend how they may impact your professional and personal conduct related to *business operations.*

A full and unbiased understanding of these principles and adoption of the management code of ethics can bring wider insights into the cause-and-effect sequences of implementing business operations hard controls for enterprises. Consequently, you, as a manager, leader, board member, etc., can become more equipped to make wise choices and avoid implementation failures as regards the above-mentioned *business operations* hard controls.

Strategic Guideline 4: Inspire yourself by harmony

Inspire yourself, as a manager or leader, by the principle of harmony when you establish the business operations framework of your company.

This is because **Harmony** in every-day personal life and business operations has to do with the aspects of living in tranquility, peace and not war, wisdom, associating with others the best way, enhancing inter-personal relationships, treating others well, educating yourself and others, increase learning, knowledge, health and pleasure, and giving advice to all that request it.

Consider all these aspects and manifestations in taking your board, management and executive leadership decisions, especially when dealing with your people, who will have to do the detail work, and your partners, whom you and your people interact and deal with in your company's daily activities.

Strategic Guideline 5: Fortify your soul with harmony-related wise wisdom

In addition to the above guidelines, remember when you design your company's business operations framework and implementing its hard controls to fortify your soul by understanding and incorporating, into your mind-set and world-view, the following ancient Greek wise guidance (sayings, short story) related to the use of the principle of *harmony*:

Saying 1: 'Harmony is a blend or composition of contraries' by Aristotle;

Saying 2: '(Opposition brings concord. Out of discord comes the fairest harmony' by Heraclitus**;**

Saying 3: 'You must plunge beneath your crowded thoughts and calmly contemplate the higher realities with pure, focused attention. If you do this, a state of inspired serenity will remain with you throughout your life, shaping your character and benefiting you in so many ways. But if you direct your attention instead to the trivial things most people obsess about, the silly nonsense that dulls their minds, you'll just acquire more objects which you'll only lose anyway' by Empedocles; and

Short story: The meaning of **Aesop's fable** 'The Shipwrecked Man and the Sea' *that Harmony includes opposites and that resolving conflicts in a business environment must be done with grace by managers,* as detailed next:

'A shipwrecked man, having been cast upon a certain shore, slept after his buffetings with the deep. After a while he awoke, and looking upon the Sea, loaded it with reproaches. He argued that it enticed men with the calmness of its looks, but when it had induced them to plow its waters, it grew rough and destroyed them. The Sea, assuming the form of a woman, replied to him: "Blame not me, my good sir, but the winds, for I am by my own nature as calm and firm even as this earth; but the winds suddenly falling on me create these waves, and lash me into fury'.

Strategic Guideline 6: Plan your business operations implementation actions

Utilizing all of the above (learning ways, preparing your mind, seven principles, the principle of harmony, sayings and short story) will support you and show you how, as a manager, leader, etc.:

1. To plan better for the implementation of the *business operations* hard controls;
2. To be a good role model for your people so that you may influence a person's life in a positive light;

3. To react positively to the errors and faults made by your people (employees, customers, partners, etc.) on business operations issues;

4. To reduce the occupational stress and improve the wellness of your corporate employees; and

5. To improve your company's productivity and effectiveness, in the process.

Strategic Guideline 7: Complete your business operations plan with soft controls

Your business operations plan should be finally completed by the full use of specific soft controls and their corresponding improvement actions, described next.

4.5   APPLYING HARMONY-RELATED SOFT CONTROL IMPROVEMENT ACTIONS (IA)

As a manager or board member, consider as part of your 'duty of care' responsibilities, in implementing the above-mentioned **business operations** hard controls (Financial Management Responsibility Controls, Financial Policies and Procedures Manual, etc.) of this step, to improve the structure of your company's reporting relationships and other aspects, by executing the following improvement actions (IA).

4.5.1   STRUCTURE OF REPORTING RELATIONSHIPS IMPROVEMENT ACTION

IA (1): Craft an effective organizational chart and communicate it to all staff,

IA (2): Develop job titles for all employees and use them in all dealings,

IA (3): Review and improve both organizational chart and job titles, as the organization grows and its demands change, and

IA (4): Streamline your structure of reporting relationships and improve your operational philosophy and ethical climate by having an effective set of: Organizational Chart, Corporate Policies and Procedures, Ethics and Compliance Program, Office and Organization, Business Conduct Manual, Duties Description, Accountability, Information Awareness and Disclosure, and an Organizational Performance Review Process.

4.5.2 OPERATIONAL PHILOSOPHY IMPROVEMENT ACTIONS

IA (1): Deal with all people (internal staff, outside auditors, customers, external suppliers, government authorities, regulators, stakeholders, community, etc.) on the same basis of fairness,

IA (2): Deal with all people (internal staff, outside auditors, customers, external suppliers, government authorities, regulators, stakeholders, community, etc.) on the same written and approved rules and codes of business conduct,

IA (3): Craft and implement effective ethics, human rights and procurement policies, and

IA (4): Communicate all company information to all parties on the basis of transparency and accountability.

4.5.3 INFORMATION FLOW THROUGHOUT THE ORGANIZATION IMPROVEMENT ACTIONS

IA (1): Draft and implement a communications policy, by identifying the strategic objectives of the organization, reviewing current communications practices, identifying the communications audiences and determining the communications methods and means to be used,

IA (2): Get executives trained on listening techniques and practices),

IA (3): Ensure that information (internal and external), critical to achieving the objectives of the organization is identified, regularly collected and reported to management and stakeholders,

IA (4): Implement a performance system that identifies, collects, stores, processes, analyzes and communicates corporate performance to all approved stakeholders of the organization, and

IA (5): Implement and monitor mechanisms to allow the easy flow of information down, across, and up the organization.

All of these, ancient Greek principles, sayings and short story, and specific soft controls with their improvement actions, when used appropriately, will inspire, drive, engage and motivate both you and your people to work to their best so that your enterprise gets as a result the more efficient and effective implementation of the above-listed *business operations* hard controls.

For more improvement actions, see Part 2 of this book (Chapter 10: 'Duty of Care' Approach Improvement Plans).

4.6 ALIGNING OPERATIONS HARD CONTROLS WITH 'DUTY OF CARE'

In addition to all above, you must also ensure that the defined *business operations hard controls* which have been implemented with the enabling aspects of soft controls and ancient Greek principles and sayings, contribute to, and materialize better the manager's 'duty of care' responsibilities, in terms of:

1) Managing, protecting, recovering and improving your company's capabilities, processes and systems to make or distribute goods and provide best services to your customers,

2) Considering the best execution of your 'duty of care' responsibilities towards your company's Data, Risks, Assets, People, Environment and Standards, as described in the DRAPES model and

3) The B^4 workplace wellness model (of four dimensions: Believing; Bonding; Belonging; and Benefiting) in Prologue.

This alignment can be assessed by **developing, implementing and monitoring** 'duty of care' **Operations** performance measures and compliance indicators as presented in Chapter 13 of this book.

4.7 CONCLUSION

All of these, i.e., the seven ancient Greek principles and more specifically the principle of *Harmony,* sayings and short story, as well as the specific soft controls with their improvement actions, when used appropriately:

1. Will make it easier for you to exercise fully your 'duty of care' responsibilities, as a manager or board member;
2. Will improve your capability to handle more efficiently your personal and business daily affairs of life;
3. Will strengthen the ability of both yourself and your business associates to concentrate better on the tasks to be carried out;
4. Will enhance the inner strength and inner power of both yourself and your associates so that you resolve conflict in a more balanced way;
5. Will enable and support you to overcome and eliminate stress, anxieties and difficulties, both at the personal as well as at the business level; and
6. Will inspire, drive, engage and motivate both you and your people to work to their best so that your enterprise gets as a result the more efficient and effective implementation of the above-listed *Business Operations* hard controls.

Using the beneficial effects of the principle of *Harmony* in all your *Business Operations* actions improves your social health by enabling you to relate to others better and be fair to all dealings with your employees, associates, customers and partners.

It is bound to help you take the **fourth step** towards a more harmonic, balanced and fulfilling life for you, at both levels: personal and business, so that you reach the fourth 'HARMONY' Milestone (M: Manage business operations and activities effectively and efficiently).

Employing all aspects of *Harmony* impacts your perspective, reasoning, ethics and behavior, fosters and promotes discussion with your staff and makes you a better listener, and facilitates the way you think and carry out your daily business activities, managing and directing your people, reducing conflicts between employees and the management and makes your interacting with customers, partners and authorities, etc., more effective.

Harmony improves your communication and consultation aspects and affects how management decisions are made by you, other managers as well as board members of your company, and how your *Business Operations* controls are established.

Harmony provides you also with the moral ground and inner strength for doing and thinking the way you do. It also improves further your emotional and mental ability, increase your emotional and mental fitness, sustain and improve your **emotional and mental health** and

eventually complement, fulfil and complete your whole health, life and wellbeing at all levels: personal, family, professional and business. It will also give your employees an example to follow in their implementation of your *Business Operations* controls.

4.8   OUTCOME OF THIS STEP

The results of implementing the above-mentioned business operations hard controls are:

1. To increase your business operations skills which facilitate all business management controls to take effect for your company or organization
2. To ensure that you execute the fourth 'Duty of Care' responsibilities to the fullest extent of your capabilities
3. To inspire all your people (board members, management, staff, associates, partners, etc.) in supporting you in your 'Duty of Care' tasks and responsibilities while benefiting all actors in the process (company, employees, community, society, etc.)
4. To help you reach your fourth HARMONY milestone (M: Manage business operations and activities effectively and efficiently).

4.9   MANAGEMENT TIP

Let *Harmony* be your fourth source of power and spiritual energy in implementing your company's above-mentioned **business operations** hard controls more effectively and also support you to become a more-results oriented manager or board member for the good of your company and its people.

Harmony will inspire your soul to enable you to execute more effectively and efficiently your **business operations** 'Duty of Care' responsibilities towards your company, as per the DRAPES model and the B^4 workplace wellness model, in terms of:

(a) Managing, (b) Protecting, (c) Recovering and (d) Improving the aspects of your company's capabilities, processes and systems to make or distribute goods and provide best services to customers, considering the best use of the company's: Data; Risks; Assets; People; Environment and Standards.

5   MANAGE HUMAN ASPECTS

> 'A friend is an alter ego, your other self; he must be honored as God'
>
> – Pythagoras

Summary: This chapter presents the activities of step 5 of the seven-step **'Duty of Care' Implementation Approach** (described in Prologue) by:

1) Introducing managing human aspects and its related hard controls;
2) Describing the impact of the principle of **Friendship** on the implementation of these hard controls;
3) Offering several strategic guidelines, aspects of ancient Greek sayings and specific soft control improvement actions; and
4) Guiding managers with managing human aspects performance measures and managing human aspects compliance indicators to ensure that all these align with their 'duty of care' responsibilities.

5.1   INTRODUCTION TO MANAGING HUMAN ASPECTS

Managing in all its forms, in the 21st Century enterprise, has become one of the globe's most common, stressful and demanding job. We make demands on managers that are nearly impossible to meet. We ask them to have or acquire a long list of more or less traditional management skills in finance, cost control, resource allocation, product development, marketing, manufacturing, technology, and a dozen other areas. We also demand that they master the management arts: strategy, persuasion, negotiation, writing, speaking, listening, etc.

Their primary purpose in the organization is to add value to that organization. They must solve problems to improve business processes, increase sales, reduce costs, comply with regulations, increase customer satisfaction with the organization's products, and so forth.

As business executives, managers have to think about the big picture. They need to consider issues such as what trends are affecting their company's markets, how their company's strategy should evolve and what new technologies or initiatives their organization should adopt.

But when it comes to the execution of big-picture ideas, so much of business comes down to people, and how they work together, both within organizations and in partnerships between organizations.

And by understanding the human element and managing human aspects as best as possible, managers will make their companies more profitable, lead more effectively, create brand loyalty, close more deals and do better work.

Employing the proposed ancient Greek wisdom **principles** of *Temperance, Faith, Justice, Harmony, Friendship, Kalokagathia (Goodness and Kindness) and Courage* (as explained in the Prologue) and more particularly **Friendship,** as detailed later, will enable you to do a better job at it.

According to the ancient Greeks 'friendship' ('filotis'), was more important than money, property, wealth and other material values.

Aristotle distinguishes between three kinds of friendship: Friendship based on utility; Friendship based on pleasure; and Friendship based on goodness.

Empedocles described the power of friendship in his following sayings: 'The major powers of the universe are two: friendship ('filotis' in ancient Greek) and hate or strife ('neikos' in ancient Greek). Friendship binds people together, while hate or strife splits them'; and 'Friendship brings people together and holds them in unison with continuous personal contacts like the milk that excretes from a fig binds together and coagulates'.
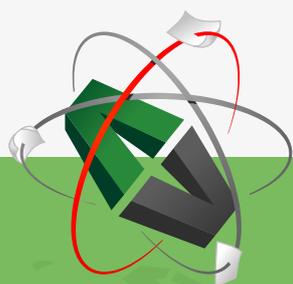
It is mainly your job and responsibility and part of your 'duty of care' duties as a business manager, corporate leader, board member or professional consultant, etc., to ensure that that an effective human aspects framework with its constituent components and controls is implemented fully by your people to satisfy your company's needs and requirements.

To ensure it is done, you need to implement a set of human aspects hard controls by defining '*what needs to be done*' and '*how to do it*'. To make certain it is done very well, you must involve and engage your people and explain well '*why to do it*' by giving them the **rationale**, the **motivation** and the **inspiration** for doing what needs to be done.

'What' and 'how' engage the minds of your people. But it's the 'why' that captures their hearts.

What effective human aspects hard controls need to be implemented and ways to achieve this task very well are further detailed in the next paragraphs.

5.2   HUMAN ASPECTS HARD CONTROLS

Managing Human Aspects, in the current 21st century business environment, includes activities to craft, establish, design, develop, implement, monitor, evaluate and improve the hard controls listed below.

1. Human resource management policies
2. Personnel Administration Procedures
3. Employment Contracts and Job Descriptions
4. Employee Management Policies and Procedures Handbook
5. HR Hiring and Dismissal System
6. Segregation of Duties controls.

A full list of human aspects hard controls is included in Chapter 9 (Hard and Soft Controls) of this book. For detail examples of human aspects hard controls (plans and policies) and tools to improve them (e.g. audit questionnaires), see Part 2 of this book.

The above controls will be crafted, established, designed, developed and implemented in this step and will be monitored in step 4 (improve business operations).

Their evaluation and improvement is the task of step 7 (improve governance, policies and procedures).

5.3 IMPACT OF PRINCIPLES AND SOFT CONTROLS ON MANAGING HUMAN ASPECTS HARD CONTROLS

Managing of Human Aspects hard controls (e.g., policies, controls, etc.), such as Human resource management policies, Employment Contracts and Job Descriptions, etc., specify and define '*what needs to be done*' by enterprise managers to achieve good **Managing of Human Aspects** for their company or organization.

Managing of Human Aspects action plans, assessments and procedural practices (also defined as hard controls, as per Chapter 9: Hard and Soft Controls) define and direct corporate people (managers, partners, employees, etc.) '*how to do it*', i.e., how to implement the defined **Managing Human Aspects** hard controls.

But people, as my consulting practice and various sociological and business studies, have shown, also need to know '*why to do it*'.

The adoption in your mindset and use of the proposed ancient Greek principles and the employment of soft controls (as per Chapter 9) with their actions, support 'the how to do it' as they provide the '*why to do it*', meaning the **rationale**, the **motivation** and the **inspiration** for doing what needs to be done, i.e., the better implementation of **Managing Human Aspects** hard controls.

'What' and 'how' engage people's minds. But it's the 'why' that captures their hearts.

5.4 STRATEGIES FOR IMPLEMENTING HUMAN ASPECTS HARD CONTROLS

When you design, develop and implement these human aspects hard controls and monitor and review their use and results for your specific business environment, it is best practice for you to consider using the following strategic guidelines:

Strategic Guideline 1: Learn ways to manage your company's human aspects

Learning ways to manage your company's human aspects, in general, may be achieved by:

1. Participating in specific professional training programs (coaching, mentoring, NLP, etc.) and taking seminars on human aspects and related issues, concepts, ideas, trends and skills (e.g.: motivating people, career planning, employee relations, knowledge economy, warehouse management, production management, financing, logistics, internal controls, Internet of Things, Cybersecurity, Data Protection, foreign languages, etc.);

2. On-the-job training.

3. In addition to above, managing human aspects for your specific business also entails your in-depth knowledge of your company's operations, functions, data, assets, people, and industry, as per the DRAPES model (detailed in Prologue), and understanding how managing human aspects may impact them.

Strategic Guideline 2: Prepare your mind and people for managing human aspects

To prepare your mind, as a manager, for managing the human aspects of your company and your people I recommend that:

1. You review and communicate your Duty of Care vision and mission (detailed in Prologue) to all your employees so that you are all communicating and operating on the same level of awareness; and

2. You find ways, practices and techniques for implementing human aspects controls that make you employ fully all aspects of the B^4 workplace wellness model (detailed in Prologue by:
   2.1. Believing in managing human aspects better;
   2.2. Bonding with your people on human aspects issues;
   2.3. Belonging to the group that manages human aspects for your company and its people with passion and positive attitude; and
   2.4. Benefiting all by enabling human aspects controls to produce better products and deliver higher-quality services to your customers.

Strategic Guideline 3: Drive yourself for managing human aspects with Ancient Greek Wisdom Principles

1. Review fully and comprehend my proposed ancient Greek wisdom principles (Chapter 8 of this book);

2. Adopt and use my proposed management code of ethics based on these principles (Control yourself and be modest, Believe in your causes and people, etc., as per Prologue); and

3. Comprehend how they may impact your professional and personal conduct related to *human aspects.*

A full and unbiased understanding of these principles and adoption of the management code of ethics can bring wider insights into the cause-and-effect sequences of implementing human aspects hard controls for enterprises.

Consequently, you, as a manager, leader, board member, etc., can become more equipped to make wise choices and avoid errors, failures and gaps as regards the implementation of the above-mentioned *human aspects* hard controls.

Strategic Guideline 4: Inspire yourself by friendship

Inspire yourself, as a manager or leader, by the principle of friendship when you establish the human aspects framework of your company.

This is because **Friendship** in every-day personal life and business operations has to do with the aspects of living in relation to having beneficial social interactions, practicing friendship, supporting friends, handling enemies, employing love, mercy and responding to errors, practicing forgiveness, spreading the effects of happiness, and increasing the education opportunities of yourself and others via knowledge and learning.
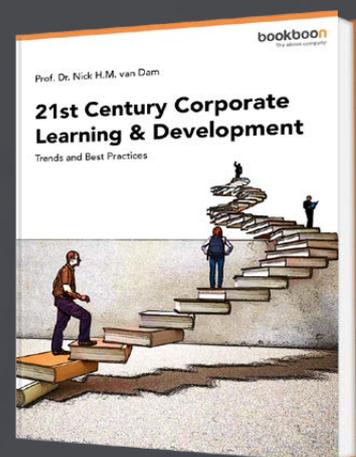
Consider all these aspects and manifestations in taking your board, management and executive leadership decisions, especially when dealing with your people, who will have to do the detail work, and your partners, whom you and your people interact and deal with in your company's daily activities.

Strategic Guideline 5: Fortify your soul with friendship-related wise wisdom

In addition to the above guidelines, remember when you design your company's human aspects framework and implementing its hard controls to fortify your soul by understanding and incorporating, into your mind-set and world-view, the following ancient Greek wise guidance (sayings, short story) related to the use of the principle of *friendship*:

Saying 1: 'Friendship is the basic substance of a good life' by Aristotle;

Saying 2: 'The largest of the goods that wisdom creates for a happy life is friendship' by Epicurus;

Saying 3: 'Friendship, freedom, justice, wisdom, courage and moderation are the key values that define a good society' by Plato; and

Short story: The meaning of **Aesop's fable** '**The Bear and the Two Travelers**' *that Misfortune tests the sincerity and integrity of friends, colleagues, managers, team and project members, etc.,* as detailed next:

'Two men were traveling together, when a bear suddenly met them on their path in a forest. One of them climbed up quickly into a tree and concealed himself in the branches. The other, seeing that he must be attacked, fell flat on the ground. When the bear came up and felt him with his snout, and smelt him all over, he held his breath, and played dead as much as he could. The bear soon left him, for it is widely said and known that bears will not touch a dead body. When the bear was quite gone, the other traveler descended from the tree, and made fun with his friend, inquiring what it was the bear had whispered in his ear. 'He gave me this advice', his companion replied: 'Never travel with a friend who deserts you at the approach of danger'.

Strategic Guideline 6: Plan your managing human aspects implementation actions

Utilizing all of the above (learning ways, preparing your mind, seven principles, the principle of friendship, sayings and short story) will support you and show you how, as a manager, leader, etc.:

1. To plan better for the implementation of the *managing human aspects hard controls;*
2. To be a good role model for your people so that you may influence a person's life in a positive light;
3. To react positively to the errors and faults made by your people (employees, customers, partners, etc.);
4. To reduce the workplace conflicts and occupational stress and improve the health and wellness of your corporate employees; and
5. To improve your company's productivity and effectiveness, in the process.

Strategic Guideline 7: Complete your human aspects plan with soft controls

Your human aspects plan should be finally completed by the full use of specific soft controls (**Culture, Morale, Integrity, Empowerment, Corporate Attitudes, Competences and Employee Motivation)** and their corresponding improvement actions, described next.

5.5 APPLYING FRIENDSHIP-RELATED SOFT CONTROL IMPROVEMENT ACTIONS (IA)

As a manager or board member, consider as part of your 'duty of care' responsibilities, in implementing the above-mentioned **managing human aspects** hard controls (Human resource management policies, Employment Contracts and Job Descriptions, etc.) of this step, to improve the culture, morale, etc., of your company, by executing the following improvement actions.

5.5.1 CULTURE IMPROVEMENT ACTIONS

IA (1): Discuss all cultural issues with employees,

IA (2): Provide examples of behavior in your daily supervision activities, and

IA (3): Involve your employees in reviewing corporate statements on vision, mission and values.

5.5.2 MORALE IMPROVEMENT ACTIONS (IA)

IA (1): Provide opportunities for employees to make decisions about and influence their own work,

IA (2): Provide timely, accurate and proactive responses to their questions and concerns,

IA (3): Treat them as responsible adults with fairness and consistency,

IA (4): Develop and publicize corporate policies and procedures while ensuring that they work effectively,

IA (5): Communicate positively, effectively and constantly with all employees on all issues (e.g., performance, work details, etc.),

IA (6): Afford all staff the opportunity to grow and develop, and

IA (7): Provide appropriate leadership and a framework of strategy, vision, mission, values and goals.

5.5.3 INTEGRITY IMPROVEMENT ACTIONS

IA (1): Craft and implement an effective ethics and compliance program and communicate it to all staff,

IA (2): Establish and function the office of compliance and ethics,

IA (3): Provide examples of behavior in your daily supervision activities, and

IA (4): Review and improve both ethics and compliance program and policies, as the organization grows and its regulatory aspects and expectations change.

5.5.4 EMPOWERMENT IMPROVEMENT ACTIONS

IA (1): Give authority and responsibility to selected employees to carry out specific actions to achieve general corporate goals and specific objectives,

IA (2): Encourage employees to assume a more energetic and effective role in their work, and

IA (3): Involve employees in assuming responsibility for improving the way things are done in their daily work activities, and

IA (4): Monitor these results to ensure that these are properly done.

5.5.5 CORPORATE ATTITUDES IMPROVEMENT ACTIONS

IA (1): Use polite and positive language and manners in assigning and managing tasks.

IA (2): Connect tasks to awards.

IA (3): Add variety to tasks.

IA (4): Assign both liked and non-liked tasks to all employees.

IA (5): Think out a solution as regards the difficult task and situation with the person involved.

IA (6): Work out a mutually-agreed solution with the person involved and coach them as required.

5.5.6 COMPETENCES IMPROVEMENT ACTIONS

IA (1): Assess your skills (managers and employees) via self-evaluation methods, benchmarking or other tools.

IA (2): Take specific industry courses yourself as managers and send your employees to courses also.

IA (3): Upgrade job-related knowledge by attending university and professional seminars,

IA (4): Get involved in coaching and mentoring programs.

IA (5): Get certified by a professional association.

5.5.7   EMPLOYEE MOTIVATION IMPROVEMENT ACTIONS

IA (1): Provide positive reinforcement to all employees.

IA (2): Carry out effective discipline and fair punishment for all transgressions.

IA (3): Treat all people fairly.

IA (4): Satisfy employee needs on a cost-benefit case.

IA (5): Set achievable work-related goals.

IA (6): Restructure jobs and tasks to become more manageable.

IA (7): Reward people on job performance.

All of these, ancient Greek principles, sayings and short story, and specific soft controls with their improvement actions, when used appropriately, will inspire, drive, engage and motivate both you and your people to work to their best so that your enterprise gets as a result the more efficient and effective implementation of the above-listed *human aspects* hard controls.

For more improvement actions, see Part 2 of this book (Chapter 10: 'Duty of Care' Approach Improvement Plans).

5.6 ALIGNING HUMAN ASPECTS WITH 'DUTY OF CARE'

In addition to all above, you must also ensure that the defined *human aspects hard controls* which have been implemented with the enabling aspects of soft controls and ancient Greek principles and sayings, contribute to, and materialize better the manager's 'duty of care' responsibilities, in terms of:

1) Managing, protecting, recovering and improving your company's capabilities, processes and systems to make or distribute goods and provide best services to your customers,
2) Considering the best execution of your 'duty of care' responsibilities towards your company's Data, Risks, Assets, People, Environment and Standards, as described in the DRAPES model and
3) The B^4 workplace wellness model (of four dimensions: Believing; Bonding; Belonging; and Benefiting) in Prologue.

This alignment can be assessed by **developing, implementing and monitoring** 'duty of care' **Human Aspects** performance measures and compliance indicators as presented in Chapter 13 of this book.

5.7 CONCLUSION

All of these, i.e., the seven ancient Greek principles and more specifically the principle of *Friendship,* sayings and short story, as well as the specific soft controls with their improvement actions, when used appropriately:

1. Will make it easier for you to exercise fully your 'duty of care' responsibilities, as a manager or board member;
2. Will promote positive relationships in your business environment;
3. Will create the conditions for trust, effective communication, positive interpersonal relationships, and employee motivation which will furthermore create success and satisfaction on the job;
4. Will further enhance the inner strength and inner power of both yourself and your associates so that you resolve conflict in a more balanced and humane way;
5. Will enable and support workplace friendships which will make it easier for you and your people to overcome and eliminate occupational stress, anxieties and difficulties; and
6. Will inspire, drive, engage and motivate both you and your people to work to their best so that your enterprise gets as a result the more efficient and effective implementation of the above-listed *Managing Human Aspects* hard controls.

Using the beneficial effects of the principle of *Friendship* in all your *Managing Human Aspects* actions improves your social health by enabling you to relate to others better and be fair to all dealings with your employees, associates, customers and partners.

It is bound to help you take the **fifth step** towards a more harmonic, balanced and fulfilling life for you, at both levels: personal and business, so that you reach the fifth 'HARMONY' Milestone (O: Organize people to produce best products and provide optimal services).

Employing all aspects of *Friendship* shows you, your employees and the business organizations how to function in a more friendly, loving and balanced manner. And this so that both, you and the business enterprise you own, manage or work for, fully support and serve society and each other better.

Friendship improves your communication and consultation aspects and affects how management decisions are made by you, other managers as well as board members of your company, and how your *Managing Human Aspects* controls are established.

Friendship provides you also with the moral ground and inner strength for doing and thinking the way you do. It also promotes reciprocity between managers and employees which increases the loyalty of your employees and improves your bottom line in the process.

In addition it improves further your emotional and mental ability, increase your emotional and mental fitness, sustain and improve your **emotional and mental health** and eventually complement, fulfil and complete your whole health, life and wellbeing at all levels: personal, family, professional and business.

It will also give your employees an example to follow in their implementation of your *Managing Human Aspects* controls.

5.8   OUTCOME OF THIS STEP

The results of implementing the above-mentioned human aspects hard controls are:

1. To increase your human management skills which facilitate all business management controls to take effect for your company or organization in the best way
2. To ensure that you execute the fifth 'Duty of Care' responsibilities to the fullest extent of your capabilities

3. To inspire all your people (board members, management, staff, associates, partners, etc.) in supporting you in your 'Duty of Care' tasks and responsibilities while benefiting all actors in the process (company, employees, community, society, etc.)

4. To help you reach your fifth HARMONY milestone (O: Organize people to produce best products and provide optimal services).

5.9 MANAGEMENT TIP

Let *Friendship* be your fifth source of power and spiritual energy in implementing your company's above-mentioned **Human Aspects** hard controls more effectively and also support you to become a more-results oriented manager or board member for the good of your company and its people.

Friendship will inspire your soul to enable you to execute more effectively and efficiently your **Human Aspects** 'Duty of Care' responsibilities towards your company, as per the DRAPES model and the B^4 workplace wellness model, in terms of:

a) Managing,
b) Protecting,
c) Recovering and
d) Improving

The aspects of your company's capabilities, processes and systems to make or distribute goods and provide best services to customers, considering the best use of the company's: Data; Risks; Assets; People; Environment and Standards.

6   AUGMENT TRUST AND CONFIDENCE

'Goodness consists in the caring of the soul concerned with moral truth and understanding'

– Socrates

Summary: This chapter presents the activities of step 6 of the seven-step **'Duty of Care'
Implementation Approach** (described in Prologue) by:

1) Introducing augmenting trust and confidence aspects and their related hard controls;
2) Describing the impact of the principle of **Kalokagathia (goodness and kindness)** on the implementation of these hard controls;
3) Offering several strategic guidelines, aspects of ancient Greek sayings and specific soft control improvement actions; and
4) Guiding managers with augmenting trust and confidence performance measures and augmenting trust and confidence compliance indicators to ensure that all these align with their 'duty of care' responsibilities.

6.1   INTRODUCTION TO AUGMENTING TRUST AND CONFIDENCE

Trust, in a typical setting, denotes to believe that someone is good and honest and will not harm you in any way, or that something is reliable and safe. Confidence, likewise, denotes the quality of being certain of your abilities or having trust in people, plans, or the future.

Trust relationships are vital to the conduct of business, in the 21st Century enterprise. Some base level of trust and confidence is required just to have employment contracts, or to engage in commercial transactions.

It's a proven fact that building customer trust and confidence in your products, your service and your company is a great way to increase profits and build a strong, dependable consumer base.

No matter what industry you are in, customer trust and confidence are among two of the most cost-effective ways to keep the profits growing. When you build customer confidence, you can charge fair prices for your products and services, even if your competitors are offering some sort of special discount or deal. Customer trust overrides prices when it comes to day-to-day business[1].

Employing the proposed ancient Greek wisdom **principles** of *Temperance, Faith, Justice, Harmony, Friendship, Kalokagathia (Goodness and Kindness) and Courage* (as explained in Chapter 1 of Part 2 of this book) and more particularly **Kalokagathia (goodness and kindness),** as detailed later, will enable you to do a better job at it.

Kalokagathia is mainly expressed in current terms by *philanthropy (*be good and kind to people and love humanity).

All relationships between a leader and those being led require the ruled to have trust in the leader and the leader to have good will and be kind for their subjects, according to Aristotle. Trust involves assuming true without further investigation the bona fides (good faith, sincerity) of another actor, process or institution, according to Socrates.

Plato argued that to know **good** was to do good, that doing good was more useful and rational than doing bad, and that one who behaved immorally did so largely out of ignorance. And **Sophocles** complemented: 'Kindness gives birth to more kindness'.

It is mainly your job and responsibility and part of your 'duty of care' duties as a business manager, corporate leader, board member or professional consultant, etc., to ensure that that an effective trust and confidence framework with its constituent components and controls is implemented fully by your people to satisfy your company's needs and requirements.

To ensure it is done, you need to implement a set of trust and confidence hard controls by defining '*what needs to be done*' and '*how to do it*'. To make certain it is done very well, you must involve and engage your people and explain well '*why to do it*' by giving them the *rationale*, the *motivation* and the *inspiration* for doing what needs to be done.

'What' and 'how' engage the minds of your people. But it's the 'why' that captures their hearts.

What effective trust and confidence hard controls need to be implemented and ways to achieve this task very well are further detailed in the next paragraphs.

6.2 TRUST AND CONFIDENCE HARD CONTROLS

Improving Trust and Confidence, in the current 21st century business environment, includes activities to craft, establish, design, develop, implement, monitor, evaluate and improve the hard controls listed below.

1. Customer Service policy
2. Quality Management policy
3. Standardization and Quality Management procedures
4. Health and Safety policy
5. Environment policy
6. Quality Records Management procedure
7. Personnel Training and Coaching program.

A full list of trust and confidence hard controls is included in Chapter 9 (Hard and Soft Controls) of this book. For detail examples of trust and confidence hard controls (plans and policies) and tools to improve them (e.g. audit questionnaires), see Part 2 of this book.

The above controls will be crafted, established, designed, developed and implemented in this step and will be monitored in step 4 (improve business operations).

Their evaluation and improvement is the task of step 7 (improve governance, policies and procedures).

6.3   IMPACT OF PRINCIPLES AND SOFT CONTROLS ON TRUST AND CONFIDENCE HARD CONTROLS

Improving Trust and Confidence hard controls (e.g., policies, controls, etc.), such as Customer Service policy, etc., specify and define '*what needs to be done*' by enterprise managers to achieve good **Trust and Confidence** for their company or organization.

Trust and Confidence action plans, assessments and procedural practices (also defined as hard controls, as per Chapter 9: Hard and Soft Controls) define and direct corporate people (managers, partners, employees, etc.) '*how to do it*', i.e., how to implement the defined **Trust and Confidence** hard controls.

But people, as my consulting practice and various sociological and business studies, have shown, also need to know '*why to do it*'.

The adoption in your mindset and use of the proposed ancient Greek principles and the employment of soft controls (as per Chapter 9: Hard and Soft Controls) with their actions, support 'the how to do it' as they provide the '*why to do it*', meaning the *rationale*, the *motivation* and the *inspiration* for doing what needs to be done, i.e., the better implementation of **Trust and Confidence** hard controls.

'What' and 'how' engage people's minds. But it's the 'why' that captures their hearts.

6.4   STRATEGIES FOR IMPLEMENTING TRUST AND CONFIDENCE HARD CONTROLS

When you design, develop and implement these trust and confidence hard controls and monitor and review their use and results for your specific business environment, it is best practice for you to consider using the following strategic guidelines:

Strategic Guideline 1: Learn ways to improve trust and confidence in your business operations

Learning ways to improve trust and confidence in your business operations, in general, may be achieved by:

1. Participating in specific professional training programs (coaching, mentoring, NLP, etc.) and taking seminars on trust and confidence and related issues, concepts, ideas, trends and skills (e.g.: marketing, advertising, human relations, knowledge economy, wellness, customer support, diversity planning, etc.);

2. On-the-job training.

3. In addition to above, improving trust and confidence in your business operations for your specific business also entails your in-depth knowledge of your company's operations, customers, functions, data, assets, people, and industry, as per the DRAPES model (detailed in Prologue), and understanding how trust and confidence aspects may impact them.

Strategic Guideline 2: Prepare your mind and people for managing trust and confidence in your business operations

To prepare your mind, as a manager, for managing trust and confidence in the business operations of your company and your people I recommend that:

1. You review and communicate your Duty of Care vision and mission (detailed in Prologue) to all your customers and employees so that you are all communicating and operating on the same level of awareness; and

2. You find ways, practices and techniques for implementing trust and confidence controls that make you employ fully all aspects of the B^4 workplace wellness model (detailed in Prologue) by:

    2.1. Believing in improving trust and confidence;

    2.2. Bonding with your people on trust and confidence issues;

    2.3. Belonging to the group that manages trust and confidence for the business operations of your company and its people with passion and positive attitude; and

    2.4. Benefiting all by enabling trust and confidence controls to produce better products and deliver higher-quality services to your customers.

Strategic Guideline 3: Drive yourself as a manager for trust and confidence with Ancient Greek Wisdom Principles

To drive yourself as a manager into further action, I recommend that you:

1. Review fully and comprehend my proposed ancient Greek wisdom principles (Prologue);
2. Adopt and use my proposed management code of ethics based on these principles (Control yourself and be modest, Believe in your causes and people, etc., as per Prologue); and
3. Comprehend how they may impact your professional and personal conduct related to *trust and confidence.*

A full and unbiased understanding of these principles and adoption of the management code of ethics can bring wider insights into the cause-and-effect sequences of implementing trust and confidence hard controls for enterprises.

Consequently, you, as a manager, leader, board member, etc., can become more equipped to make wise choices and avoid implementation failures as regards the above-mentioned trust and confidence hard controls.

Strategic Guideline 4: Inspire yourself by Goodness and Kindness

Inspire yourself, as a manager or leader, by the principle of ***Kalokagathia (Goodness and Kindness)*** when you establish the trust and confidence framework of your company.

This is because *Kalokagathia (Goodness and Kindness)* in every-day personal life and business operations has to do with the aspects of good life expressed by goodness, gratitude, kindness and peace, avoiding war, malice, badness and hate, and managing anger and errors.

Consider all these aspects and manifestations in taking your board, management and executive leadership decisions, especially when dealing with your people, who will have to do the detail work, and your partners, whom you and your people interact and deal with in your company's daily activities.

**Strategic Guideline 5: Fortify your soul with Goodness
and Kindness-related wise wisdom**

In addition to the above guidelines, remember when you design your company's trust and confidence framework and implementing its hard controls to fortify your soul by understanding and incorporating, into your mind-set and world-view, the following ancient Greek wise guidance (sayings, short story) related to the use of the principle of *Kalokagathia (Goodness and Kindness)*:

Saying 1: 'Every art and every inquiry, and similarly every action and pursuit, is thought to aim at some good; and for this reason the good has rightly been declared to be that at which all things aim' by Aristotle;

Saying 2: 'Good means not merely to do wrong, but rather not to desire to do wrong' by Democritus;

Saying 3: 'Treat everyone with kindness and friendship' by the Seven Sages;

Saying 4: 'Kindness gives birth to more kindness' by Sophocles**;** and

Short story: The meaning of **Aesop's fable** '**The Sick Stag'** *that Evil companions in business operations and human relations bring more hurt than profit,* as detailed next: 'A sick stag lay down in a quiet corner of its pasture-ground. His companions came in great numbers to inquire after his health, and each one helped himself to a share of the food which had been placed for his use; so that he died, not from his sickness, but from the failure of the means of living'.

Strategic Guideline 6: Plan your trust and confidence implementation actions

Utilizing all of the above (learning ways, preparing your mind, seven principles, the principle of *Kalokagathia (Goodness and Kindness)*, sayings and short story) will support you and show you how, as a manager, leader, etc.:

1. To plan better for the implementation of the trust and confidence hard controls;
2. To be a good role model for your people so that you may influence a person's life in a positive light;
3. To react positively to the errors and faults made by your people (employees, customers, partners, etc.);
4. To reduce the occupational stress and improve the wellness of your corporate employees; and
5. To improve your company's productivity and effectiveness, as well you customer support aspects, in the process.

Strategic Guideline 7: Complete your trust and confidence plan with soft controls

Your trust and confidence plan should be finally completed by the full use of specific soft controls (**Trust, Expectations, and Openness and Shared Values)** and their corresponding improvement actions, described next.

6.5   APPLYING GOODNESS AND KINDNESS-RELATED SOFT CONTROL IMPROVEMENT ACTIONS (IA)

As a manager or board member, consider as part of your 'duty of care' responsibilities, in implementing the above-mentioned **trust and confidence** hard controls (Customer Service policy, Quality Management policy, etc.) of this step, to also improve the trust and other aspects of your company's employees in your company's management and board, by executing the following improvement actions.

6.5.1   TRUST IMPROVEMENT ACTIONS

IA (1): Promote personnel to higher levels of organizational hierarchy, who are capable of forming positive, trusting and caring interpersonal relationships with people who report to them,

IA (2): Develop the interpersonal relationship skills of all personnel and especially those of current managers and employees desiring promotion, by sending them to relevant courses or by coaching and mentoring programs,

IA (3): Keep organizational personnel informed, as much as possible,

IA (4): Act with integrity and keeping commitments to all participants in the affairs of the organization (employees, authorities, customers, board members, stakeholders, etc.),

IA (5): Protect the interest of all employees in a work group, even those who are absent,

IA (6): Be effective, efficient and results-oriented, within limits, and

IA (7): Listen with respect, sensitivity and full attention.

6.5.2 EXPECTATIONS IMPROVEMENT ACTIONS

IA (1): Meet with employees on a regular basis to discuss problems, issues, goals and progress,

IA (2): Promote enthusiasm for completing tasks, and

IA (3): Express confidence in each employee's ability, and

IA (4): Reinforce past achievement so that employee motivation is sustained.
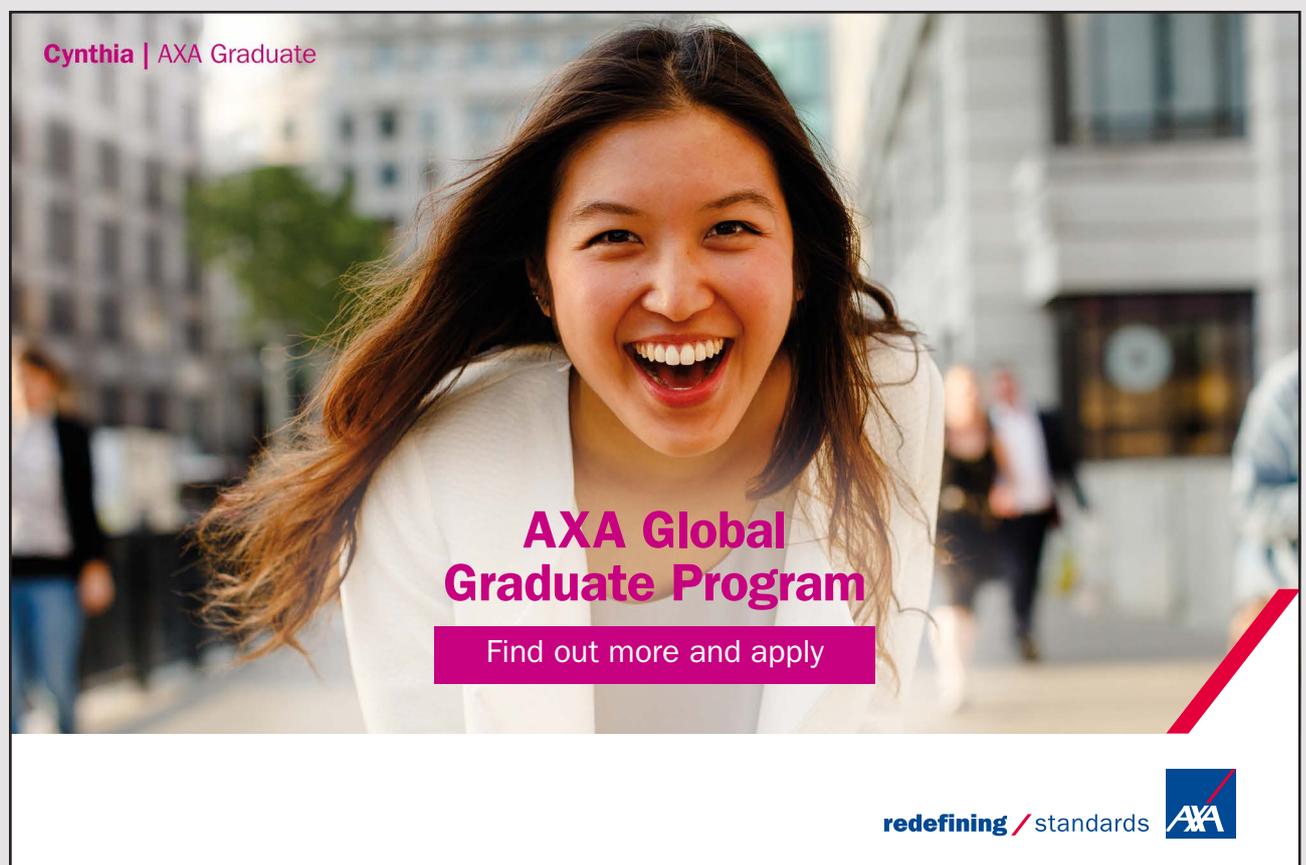
6.5.3 OPENNESS AND SHARED VALUES IMPROVEMENT ACTIONS

IA (1): Appreciate the opinions, skills and knowledge of all employees, and

IA (2): Re-examine traditional organizational standards in order to achieve better and more beneficial results.

All of these, ancient Greek principles, sayings and short story, and specific soft controls with their improvement actions, when used appropriately, will inspire, drive, engage and motivate both you and your people to work to their best so that your enterprise gets as a result the more efficient and effective implementation of the above-listed *trust and confidence* hard controls.

For more improvement actions, see Part 2 of this book (Chapter 10: 'Duty of Care' Approach Improvement Plans).

6.6 ALIGNING TRUST AND CONFIDENCE HARD CONTROLS WITH 'DUTY OF CARE'

In addition to all above, you must also ensure that the defined **Trust and Confidence** *hard controls* which have been implemented with the enabling aspects of soft controls and ancient Greek principles and sayings, contribute to, and materialize better the manager's 'duty of care' responsibilities, in terms of:

1) Managing, protecting, recovering and improving your company's capabilities, processes and systems to make or distribute goods and provide best services to your customers,
2) Considering the best execution of your 'duty of care' responsibilities towards your company's Data, Risks, Assets, People, Environment and Standards, as described in the DRAPES model and
3) The B[4] workplace wellness model (of four dimensions: Believing; Bonding; Belonging; and Benefiting) in Prologue.

This alignment can be assessed by **developing, implementing and monitoring** 'duty of care' **Trust and Confidence** performance measures and compliance indicators as presented in Chapter 13 of this book.

6.7   CONCLUSION

All of these, i.e., the seven ancient Greek principles and more specifically the principle of *Kalokagathia (goodness and kindness),* sayings and short story, as well as the specific soft controls with their improvement actions, when used appropriately:

1. Will make it easier for you to exercise fully your 'duty of care' responsibilities, as a manager or board member;
2. Will enable you to set up your corporate philanthropic program to so show in a practical sense that your business gives back a little to the society and the community from which it gains and profits so much.
3. Will create the conditions for more trust in your product and services.
4. Will further enhance the inner strength and inner power of both yourself and your associates so that you resolve conflict with your partners and customers in a more balanced and humane way;
5. Will enable and support workplace wellness which will make it easier for you and your people to overcome and eliminate occupational stress, anxieties and difficulties; and
6. Will inspire, drive, engage and motivate both you and your people to work to their best so that your enterprise gets as a result the more efficient and effective implementation of the above-listed *Augmenting Trust and Confidence* hard controls.

Using the beneficial effects of the principle of *Kalokagathia (goodness and kindness)* in all your *Augmenting Trust and Confidence* actions improves your social health by enabling you to relate to others better and be fair to all dealings with your employees, associates, customers and partners and produce better products and services.

It is bound to help you take the **sixth step** towards a more harmonic, balanced and fulfilling life for you, at both levels: personal and business, so that you reach the sixth 'HARMONY' Milestone (N: Nourish spiritual and mental aspects of all people (employees, customers, partners, etc.)).

Employing all aspects of *Kalokagathia (goodness and kindness)* shows you, your employees and the business organizations how to function in a more friendly, loving and balanced manner. And this so that both, you and the business enterprise you own, manage or work for, fully support and serve customers, society and each other better.

Kalokagathia (goodness and kindness) improves your ways in making better management decisions by you, other managers as well as board members of your company, and improve, in the process, your development and implementation of your *Augmenting Trust and Confidence* controls.

Kalokagathia energizes all your energy to bettering yourself with goodness and kindness, and benefit both yourself and others (your employees) by it. Sympathy will show you the way. It will help you perceive and comprehend better the other party's concern and difficulties in life. The value of sympathy toward the other person (employee, associate, customer, etc.), firm, etc., means several things: Living together in goodness and kindness, mutual understanding and compassion, trust of each other's values on a no-conflict way, enhancing overall personal and business well-being, and the ability to co-exist in harmony.

Goodness and kindness provide you also with the moral ground and inner strength for doing and thinking the way you do. It also promotes sympathy between among all parties (managers, employees, partners, etc.) which increases the loyalty of all toy your company and improves your bottom line in the process. In addition it improves further your emotional and mental ability, increase your emotional and mental fitness, sustain and improve your **emotional and mental health** and eventually complement, fulfil and complete your whole health, life and wellbeing at all levels: personal, family, professional and business.

Goodness and Kindness show you and the business organizations how to function in a more kind, less vociferous and offensive, more balanced and friendly manner. And this so that both, you and the business enterprise you own, manage or work for, fully support and serve customers, society and each other better.

It will also give your employees an example to follow in their implementation of your *Augmenting Trust and Confidence* controls.

6.8 OUTCOME OF THIS STEP

The results of implementing the above-mentioned trust and confidence hard controls are:

1. To increase your trust and confidence aspects of your personality which facilitate all business management controls to take effect for your company or organization in the most optimal way
2. To ensure that you execute the sixth 'Duty of Care' responsibilities to the fullest extent of your capabilities
3. To inspire all your people (board members, management, staff, associates, partners, etc.) in supporting you in your 'Duty of Care' tasks and responsibilities while benefiting all actors in the process (company, employees, community, society, etc.)
4. To help you reach your sixth HARMONY milestone (N: Nourish spiritual and mental aspects of all people (employees, customers, partners, etc.)).

6.9 MANAGEMENT TIP

Let *Goodness and Kindness* be your sixth source of power in implementing your company's above-mentioned **trust and confidence** hard controls more effectively and also support you to become a more-results oriented manager or board member for the good of your company and its people.

Goodness and Kindness will inspire your soul to enable you to execute more effectively and efficiently your **trust and confidence** 'Duty of Care' responsibilities towards your company, as per the DRAPES model and the B^4 workplace wellness model, in terms of:

a) Managing,
b) Protecting,
c) Recovering and
d) Improving

The aspects of your company's capabilities, processes and systems to make or distribute goods and provide best services to customers, considering the best use of the company's: Data; Risks; Assets; People; Environment and Standards.

6.10 END NOTES

1. For mre details, see:

http://www.morebusiness.com/building-customer-trust

http://www.carolroth.com/blog/tips-for-building-consumer-confidence-in-your-company/

http://fortune.com/2015/07/28/trust-business-leadership/

7   IMPROVE INTERNAL MANAGEMENT CONTROLS

> 'You will never do anything in this world without courage. It is the greatest quality of the mind next to honor'
>
> – Aristotle

Summary: This chapter presents the activities of the last step of the seven-step **'Duty of Care' Implementation Approach** (described in Prologue) by:

1) Introducing the process of improving internal management hard controls;
2) Describing the impact of the principle of **Courage** on the implementation of these hard controls;
3) Offering several strategic guidelines, aspects of ancient Greek sayings and specific soft control improvement actions; and
4) Guiding managers with performance measures and compliance indicators to ensure that all these align with their 'duty of care' responsibilities.

7.1   INTRODUCTION TO IMPROVING INTERNAL MANAGEMENT CONTROLS

A company's Internal Management Controls framework includes a system of laws, rules and guidelines which are enforced through practices and social behavior models to govern employee behavior to produce business results and serve customers.

Improving your company's Internal Management Controls framework (laws, rules and guidelines) entails the following:

1. Review, evaluate, customize to your needs and expectations, and implement the hard controls (plans, policies, procedures, etc.), as detailed in this book;
2. Monitor and evaluate the results of this effort and make all necessary changes;
3. Use internal audit programs and questionnaires to ask and obtain the feedback of employees and management on all of these; and
4. Conduct self-assessment workshops and complete self-assessment questionnaires to ask hypothetical questions and record awareness of business ethics and other business management controls.

Employing the proposed ancient Greek wisdom **principles** of *Temperance, Faith, Justice, Harmony, Friendship, Kalokagathia (Goodness and Kindness) and Courage* (as explained in Prologue) and more particularly **Courage,** as detailed later, will enable you to do a better job at it.

Epicurus deemed the value of law in a relative human sense. He said that laws are definitely neither given by god, nor are they immutable. According to Epicurus, the purpose of the laws is to serve human well-being, and therefore their validity is conditional: if a law does serve its purpose, it should remain in effect; if, however (e.g. due to changing conditions, different situations, etc.), it ceases to do so, it should be repealed.

The same is definitely true for corporations. If Internal Management Controls (laws, rules and guidelines) are not effective or do not serve their original purpose any more, they must be changed and improved.

Epictetus coped with this insecurity by constantly reminding himself what he could control and what he couldn't. We can control our thoughts, beliefs and attitudes, but everything else is to some extent out of our control – other people's perceptions and behaviour, the economy, the weather, the future and the past. If you focus on what is beyond your control, and obsess over it, you will end up feeling helpless. Focus on what you can control, and you will feel a measure of autonomy even in chaotic situations.

Resilience was built by courage. Courage, in ancient Greek culture was based on the **agonistic ethic** which helped ancient Greeks build resilience and withstand better the rigors of life.

It is mainly your job and responsibility and part of your 'duty of care' duties as a business manager, corporate leader, board member or professional consultant, etc., to ensure that that an effective Internal Management Controls framework with its constituent components and controls is implemented fully by your people to satisfy your company's needs and requirements.

To ensure it is done, you need to implement a set of Internal Management Improvement Controls by defining '*what needs to be done*' and '*how to do it*'. To make certain it is done very well, you must involve and engage your people and explain well '*why to do it*' by giving them the ***rationale***, the ***motivation*** and the ***inspiration*** for doing what needs to be done.

'What' and 'how' engage the minds of your people. But it's the 'why' that captures their hearts.

What effective Internal Management Controls need to be implemented and ways to achieve this task very well are further detailed in the next paragraphs.

7.2   IMPROVING INTERNAL MANAGEMENT HARD CONTROLS

Improving Internal Management Hard Controls, in the current 21st century business environment, includes activities to craft, establish, design, develop, implement, monitor, evaluate and improve the hard controls listed below.

1. Performance Management process.
2. Internal Audit procedures, tools and methodology.
3. 'Duty of Care' Audit Assessment Process.

A full list of Internal Management Improvement Controls is included in Chapter 9 (Hard and Soft Controls) of this book.

For detail examples of 'Duty of Care' audit questionnaires, see Part 2 of this book.

The above controls will be crafted, established, designed, developed and implemented in this step and will be monitored in step 4 (improve business operations).

Their evaluation and improvement is the task of this step.

7.3 IMPACT OF PRINCIPLES AND SOFT CONTROLS ON IMPROVING INTERNAL MANAGEMENT HARD CONTROLS

Internal Management Hard Controls (e.g., policies, controls, etc.), such as Internal Audit procedures, etc., specify and define '*what needs to be done*' by enterprise managers to achieve good **Governance, Policies and Procedures** for their company or organization.

Improving Internal Management Hard Controls, action plans, assessments and procedural practices define and direct corporate people (managers, partners, employees, etc.) '*how to do it*', i.e., how to implement the defined **Improving Internal Management** hard controls.

But people, as my consulting practice and various sociological and business studies, have shown, also need to know '*why to do it*'.

The adoption in your mindset and use of the proposed ancient Greek principles and the employment of soft controls (as per Chapter 9: Hard and Soft Controls) with their actions, support 'the how to do it' as they provide the '*why to do it*', meaning the ***rationale***, the ***motivation*** and the ***inspiration*** for doing what needs to be done, i.e., the better implementation of **Improving Internal Management** hard controls.

'*What*' and '*how*' engage people's minds. But it's the '*why*' that captures their hearts.

7.4 STRATEGIES FOR IMPROVING INTERNAL MANAGEMENT HARD CONTROLS

When you design, develop and implement these hard controls (Internal Audit procedures, etc.) and monitor and review their use and results for your specific business environment, it is best practice for you to consider the following guidelines:

Strategic Guideline 1: Learn ways to improve Internal Management controls

Learning ways to improve Internal Management controls in your business operations, in general, may be achieved by:

1. Participating in specific professional training programs (coaching, mentoring, NLP, etc.) and taking seminars on trust and confidence and related issues, concepts, ideas, trends and skills (e.g.: internal audit, management strategic planning, marketing, advertising, human relations, knowledge economy, wellness, customer support, diversity planning, etc.);

2. On-the-job training.

3. In addition to above, improving internal management controls in your business operations for your specific business also entails your in-depth knowledge of your company's operations, customers, functions, data, assets, people, and industry, as per the DRAPES model (detailed in Prologue), and understanding how these may impact them.

Strategic Guideline 2: Prepare your mind and people for improving Internal Management controls

To prepare your mind, as a manager, for improving internal management controls in the business operations of your company and your people I recommend that:

1. You review, upgrade and communicate your Duty of Care vision and mission (detailed in Prologue) to all your customers and employees so that you are all communicating and operating on the same level of awareness; and

2. You find ways, practices and techniques for implementing internal management controls that make you employ fully all aspects of the B^4 workplace wellness model (detailed in Prologue) by:

   2.1. Believing in improving internal management controls;

   2.2. Bonding with your people on internal management controls issues;

   2.3. Belonging to the group that manages internal management controls for the business operations of your company and its people with passion and positive attitude; and

   2.4. Benefiting all by enabling internal management controls to produce better products and deliver higher-quality services to your customers.

Strategic Guideline 3: Drive yourself for improving internal management controls with Ancient Greek Wisdom Principles

To drive yourself as a manager into further action, I recommend that you:

1. Review fully and comprehend my proposed ancient Greek wisdom principles (Prologue);

2. Adopt and use my proposed management code of ethics based on these principles (Control yourself and be modest, Believe in your causes and people, etc., as per Prologue); and

3. Comprehend how they may impact your professional and personal conduct related to *internal management controls*.

A full and unbiased understanding of these principles and adoption of the management code of ethics can bring wider insights into the cause-and-effect sequences of implementing internal management hard controls for enterprises.

Consequently, you, as a manager, leader, board member, etc., can become more equipped to make wise choices and avoid implementation failures as regards the improvement of the above-mentioned *internal management* hard controls.

Strategic Guideline 4: Inspire yourself by Courage

Inspire yourself, as a manager or leader, by the principle of Courage when you establish the internal management controls framework of your company.

This is because *Courage,* in every-day personal life and business operations has to do with the aspects of Adjustment, Acceptance, Perseverance and Vitality, Contingency Planning, Bravery and Valor, Risk Management, Decision Making, Effectiveness and Occupational Stress Coping.

Consider all these aspects and manifestations of courage in taking your board, management and executive leadership decisions, especially when dealing with your people, who will have to do the detail work, and your partners, whom you and your people interact and deal with in your company's daily activities.

Strategic Guideline 5: Fortify your soul with Courage-related wise wisdom

In addition to the above guidelines, remember when you design the improvement of your company's internal management controls framework and implementing its hard controls to fortify your soul by understanding and incorporating, into your mind-set and world-view, the following ancient Greek wise guidance (sayings, short story) related to the use of the principle of Courage:

Saying 1: 'Friendship, freedom, justice, wisdom, courage and moderation are the key values that define a good society' by Plato;

Saying 2: 'You don't develop courage by being happy in your relationships every day. You develop it by surviving difficult times and challenging adversity' by Epicurus;

Saying 3: 'You should reach the limits of virtue, before you cross the border of death' by Tyrtaeus; and

Short story: The meaning of **Aesop's fable** '**A mother crab and her son'** *that example is more powerful than precept,* as detailed next: 'A mother crab criticized her son for walking sideways, whereupon the son asked his mother to show him how to walk straight. Of course the mother crab was unable to walk any straighter than her son, and soon apologized for criticizing what she herself was unable to do'.

Strategic Guideline 6: Plan your courage implementation actions

Utilizing all of the above (learning ways, preparing your mind, seven principles, the principle of Courage, sayings and short story) will support you and show you how, as a manager, leader, etc.:

1. To plan better for improving your internal management hard controls;
2. To be a good role model for your people so that you may influence a person's life in a positive light;

3. To react positively to the errors and faults made by your people (employees, customers, partners, etc.);

4. To reduce the occupational stress and improve the wellness of your corporate employees; and

5. To improve your company's productivity and effectiveness, as well you customer support aspects, in the process.

Strategic Guideline 7: Complete your improving Internal Management controls plan with soft controls

Your plan for improving Internal Management controls **s**hould be finally completed by the full use of specific soft controls (Culture, Integrity and Competences) and their corresponding improvement actions, described next.

7.5 APPLYING COURAGE-RELATED SOFT CONTROL IMPROVEMENT ACTIONS (IA)

As a manager or board member, consider as part of your 'duty of care' responsibilities, in implementing the above-mentioned Internal Management hard controls (Internal Audit procedures, etc.) of this step, to improve your company's culture and other aspects, by executing the following improvement actions.

7.5.1 CULTURE IMPROVEMENT ACTIONS

IA (1): Discuss all cultural issues with employees.
IA (2): Provide examples of behavior in your daily supervision activities.
IA (3): Involve your employees in reviewing corporate statements on vision, mission and values.

7.5.2 INTEGRITY IMPROVEMENT ACTIONS

IA (1): Craft and implement an effective ethics and compliance program and communicate it to all staff.
IA (2): Establish and function the office of compliance and ethics.
IA (3): Provide examples of behavior in your daily supervision activities.
IA (4): Review and improve both ethics and compliance program and policies, as the organization grows and its regulatory aspects and expectations change.

7.5.3 COMPETENCES IMPROVEMENT ACTIONS

IA (1): Assess your skills (managers and employees) via self-evaluation methods, benchmarking or other tools.

IA (2): Take specific industry courses yourself as managers and send your employees to courses also.

IA (3): Upgrade job-related knowledge by attending university and professional seminars.

IA (4): Get involved in coaching and mentoring programs.

IA (5): Get certified by a professional association.

All of these, ancient Greek principles, sayings and short story, and specific soft controls with their improvement actions, when used appropriately, will inspire, drive, engage and motivate both you and your people to work to their best so that your enterprise gets as a result the more efficient and effective implementation of the above-listed *improving internal management* hard controls.

For more improvement actions, see Part 2 of this book (Chapter 10: 'Duty of Care' Approach Improvement Plans).

7.6   ALIGNING THE IMPROVEMENT OF INTERNAL MANAGEMENT CONTROLS FRAMEWORK WITH 'DUTY OF CARE'

In addition to all above, you must also ensure that the defined *Improving Internal Management hard controls* which have been implemented with the enabling aspects of soft controls and ancient Greek principles and sayings, contribute to, and materialize better the manager's 'duty of care' responsibilities, in terms of:

1) Managing, protecting, recovering and improving your company's capabilities, processes and systems to make or distribute goods and provide best services to your customers,
2) Considering the best execution of your 'duty of care' responsibilities towards your company's Data, Risks, Assets, People, Environment and Standards, as described in the DRAPES model and
3) The B[4] workplace wellness model (of four dimensions: Believing; Bonding; Belonging; and Benefiting) in Prologue.

This alignment can be assessed by **developing, implementing and monitoring** 'duty of care' **Internal Management Controls** performance measures and compliance indicators as presented in Chapter 13 of this book.

7.7 CONCLUSION

All of these, i.e., the seven ancient Greek principles and more specifically the principle of *Courage,* sayings and short story, as well as the specific soft controls with their improvement actions, when used appropriately:

1. Will make it easier for you to exercise fully your 'duty of care' responsibilities, as a manager or board member;
2. Will enhance your leadership aspects so that you demonstrate bold but reasoned judgment, spirited but calculated risk-taking and an assertive but reflective disposition;
3. Will promote taking initiative and action by making first attempts, pursuing pioneering efforts, etc., to improve your product and services, by all your employees;
4. Will promote showing confidence in others by letting go of the need to control situations or outcomes, having faith in people and being open to direction and change.
5. Will promote acts of truth in the workplace by all parties (you, other managers, your employees, etc.) in admitting mistakes, divulging that a product or process is faulty, dealing with a client, etc.; and
6. Will give you the skills and the ability to act in accordance with reasonable rules, justice and fairness in all your business decisions and dealings.
7. Will inspire, drive, engage and motivate both you and your people to work to their best so that your enterprise gets as a result the more efficient and effective implementation of the above-listed *Improving Internal Management* hard controls.

Using the beneficial effects of the principle of *Courage* in all your *Improving Internal Management Controls* actions improves your social health by enabling you to relate to others better and be fair to all dealings with your employees, associates, customers and partners and produce better products and services.

It is bound to help you take the **seventh step** towards a more harmonic, balanced and fulfilling life for you, at both levels: personal and business, so that you reach the seventh 'HARMONY' Milestone (Y: Yield to best improvement processes, viewpoints, ideas, concepts and practices).

Employing all aspects of *Courage* shows you, your employees and the business organizations you manage or direct how to calculate the most efficient means to achieving a given goal better, and will also encourage employees to be continually thinking of better ways to do their jobs or to organize some aspect of the company better.

Courage improves your ways in making better management decisions by you, other managers as well as board members of your company, and improve, in the process, your development and implementation of your *Improving Internal Management Controls*.

Courage provides you also with the moral ground and inner strength for doing and thinking the way you do. It also promotes sympathy between among all parties (managers, employees, partners, etc.) which increases the loyalty of all your company and improves your bottom line in the process.

In addition it improves further your emotional and mental ability, increase your emotional and mental fitness, sustain and improve your **emotional and mental health** and eventually complement, fulfil and complete your whole health, life and wellbeing at all levels: personal, family, professional and business.

Courage shows you how to act bravely in a situation of vulnerability and does so because it is the noble thing to do, not to get the approval of others or to avoid social condemnation. It will also enable you to acquire the ability to act well at the critical moment and teach others to do the same when needed.

It will also give your employees an example to follow in their improvement process of your Internal Management Controls.

7.8 OUTCOME OF THIS STEP

The results of implementing the above-mentioned improving governance, policies and procedures hard controls are:

1. To increase your evaluation and improvement skills which will facilitate all internal and business management controls to be improved for your company or organization
2. To ensure that you execute the seventh 'Duty of Care' responsibilities to the fullest extent of your capabilities
3. To inspire all your people (board members, management, staff, associates, partners, etc.) in supporting you in your 'Duty of Care' tasks and responsibilities while benefiting all actors in the process (company, employees, community, society, etc.)
4. To help you reach your seventh and final HARMONY milestone (Y: Yield to best improvement processes, viewpoints, ideas, concepts and practices).

7.9 MANAGEMENT TIP

Let *Courage* be your seventh source of power and spiritual energy in implementing your company's above-mentioned **improving Internal Management Controls** more effectively and also support you to become a more-results oriented manager or board member for the good of your company and its people.

Courage will inspire your soul to enable you to execute more effectively and efficiently your process for **improving Internal Management Controls '**Duty of Care' responsibilities towards your company, as per the DRAPES model and the B^4 workplace wellness model, in terms of:

a) Managing,
b) Protecting,
c) Recovering and
d) Improving

The aspects of your company's capabilities, processes and systems to make or distribute goods and provide best services to customers, considering the best use of the company's: Data; Risks; Assets; People; Environment and Standards.

8   THE SEVEN ANCIENT GREEK WISDOM PRINCIPLES

Summary: This chapter presents the seven ancient Greek wisdom principles (Temperance, Faith, Justice, Harmony Friendship, Kalokagathia (Goodness and Kindness) and Courage) and a set of over 27 ancient Greek wisdom sayings that may be used to implement and improve your 'Duty of Care' responsibilities as a manager or board member of your company or organization.

These principles form the ethical basis for the DRAPES Model

as explained in Prologue.

8.1   DESCRIPTION OF PRINCIPLES

Principles, provide the *'why to do it'* and are one of the primary elements that capture the hearts of the people at your workplace.

Ethical principles are standards of conduct defining the kind of behavior an ethical person or business should and should not engage in. These principles driven by universal spiritual forces not only provide a guide to making decisions but they also establish the criteria by which your decisions will be judged by others.

Within the framework of this book and on the basis of the workplace wellness model (of four dimensions: **Believing; Bonding; Belonging; and Benefiting**) and the ancient Greek wisdom, I have used the following golden principles to practically improve the 'Duty of Care' principles of managers and board members, as well as their wellness so that they manage their business better and manage and reduce their own occupational stress and the anxiety of their employees.

8.1.1 PRINCIPLE 1: TEMPERANCE

Prudence. What the ancient Greeks called '*sophrosyne*': the quality of wise moderation; Greek, 'prudence, moderation in desires, discretion, temperance', from '*sophron*' of sound mind, prudent, temperate. Also prudence is the practice of always controlling your actions, thoughts, or feelings so that you do not eat or drink too much, become too angry, etc. It

also denotes self-restraint and self-control. Prudence was considered by the ancient Greeks, as the cause, measure and form of all virtues. From Latin 'temperantia' meaning moderation, sobriety, discretion, self-control, from 'temperans', present participle of 'temperare' to moderate. Latin 'temperantia' was used by Cicero to translate Greek 'sophrosyne' moderation.

The Seven Sages recommend: 'Control yourself'; 'Restrain your anger'; and 'Hold your tongue'.

Aristotle writes: 'Good temper is a mean with respect to anger; the middle state being unnamed, and the extremes almost without a name as well, we place good temper in the middle position, though it inclines towards the deficiency, which is without a name. The excess might called a sort of 'irascibility'. For the passion is anger, while its causes are many and diverse';

Heraclitus adds: 'It pertains to all men to know themselves and to be temperate'; and

Plato complements: 'The man who makes everything that leads to happiness depends upon himself, and not upon other men, has adopted the very best plan for living happily. This is the man of moderation, the man of manly character and of wisdom'.

For specific application and uses of this principle in implementing hard controls, see Chapter 2 ('Improve Board Effectiveness') of this book.

8.1.2   PRINCIPLE 2: FAITH

Trust in others; Belief in a higher power; Being persuaded of something. '*Pistis*', the Greek word for faith denotes intellectual and emotional acceptance of a proposition.

Pistis, in Greek mythology, was the personification of good faith, trust and reliability. She is mentioned together with such other personifications as *Elpis* (Hope), *Sophrosyne* (Prudence), and the *Charites*, who were all associated with honesty and harmony among people.

The Seven Sages: recommend**:** 'Follow God'; 'Worship God'; 'Pray for happiness'; 'Pray to fortune'; and

The following **prayer** is attributed to Socrates:

'Beloved Pan and you other Gods,
Those we adore in this land,
Make me beautiful internally in my soul.
Make the material things I have,
Harmonious with my ideas.
To think wealthy only the wise man,
To have and hold so much property,
As can be acquired and tolerated by a reasonable man'.

For specific application and uses of this principle in implementing hard controls, see Chapter 1 ('Establish Governance Framework') of this book.

8.1.3   PRINCIPLE 3: JUSTICE

Justice, in its broadest context, includes both the attainment of that which is just and the philosophical discussion of that which is just. It denotes ethical correctness and fairness.

In his dialogue 'Republic', Plato uses Socrates to argue for justice that covers both the just person and the just City-State. Justice, according to Socrates, is a proper, harmonious relationship between the warring parts of the person or city.

In ancient Greek culture, '*Dike*' ('justice') was the goddess of justice and the spirit of moral order and fair judgement based on immemorial custom, in the sense of socially enforced rules, standards and norms.

The Seven Sages recommend: 'Obey the law'; 'Your laws should be old, your dinners fresh'; And **Aristotle** complements**:** 'Laws govern and should be above all other rules'; and 'There is a law which is superior to all written laws and this is the law of morality'.

For specific application and uses of this principle in implementing hard controls, see Chapter 3 ('Increase Executive Leadership') of this book.

8.1.4   PRINCIPLE 4: HARMONY

Harmony is defined as the agreement in action, opinion, feeling or sounds in a social setting. The term harmony derives from the Greek '*harmonía*', meaning 'joint, agreement, concord', from the verb '*harmozo*', 'to fit together, to join'.

To the ancient Greek mentality harmony was an attribute of beauty. The ancient Greeks believed there to be three 'ingredients' to beauty: symmetry, proportion, and harmony. This triad of principles infused their life. They were very much attuned to beauty as an object of love and something that was to be imitated and reproduced in their lives, architecture, education and politics.

They judged life by this mentality. Aristotle believed that the soul is a kind of harmony, for 'harmony is a blend or composition of contraries', etc. He says that developing good habits can make a good human being and that practicing the use of The Golden Mean (the desirable middle between two extremes, one of excess and the other of deficiency) when applicable to virtues will allow a human being to live a healthy, happy life. Harmonia (harmony) was the goddess of harmony and concord.

The **Seven Sages** recommend: 'Pursue harmony';

Aristotle defines: 'Harmony is a blend or composition of contraries'; and

Heraclitus complements**: '**Opposition brings concord. Out of discord comes the fairest harmony'.

For specific application and uses of this principle in implementing hard controls, see Chapter 4 ('Improve Business Operations') of this book.

8.1.5 PRINCIPLE 5: FRIENDSHIP

Friendship defines how people relate to each other, feel equal to them in most standards, but still respect each other irrespective of their attributes or shortcomings.

Friendship was pivotal in the life of ancient Greeks and no one could attain happiness and tranquility without it. According to the ancient Greeks 'friendship' ('*filotis*'), was more important than money, property, wealth and other material values. They greeted each other by 'Oh Filotis', meaning 'Hi my friend'.

Ancient Greeks did a lot of activities with their friends: Wrestling and gymnastics to keep up fitness as well as athletics including boxing, discus, running, javelin, and long jump.

Other activities included knucklebones, playing music, and spending time talking with friends and telling stories, playing board games, playing with bow and arrows, or sling shots, swimming, having dinner parties (symposia) and going to public gymnasiums.

Friendship was also more than evident in names as well. There were several such names (over 35) that had the prefix of 'phil', denoting friendship (e.g. Phillip=lover of horses, Philomila=friend of harmony, Philiston, Philoklis, etc.) and which were given to the children of Ancient Greeks by their parents. **Philotes** (or Filotis) was the semi-goddess (spirit) of friendship and affection.

The Seven Sages recommend: 'Interact with everyone'; 'Behave always with courtesy'; 'Socialize with wise people'; 'Do not suspect anyone'; and 'Do not acquire friends quickly. When, however, you acquire them, do not reject them quickly'.

Epicurus considered friendship a matter of the most crucial importance. Everybody, including women and slaves attended his teachings at his school, called 'The Garden'. He claimed that friendship, more than anything else, contributed to the good and pleasant life as it is the cohesive force that makes society and human cohabitation and coexistence possible at all.

For specific application and uses of this principle in implementing hard controls, see Chapter 5 ('Manage Human Aspects') of this book.

8.1.6 PRINCIPLE 6: KALOKAGATHIA (GOODNESS AND KINDNESS)

This is like a coin of two faces. Goodness defines the state or quality of being good. Kindness is a personal quality that enables an individual to be sensitive to the needs of others and to take personal action and do noble deeds on behalf of others to meet those needs. It also encompasses personal virtue, courtesy and moral excellence in character. It may be considered synonymous to the Greek term of 'christotes', meaning useful (from 'chrao'=use), good, honest, upright and magnanimous.

'Kalokagathia' is a word of Greek origin. It is an ideal of human upbringing, popular in ancient Greece. This meant a combination of both external and internal features, especially physical efficiency, mind and character development. It involves notions of **symmetry** important to Greeks.

The word '*kalokagathia*' means the character and conduct of '*kalos kagathos*', that is, of the perfect and just man; thus it includes kindness, uprightness, and honesty, attributes that finally lead to happiness. In classical Greek, the meaning of the word '*kalos*' is linked with the human physique rather than human character; thus, '*kalos*' has to do with the beauty, the harmony, of the body, attained through physical exercise. The word '*agathos*' means the good and virtuous man, who is wise, brave, and just.

Kalokagathia was the semi-goddess (spirit) of nobility and goodness. She was associated with virtue (Greek '*areti*') and excellence (Greek '*eukleia*').

The **Seven Sages** recommend: 'Your words should be words of kindness and respect'; 'Pursue harmonic co-existence'; 'Praise the good'; 'Struggle without losing your good reputation'; 'Do not beautify your external appearance, but you should look to become good in your behavior';

Democritus adds: 'Good means not merely to do wrong, but rather not to desire to do wrong'; and

Epictetus complements: 'It takes more than just a good looking body. You've got to have the heart and soul to go with it'.

For specific application and uses of this principle in implementing hard controls, see Chapter 6 ('Augment Trust and Confidence) of this book.

8.1.7 PRINCIPLE 7: COURAGE

Courage is one of the so-called 'cardinal values', first identified by Socrates and noted by Plato, his disciple, in 'Protagoras':
Cardinal Value 1: Prudence = Ability to judge between actions at a given time;
Cardinal Value 2: Temperance = Practicing self-control, abstention and moderation;
Cardinal Value 3: Courage = Endurance and ability to confront fear and uncertainty;
Cardinal Value 4: Justice = Proper moderation between self-interest and the need of others.

Plato says: 'Friendship, freedom, justice, wisdom, courage and moderation are the key values that define a good society'.

It is also one of the four cardinal virtues of the Stoic philosophy: Wisdom (*Sophia*), Courage (*Andreia*), Justice (*Dikaiosyne*), and Temperance (*Sophrosyne*).

The **Seven Sages** recommend: 'Carry out your activities with no fear and without losing your courage'. 'Do not abandon what you have decided'. 'Do not be in a hurry to do something, although, once you have started, be steady in doing it'.

Epictetus coped with this insecurity by constantly reminding himself what he could control and what he couldn't. We can control our thoughts, beliefs and attitudes, but everything else is to some extent out of our control – other people's perceptions and behaviour, the economy, the weather, the future and the past.

If you focus on what is beyond your control, and obsess over it, you will end up feeling helpless. Focus on what you can control, and you will feel a measure of autonomy even in chaotic situations.

Resilience was built by courage. Courage, in ancient Greek culture was based on the **agonistic ethic** which helped ancient Greeks build resilience and withstand better the rigors of life.

This ethic is based on the concept of **Agon. Agon** is an ancient Greek word in reference to several things. In general, the term refers to a struggle or contest. In its broader sense of a struggle or contest, '*agon*' referred to a contest in athletics, music or literature at a public festival in ancient Greece.

Building personal resilience is probably best illustrated by the Socratic method of inquiry.

This method (Socratic method) named after Socrates, is a form of inquiry and discussion between individuals, based on asking and answering questions to stimulate critical thinking and to illuminate ideas and concepts.

For specific application and uses of this principle in implementing hard controls, see Chapter 7 ('Improve Internal Management Controls') of this book.

9   HARD AND SOFT CONTROLS

Summary: This chapter describes the terms of 'Hard' and 'Soft' controls and presents a list of over 100 sets of Internal Management hard controls, in seven categories (Governance, Board Effectiveness, Executive Leadership, Business Operations, Human Aspects, Trust and Confidence and Improving Governance, Policies and Procedures) required to operate a business organization more effectively and efficiently. These may be used to implement and improve your 'Duty of Care' responsibilities as a manager or board member of your company or organization.

9.1   INTERNAL MANAGEMENT HARD CONTROLS

Internal Management Hard controls (hard controls) are tangible things, usually well-defined, formalized and approved like organizational structure, assignment of authority and responsibility, corporate standards, policies and procedures, ethics code, compliance procedures, computerized systems, company books, registers, audit trail mechanisms, personnel controls like segregation of duties, taking vacation, job descriptions, confidentiality statements, etc.

For more details on how these may be used, see chapters 1 to 7 of this book.

The following list contains an indicative set of over 100 sets of internal management controls required to operate a business organization more effectively and efficiently.

9.1.1   GOVERNANCE HARD CONTROLS

1. Business Management Controls Framework.
2. Business Management Controls System Manual.
3. Corporate Philosophy Controls (Vision, Mission and Values Statements (example in Chapter 10 of Part 3 of this book), Corporate Ethics Policy (example in Chapter 14 of Part 2 of this book), Corporate Social Responsibility Policy, Corporate Ethics Office, Corporate Ethics Committee, and Corporate Ethics Program).
4. Rick controls (Risk Management Action Plan – see example in Chapter 6 of Part 2 of this book), Risk Register, Risk Evaluation Methodology, etc.).
5. Compliance controls (Compliance Program, Compliance Action Plan, Corporate Compliance Officer, etc.).
6. Internal Audit Process.
7. Ethics and Culture Assessment.

8. Monitoring controls (System, Plan, Policies and Procedures)

   8.1. Monitoring Controls System

   8.2. Monitoring implementation of the strategic plan

   8.3. Monitoring implementation of policies and procedures

   8.4. Continuous management monitoring procedures.

   8.5. Communicating performance information procedure.

   8.6. Management reports monitoring procedures.

   8.7. Data Quality Monitoring Procedures

9. Review of operations controls.

   9.1. Daily Activities Review Controls.

   9.2. Computer Security Monitoring and Review Procedures.

   9.3. The Corporate Governance Information System.

   9.4. External-Assessment Procedures.

   9.5. Self-Assessment Procedures.

10. Data Protection and Privacy Management Controls

   10.1. Data Protection and Privacy Management System

   10.2. DP&P Strategies, Policies and Plans.

   10.3. Data Protection Impact Assessment.

   10.4. Data Protection Specialized Controls.

These controls relate to Chapter 1 (Establish Governance Framework).

9.1.2 BOARD EFFECTIVENESS HARD CONTROLS

1. Charters for the board of directors.
2. Charters for the corporate committees (Audit, Risk, Benefits and Personnel, Information Technology, Financial Issues, and Business Continuity, Compliance Committee, etc.). See examples in Chapter 12 of this book.
3. Board selection process.
4. Board training plan.
5. Board ethics code.
6. Board effectiveness assessment and compliance procedure.
7. Performance Management Framework.
8. Corporate Cultural Resilience Improvement Plan (see example in Chapter 7 of Part 2 of this book)
9. Corporate Communications Policy (see example in Chapter 11 of Part 2 of this book).
10. Conflicts of Interest Policy (see example in Chapter 12 of Part 2 of this book).

These controls relate to Chapter 2 (Improve Board Effectiveness).

9.1.3 EXECUTIVE LEADERSHIP HARD CONTROLS

1. Strategic Management Controls (Corporate Strategic Planning Committee, Strategic Resource Plans, Strategic Plans (corporate, by business function), Strategic Budgets, Strategy Implementation Action Plans).
2. Corporate policies (Financial Accounting, Customer Relations, Fraud and Theft, Community Relations, Health and Safety, and Environment Management, Performance Management, Internal Audit, Risk Management, Business Continuity, Compliance, IT, Sales, Production, Supply Chain, Logistics, Warehouse Control, etc.),
3. Departmental Terms of Reference.
4. Corporate Policies and Procedures Manual.
5. Files, Documents and Records Management Procedures.
6. Confidential Information Release Procedures.
7. Management Reporting Procedures.
8. Asset Protection Procedures.
9. Legal Procedures (for the operation of the organization as a legal entity).
10. Administrative office controls (Physical Security Controls, Mail Controls, EDI Controls, Facsimile Transmission Controls, daily activities controls, Forms Register, Policies, Procedures and Forms Controls, Social Engineering Controls, Daily Activities Controls etc.).

11. Business Intelligence Controls (Business Intelligence Data Manager, Business Intelligence System Management Plan, Business Intelligence Policy)
12. Corporate Espionage and Sabotage Controls
    12.1. Corporate Anti-Espionage and Anti-Sabotage Manager
    12.2. Corporate Espionage and Sabotage Controls Action Plan
    12.3. Business Data Classification
    12.4. Business Intangible Assets Register
    12.5. Business Security Controls
    12.6. Business Information Distribution Procedure
13. Crafting Policies and Procedures Management Plan (see example in Part 2 of this book)
14. Corporate Intelligence Monitoring Management Plan (see example in Part 2 of this book)
15. Corporate Team Improvement plan (see example in Part 2 of this book)

These controls relate to Chapter 3 (Increase Executive Leadership).

9.1.4 BUSINESS OPERATIONS HARD CONTROLS

1. Transaction Authorization Controls
2. Financial Organization Controls (Financial Issues Committee, Function of the Controller, Accounting Manager and staff Job Descriptions, and Budget Department officer job description).
3. Financial Policies and Procedures (Financial Accounting Controls Policy, Financial Accounting Procedures, Financial Revenue Procedures, and Budgeting Procedure).
4. General Ledger Controls (Chart of accounts, General Ledger, Trial balance, and Financial Statements).
5. Computerized Financial Systems (General Ledger (GL) Systems, Customer Invoicing (CI) Systems, Accounts Payable (AP) Systems, Customer Orders / Sales Processing (COP) Systems, and Payroll Systems).
6. Financial Performance Controls.
7. Customers Sales Controls.
8. Production Policies and Procedures (Purchasing, Supply chain management, Freight management (incoming/outgoing and customer), Inventory management, Manufacturing assembly, Returns (return to stock, return to vendor), Repairs, Receiving, Customer support, etc.).
9. Manufacturing Process Controls (New Product Development Controls, Bill of Materials (BOM) File, Master Production Schedule (MPS), Material Requirements Planning (MRP), Inventory Master Records (IMR) File, Inventory Transactions File, Preventive Maintenance Controls),

10. Computerized Production Information Systems (Material Requirements Planning (MRP) System, Cost Accounting (CA) System, Production planning and control (PPC) system, Enterprise Resource Planning (ERP) system).

11. Quality Management Controls.

12. Standardization Procedures (Standardization of inputs, Standardization of conversion activities, Standardization of outputs, Time Standards)

13. Project Management Controls (Project Scheduling, Project Budget, Project Progress Report, Project problems log, Project Plan).

14. Performance Management Controls.

15. IT Governance Controls (IT Management Responsibility Controls, Information Technology (IT) Policy, IT Asset Controls, IT Governance Standards, Policies and Procedures, IT Strategic Controls, IT Security Controls, etc.).

   15.1. IT Organization Controls (Information Technology (IT) Committee,

   15.2. Information Technology (IT) Policy, IT Vision, Mission and Values Statements, IT Department Terms of Reference, and IT Control Framework).

   15.3. IT Administration Controls (IT Standards, Policies and Procedures,

   15.4. IT Asset Controls, IT Personnel Management Controls, Vital Records Package, Offsite Facility Controls, IT Purchasing Controls).

   15.5. IT Strategy Controls (IT Strategic Process Methodology, IT Strategic Plan).
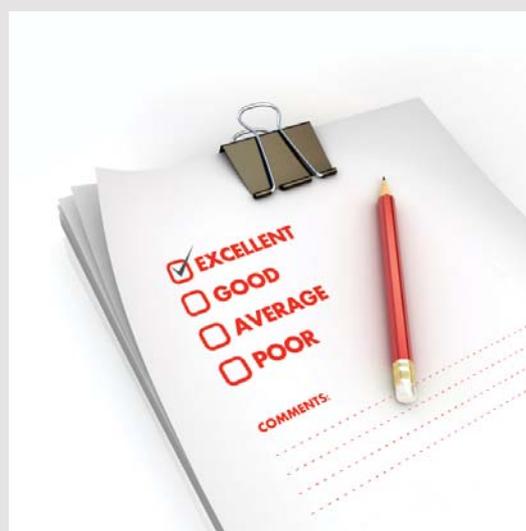
15.6. System Development Controls (IT Systems Development Methodology, System Development Products).

15.7. IT Security Controls (IT Security Organization, Plans, Policies and Procedures, Computer Operations Controls, Personnel Security Management Controls, End User Security Administration Controls, Password Controls).

15.8. IT Technical Controls (Systems Operating Environment Controls, Data Base Controls, Data Communications Controls, Audit Trail Controls, and Operating System, Data Base and Data Communications software Change Management Controls).

15.9. IT Operational Controls (Data Centre Controls, IT Contingency Planning, IT Disaster Recovery Plan, Hardware Controls, Personal Computers Controls).

15.10. Computerized Application Controls (Input Controls, Processing Controls, Output Controls, Database Controls (File updated report, Critical transactions report, Application-specific access authorization, Data base health checks, etc.), Change Controls, and Testing Controls (Test Methodology, Test Plan, etc.).

15.11. IT Management Reporting

15.12. Social Engineering Controls.

16. Business Data Management Controls (Business Operational Manuals, Business Forms Manual, Business Records System, Compliance Records System, Business Data Administration Controls, Data and Information Quality Monitoring and Improvement Process)

17. Data Security Management Plan (see example in Part 2 of this book)

These controls relate to Chapter 4 (Improve Business Operations).

9.1.5 HUMAN ASPECTS HARD CONTROLS

1. Human resource management policies (Employee Health Records Management Policy (see example in Part 2 of this book), Human Rights Policy (see example in Part 2 of this book), Diversity Policy, Occupational Stress Policy, Health and Safety Policy).

2. Benefits and Personnel Committee.

3. Personnel Administration Procedures *(*screening, employment contracts and job descriptions, supervision, human resource plans, authorization controls, segregation of duties, rotation of duties, vacation taking, adoption of professional ethical standards, Labour Relations Procedures and employee documentation).

4. Employment Contracts and Job Descriptions.

5. Employee Management Policies and Procedures Handbook (for issues of: Equal Employment Opportunity; Employee classifications; Workdays, paydays, and pay advances; Overtime compensation; Meal periods and break periods; Payroll deductions; Vacation policies; Holidays; Sick days and personal leave; Performance evaluations and salary increases; Performance improvement; Termination policies, etc.). See example in Chapter 14 of this book.

6. HR Hiring and Dismissal System.

7. Personnel Performance System.

8. Segregation of Duties controls.

9. Human resources information systems.

10. Human resource research improvement activities.

11. Training and development procedures.

12. Emotional Intelligence Testing.

13. Corporate Employees' Wellness Improvement Plan (see example in Part 2 of this book)

14. Ten Golden Values Life Improvement plan (see example in Part 2 of this book)

These controls relate to Chapter 5 (Manage Human Aspects).

9.1.6 TRUST AND CONFIDENCE HARD CONTROLS

1. Customer Service policy (see example in Part 3 of this book).

2. Quality Management policy.

3. Standardization and Quality Management procedures.

4. Health and Safety policy.

5. Environment management policy (see example in Part 3 of this book).

6. Quality Records Management procedure.

7. Personnel Training and Coaching program.

8. Personnel promotion procedures.

9. Workplace Wellness Program.

    9.1. Workplace Wellness Model.

    9.2. Workplace Wellness Policy (see example in Chapter 9 of Part 2 of this book)

    9.3. Principles, Forces, Milestones.

    9.4. Wellness Improvement Strategies.

    9.5. Workplace Wellness Strategic Action Plan.

    9.6. Workplace Wellness Monitoring Plan

    9.7. Wellness Duties and Responsibilities

10. Community Relations policy.

11. Corporate Philosophy program.

12. Corporate Social Responsibility policy (see example in Part 2 of this book).
13. Fire Safety Management and Evacuation Plan (see example in Part 2 of this book)
14. Workplace Hazard Prevention Actions Plan (see example in Part 2 of this book)
15. Data Protection Policy (see example in Part 2 of this book).
16. Occupational Stress Management Policy (see example in Part 2 of this book).
17. Workplace Health and Safety Policy (see example in Part 2 of this book).
18. Community Relations Policy (see example in Part 2 of this book).

These controls relate to Chapter 6 (Augment Trust and Confidence).

9.1.7 INTERNAL MANAGEMENT IMPROVEMENT HARD CONTROLS

1. Performance Management process.
2. Audit Process (see full details later in Chapter 10 this book)
   2.1. General evaluation guidelines
   2.2. Audit Methodology
   2.3. Audit Report Example
   2.4. Management Actions

3. Assessment Questionnaires (see full details of all questionnaires in Chapters 14 to 27 of Part 2 of this book)

    3.1. Chapter 1: Corporate Philosophy Assessment Questionnaires

    3.2. Chapter 2: Corporate Governance Assessment Questionnaires

    3.3. Chapter 3: Strategic Performance Assessment Questionnaires

    3.4. Chapter 4: Workplace Health and Safety Assessment Questionnaires

    3.5. Chapter 5: Administration Assessment Questionnaires

    3.6. Chapter 6: Financial Management Assessment Questionnaires

    3.7. Chapter 7: Human Resource Management Assessment Questionnaires

    3.8. Chapter 8: Personnel Engagement Assessment Questionnaires

    3.9. Chapter 9: Plant Safety Assessment Questionnaires

    3.10. Chapter 10: Production Process Assessment Questionnaires

    3.11. Chapter 11: Personal Wellness Assessment Questionnaires

    3.12. Chapter 12: Executive Wellness Assessment Questionnaires

    3.13. Chapter 13: IT Governance Assessment Questionnaires

    3.14. Chapter 14: Monitoring Controls Assessment Questionnaires

4. Corporate Governance Improvement Plan (see example in Part 2 of this book)

5. Board Effectiveness Improvement Plan (see example in Part 2 of this book)

6. Executive Leadership Improvement Plan (see example in Part 2 of this book)

7. Business Operations Improvement Plan (see example in Part 2 of this book)

8. Manage Human Aspects Improvement Plan (see example in Part 2 of this book)

9. Trust and Confidence Improvement Plan (see example in Part 2 of this book)

10. Policies and Controls Improvement Plan (see example in Part 2 of this book)

These controls relate to Chapter 7 (Improve Internal Management Controls).

These **internal management hard controls** are implemented and used, in everyday business practice to carry out the activities of the organization, by various participants, i.e., people such as employees, managers, board members, customers, etc.

These participants usually operate with their feelings, their beliefs, their trust and confidence, their motives, etc., collectively termed soft controls.

A good example of why strategies fail, these being hard controls, is the study of Paramount Consulting[1].

It was found that around 65% of strategic plans fail and as much as 97% of plans are ineffectively implemented. And this is mainly due to human factors (soft controls).

9.2   SOFT CONTROLS

Soft Controls are intangible things that have to do with behavioral aspects and social properties inherent in employees and utilized in applying hard controls in their daily business activities, such as: tone at the top, understanding of the organization by the board, culture, structure of reporting relationships, morale, integrity and ethical values, operational philosophy, trust, etc., as described in the next paragraphs.

For more details on how these may be used, see chapters 1 to 7 of Part 1 of this book.

The elements of this mindset, I have found relevant in effectively implementing management controls for organizations, include:

- 'Tone at the Top'
- Understanding of the organization by the board
- Integrity
- Operational philosophy
- Ethical Climate
- Empowerment
- Leadership
- Employee Motivation
- Openness and Shared Values
- Information Flow
- Corporate Culture
- Morale
- Trust
- Corporate Attitude
- Competence
- Expectations
- Structure of Reporting Relationships

These are termed 'soft controls' in this book and are described next.

9.2.1   'TONE AT THE TOP'

Tone at the top refers to how an organization's leadership creates the tone at the top - an ethical (or unethical) atmosphere in the workplace. Board's and Management's tone has a trickle-down effect on all employees. If top managers and board directors uphold ethics and integrity so will employees.

But if upper management and board members appear unconcerned with ethics and focuses solely on the bottom line, employees will be more prone to commit fraud and feel that ethical conduct isn't a priority.

In short, employees will follow the examples of their bosses.

9.2.2 UNDERSTANDING OF THE ORGANIZATION BY THE BOARD

Understanding of the organization by the board refers to the board directors' needs to fully understand the organization they supervise and control so that they are as effective as possible in discharging their duties. This understanding involves both the internal (size, form, strategy, structure, people, policies, procedures, operating style, culture, beliefs, etc.) and external (industry, rules, regulations, market, geopolitical locations, etc.) aspects of the organization.

9.2.3 INTEGRITY

Integrity refers to the inner sense of 'holistic sense' ('wholeness') deriving from qualities such as honesty, truthfulness and consistency of personal character.

In a corporate environment, integrity complemented by ethical values mean that both employees and their managers must interact with each other, in all their business activities, on the basis of integrity, honesty, truthfulness and consistency in the actions they execute, methods and measures they use to monitor performance, principles they activate, and expectations, results and outcomes they manage.

Also in this regard, managers must lead by example, so that their employees follow.

9.2.4 OPERATIONAL PHILOSOPHY

Operational philosophy is usually an explicit (written) or implicit (unwritten) declaration of how a person, group or organization operates. In corporate terms, it represents how business is conducted by all levels of management in various areas, such as: investments, funding, managing employee relationships, customer transactions, regulatory authorities, risk-taking, quality, profits, ethical standards, environment, IT, etc.

9.2.5 ETHICAL CLIMATE

Ethical climate is usually deemed to be the shared set of understandings about what is the correct behavior and how all ethical issues will be handled. This climate sets the tone for decision making at all levels of the organization and in all circumstances, activities and dealings of all participants in the affairs of the company.

9.2.6 EMPOWERMENT

Empowerment refers to improving the spiritual, political, social, racial, educational, economic or other strength of individuals.Empowerment in corporate environments for employees means that company employees are supported and enabled to make more, better and larger-scope decisions without having to refer to someone more senior in the organization.

9.2.7 LEADERSHIP

Leadership refers to how an organization's leadership is 'organizing a group of people to achieve a common goal'. Leadership in a corporate environment is manifested in managers exhibiting traits, such as: intelligence, personal effectiveness and efficiency, high level of creativity in resolving issues and problems, adjustment, extraversion, conscientiousness, and motivation, which are used for accomplishing goals for the given corporate entity.

9.2.8 EMPLOYEE MOTIVATION

Employee motivation refers to 'inner or social stimulus for an action' for employees of business entities. In a corporate environment, managers need to motivate employees to do a better job.

9.2.9 OPENNESS AND SHARED VALUES

Openness and shared values usually refers to the quality of being open.
Values represent what a person believes in. In corporate terms openness and shared values characterize an environment in which decisions are made and communicated to all parties.

9.2.10 INFORMATION FLOW

Information flow throughout the organization refers to how information flows throughout the organization by both informal and formal communication systems.
Formal communication is used to distribute and implement rules, policies and procedures. Managers, however, must pay attention also to informal communication as this type of communication may hinder or ensure the effective conduct of work in modern organizations.

9.2.11 CORPORATE CULTURE

Culture usually refers to the environment that surrounds you at work all of the time. Culture is made up of the values, beliefs, underlying assumptions, attitudes, and behaviors shared by a group of people. Culture is the behavior that results when a group arrives at a set of - generally unspoken and unwritten - rules for working together. An organization's culture is made up of all of the life experiences each employee brings to the organization.

Culture is especially influenced by the organization's founder, board of directors, executives, and other managerial staff because of their role in decision making and strategic direction.

9.2.12 MORALE

Morale also known as 'esprit de corps' is 'moral principles or practice'. In corporate terms it describes the capacity of employees to maintain belief in the organization they work for, or a general goal and specific objectives set by their superiors. It refers to the level of faith of individual employees in the collective benefit gained by such performance.

9.2.13 TRUST

Trust means 'reliance to another person or entity'. Aristotle
believed that trust of a speaker by the listener, was based on the listener's perception of three characteristics of the speaker: the intelligence of the speaker (correctness of opinions, or competence), the character of the speaker (reliability - a competence factor, and honesty - a measure of intentions), and the goodwill of the speaker (favorable intentions towards the listener).

In corporate terms, trust forms the foundation for effective communication, employee retention, and employee motivation and is a major contributor of the extra effort and energy that people voluntarily invest in work. When trust exists in an organization or in a relationship, almost everything else is easier and more comfortable to achieve.

9.2.14 CORPORATE ATTITUDE

Corporate attitude represents an individual's degree of like or dislike for something (person, place, thing, or event). In a corporate work-place attitudes play a great role in employees executing corporate tasks and achieving strategic and operational goals predetermined by senior managers. If they like the organization or their manager or the task they will perform better, in most cases. If they dislike the organization or their manager or their task they are bound to perform at a lesser degree.

9.2.15 COMPETENCE

Competence refers to the 'sufficiency to deal with what is at hand'. Competence in a corporate environment is the ability, the will, the commitment, the knowledge, the skills and the dexterities of an individual to perform a job or task properly. Managers must manage and improve the competences of themselves and their employees through education, training, coaching, mentoring, etc.

9.2.16 EXPECTATIONS

Expectations is usually the act or process of knowing what is anticipated in a given work situation. This means that managers must consider the issue of expectations in dealing with their employees. Learning what interests and engages employees can help managers to distribute work in a way that promotes enthusiasm for completing tasks. This will help employees understand the employer's expectations.

9.2.17 STRUCTURE OF REPORTING RELATIONSHIPS

Structure of reporting relationships is usually depicted in an organizational chart. This chart can provide a great deal of information and may help organizational members understand the overall structure of the organization and its strategy. The organizational chart allows employees and other stakeholders to see employee job titles and the reporting relationships in an organization. The vertical lines demonstrate the reporting relationships of supervisors and their reporting staff. The lateral or horizontal lines indicate a working relationship.

These are most important as they fulfill the values espoused by almost all human beings, according to Schwartz and his associates who researched the concept of universal values of more than 25,000 people in 44 countries and came up with ten types of universal values[2], such as:

1. Power,
2. Achievement,
3. Hedonism (pleasure of living),
4. Stimulation in life,
5. Self-direction,
6. Universalism (wisdom, justice, peace, inner harmony),
7. Benevolence (honesty, forgiveness, friendship),
8. Tradition (devoutness, moderation, accepting one's portion in life, humility),
9. Conformity (self-discipline, obedience), and
10. Security (family and national security, sense of belonging, stability of social order).

Soft controls may differ from organization to organization, but are typically set at a higher corporate level and are associated with the overall governance, mission and morale of the enterprise. In addition, measuring efforts like the ethics and integrity or the philosophy of the enterprise is not a simple task.

For more details on how soft controls are used to improve the implementation of hard controls, see chapters 1 to 7 of this book.

9.3 END NOTES

1. For more details, see:
   http://www.paramountlearning.co.uk/2010/04/23/six-principle-reasons-why-strategies-fail/).

2. As per Schwartz, S. H. (1992). 'Universals in the Content and Structure of Values: Theory and Empirical Tests in 20 Countries'.
   In M. Zanna (ed.), *Advances in Experimental Social Psychology (Vol. 25)*. New York: Academic Press: 1-65., and Schwartz, S. H. and W. Bilsky (1987). 'Toward a Universal Psychological Structure of Human Values'. Journal of Personality and Social Psychology, 53: 550-562.

10 AUDIT PROCESS

Summary: This chapter describes a set of general evaluation guidelines, an Audit Methodology and an Audit Report Example which may be used to implement and improve your 'Duty of Care' audit responsibilities as a manager or board member of your company or organization.

For more details on the material contained in this chapter may be used to review and improve the implementation of hard controls, see chapter 7 of this book. Also, this audit process may use the audit assessment questionnaires contained in Part 2 of this book.

Objective: The objective of these guidelines is to help you evaluate how you are performing as regards your 'duty of care' responsibilities as a manager of a company.

Contents

1. General evaluation guidelines
2. Audit Methodology
3. Audit Report Example
4. Management Actions
5. Additional Resources

10.1 GENERAL EVALUATION GUIDELINES

1. Use the audit questionnaires contained in Part 2 of this book to evaluate and improve the 'Duty of Care' responsibilities as a board member, executive, leader, manager, auditor, etc., in a corporate environment.

2. Each score has an indicative value for the purpose of becoming aware of what stress and wellness mean for you and your company.

3. Answer all these questions to the best of your ability.

4. You may use a **balancing factor** (BF = 3%) to smoothen out errors.

5. Calculate each **index for** your review and further consideration.

6. Two indices are used: A simple one; and an adjusted one for errors (using the balancing factor).

7. A **more sophisticated way** would have been to use weighted or multivariate factor analyses to measure the impact of one or more questions in calculating the given index. This way is not used for a variety of reasons, such as: absence of comparative data, cultural and belief aspects of the person conducting the audits, etc.

   It is best to complement the indices with performance measures, surveys, one to one interviews, discussions and other feedback mechanisms.

   This is due to several potential problems in constructing and using index numbers, such as: assigning weights, method of averaging, which questions have the largest impact, testing for data validity, validity of the recorded responses, etc.

8. Index calculation:

   8.1. For each of the questions in each questionnaire, enter the number matching the description which most closely represents how you feel or you want to measure.

   8.2. Use a score from 1 to 10. The highest number denotes the highest satisfaction attained in each question.
   E.g. 1 = Lowest Value; 2 = Next Highest; 3, 4, 5, 6, 7, 8, 9, 10 = Top Value.

   8.3. Use a scale of 1 to 100 for your index results. 1 representing the lowest index number to 100 denoting the highest index number achieved.

   8.4. Add up the score from each question in every questionnaire into your total score (TS).

   8.5. Use a balancing factor (BF = 3/100) to smoothen out errors as indicated.

   8.6. The total number of questions is called the TQ.

   8.7. Divide TS by TQ and multiply by 10. This is your **simple index**.

   8.8. Calculate your **adjusted index** by applying the balancing factor.

Example: Assume your simple total score of **116 (TS).**

Adjusted total score (ATS) = 112.52.

(Calculation: ATS=TS – (TS x BF) = 116 – (116x3/100=3.48) = 112.52).

Simple Index Calculation = (TS/TQ)x10=(116/25)x10.

Simple Index= 46.4%

Adjusted Index Calculation= (ATS/TQ)x10)=(112.52/25)x10.

Adjusted Index= 45.008%

10.2 AUDIT METHODOLOGY

Use this audit methodology to prepare and execute audits related to 'Duty of Care' responsibilities in a company.

The approach proposed for 'Duty of Care' audits comprises of the following principal phases and steps:

1. **Phase A: Audit Planning:** Annual Audit Planning, Management and Key-users Review, Audit Objectives Planning, Data Collection and Review and Risk Assessment.
2. **Phase B: Audit Execution**: Audit each area, Evaluate and Record Findings and findings with personnel audited.
3. **Phase C: Audit Reporting**: Issue initial draft report, Review draft report, Revise draft report and Issue final audit report.

Phase C: Audit Project Management: Administration of audit project, Documentation of audit work notes.

These are presented next.

10.2.1 PHASE A: AUDIT PLANNING

Step 1: Annual Audit Planning

During this step the Internal Audit Management of the company will meet extensively with the senior management, board members and the audit committee in an attempt to collect all the necessary information regarding what audits should be carried out in all business activities, including 'Duty of Care', during the next year.

The primary activities of this step are:

1. Conduct in-depth interviews with board members
2. Conduct in-depth interviews with audit committee members
3. Conduct in-depth interviews with senior management
4. Conduct in-depth interviews with key stakeholders
5. Review, organize and evaluate information
6. Prepare annual internal audit plan (including IT audit activities)
7. Obtain approval for annual audit plan.

Step 2: Management and Key Positions Review

During this step the audit team will meet extensively with company management, conducting in-depth interviews and group workshops in an attempt to collect all the necessary information regarding management's view on:

1. Company's strategy, policies, standards and procedures as they are currently designed and implemented.
2. Management's view on inherent corporate strategic risks, including their views on respective significance and potentiality of existence for health and safety issues.

The primary activities of this step are:

1. Conduct in-depth interviews with company management
2. Organize and evaluate information
3. Conduct workshops with holders of key positions of company functions
4. Organize and evaluate information
5. Establish initial focal areas
6. Determine company's management needs.

Step 3: Audit Objectives Planning

The audit required within the context of the Internal Audit activities must aim on providing quick and effective results on the basis of an efficiently organized schedule, resource allocation, budget and implementation planning.

Additionally, it should focus on the company's critical business functions and its corporate objectives and should have as its most important dimension the assurance that the company's assets (systems, property, patents, data) are properly controlled and protected.

Furthermore that effective and efficient management controls are deployed for the whole organization, in order to avoid problems pertaining to potential systems and assets abuse and fraud.

The main activities of this step are:

1. Establish management strategic goals
2. Select managers and key positions to be audited
3. Define audit project scope and objectives
4. Define audit project limits and boundaries
5. Organize and plan audit project: schedule, resources, policies, business transactions, audit programs, audit checklists, etc.

Step 4: Data Collection and Review

During this step all the necessary documentation pertaining to the management of all company functions will be collected and reviewed in order for the existing resources, health and safety issues, facilities, information, data, transactions and business environments to be identified.

As an indication, some of the information which will be collected is the following:

1. Reports: annual (and other relevant) corporate reports, previous internal audit reports, management reports, board of directors reports, studies and relevant reports, customer and user satisfaction surveys, performance benchmarks, etc.
2. Corporate Operational Transactions: purchase order contracts, maintenance agreements, insurance policy agreements, etc.
3. Strategic Plans: corporate strategic plans, production and other functional plans, corporate budget and action plans, mission and vision statements, long and short-term objectives etc.
4. Standards, policies and procedures: corporate handbook (working terms and policies), security policies and procedures, performance management policies, corporate governance framework and guidelines, internal audit standards and procedures, procurement policies, computerized systems operational standards, etc.
5. Resources: personnel available for support and assistance during the auditing process, corporate management availability, etc.

The main activities of this Step are:

1. Collect basic information
2. Evaluate basic information
3. Collect additional information
4. Review and evaluate all collected information
5. Prepare final audit programs and checklists

Step 5: Risk Assessment

An effective comparative risk evaluation of all health and safety risks is essential for the completion of the 'Duty of Care' audits.

The main activities of this Step are:

1. Review corporate risk and health and safety risks registers
2. Record any new or additional risks
3. Assign risk importance
4. Assign risk potentiality
5. Evaluate risks

For details on risk assessment, see: Chapter 11: Risk Evaluation Methodology.

10.2.2 PHASE B: AUDIT EXECUTION

Step 1: Audit each area

The audit of each specific area (policy, plan procedure, job position, etc.) selected will involve:

1. Identification of the correspondence of the company's strategic goals to the objectives and processes of each identified area
2. The examination of the risks within each process and their impact on the company's strategy and overall operation.
3. The evaluation of the controls deployed to minimize or avoid these risks.

The main activities of this step are:

1. Prepare a list of areas to be audited
2. Collect all required documentation
3. Prepare the final audit programs and checklists
4. Execute the audit tests.

Also, the audit assessment questionnaires contained in Part 2 of this book, may be used during the activities of this step.

Step 2: Evaluate and Record Findings

During this step the audit team will evaluate, grade, and document all initial findings and comments, and issue a draft report.

The main activities of this Step are:

1. Complete collection of necessary evidential information
2. Record initial findings in work notes
3. Evaluate initial findings
4. Prepare draft audit report with initial findings
5. Issue draft audit report with initial findings

Step 3: Review findings with personnel audited

During this final step of the audit project, the audit team will review extensively the initial findings with the personnel audited at their respective management levels, ensuring the best possible feedback from all operational and organizational levels within the company and the specific positions audited.

The main activities of this Step are:

1. Present findings to personnel audited
2. Review findings with personnel audited
3. Review findings with the respective management levels
4. Evaluate comments and observations
5. Incorporate comments into draft audit report
6. Present draft audit report to management
7. Review draft audit report and management suggestions.

10.2.3 PHASE C: AUDIT REPORTING

Step 1: Issue initial draft report

Complete reporting, with an appropriate focus is critical to ensure the highest possible effectiveness of the 'Duty of Care' audit within any organization.

The main activities of this Step are:

1. Prepare draft audit report (see also audit report template in appendix 8) with summaries for management
2. Prepare draft audit report with details for personnel audited
3. Issue draft reports to the appropriate management levels
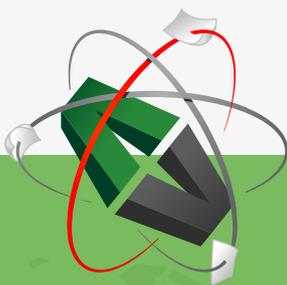
Step 2: Review draft report

The main activities of this step are:

1. Present draft audit report to senior management
2. Present draft audit report to auditees
3. Collect comments and suggestions

Step 3: Revise draft report

The main activities of this step are:

1. Incorporate the more constructive comments into the report
2. Revise initial draft audit report
3. Review the revised draft audit report with the audit committee

Step 4: Issue final audit report

The main activities of this Step are:

1. Incorporate the comments of the audit committee into the final report
2. Incorporate management's action plans to audit findings into the final report
3. Present the final audit report to audit committee members and the board
4. Issue the final audit report to auditees, audit committee and senior management

10.2.4 PHASE D: AUDIT PROJECT MANAGEMENT

Step 1: Administration of audit project

This step will be effectively implemented throughout the duration of the audit project. Its purpose is to ensure the best possible allocation both of internal audit resources as well as key users involved.

The main activities of this step are:

1. Conduct regular meetings with the management of the personnel audited
2. Review the progress of the audit team and its activities
3. Establishing and ensuring quick and accurate communications
4. Resolving any identified issues and problems arising during the audit process.

Step 2: Documentation of audit work notes

To ensure that the company's Internal audit personnel can continue to develop further the processes and controls required to maintain the highest possible level of audit functionality, the audit project team will document in detail all project phases, with their corresponding findings and results.

10.3 AUDIT REPORT EXAMPLE

Use this audit report example to prepare and issue an audit report on the basis of the replies and findings of an audit executed for assessing 'Duty of Care' responsibilities in a company.

1. Title of Audit: <add a 'Title of your Audit'>
2. Reference Number: …… Issued: <date>
3. **EXECUTIVE SUMMARY**
   3.1. Introduction : <…..>
   3.2. Objectives : <….>
   3.3. Scope : <…..>
   3.4. Opinion : <….>

4. **Detailed Audit Recommendations**
   One recommendation for each area audited.
   4.1. Enter title of area reviewed: <….>
   - Audit Findings: <….>
   - Risk priority: <High or Medium or Low>
   - Audit Evaluation: <…..>
   - Audit Recommendation: <….>
   - Management Response: <…..>

4.2. Enter title of area reviewed: <....>
- Audit Findings: <....>
- Risk priority: <High or Medium or Low>
- Audit Evaluation: <.....>
- Audit Recommendation: <....>
- Management Response: <.....>

4.n. Enter title of area reviewed: <....>
- Audit Findings: <....>
- Risk priority: <High or Medium or Low>
- Audit Evaluation: <.....>
- Audit Recommendation: <....>
- Management Response: <.....>

5. **Example: Title of area reviewed: IT Steering Committee**

   Audit Findings: IT Steering Committee duties, responsibilities and guidelines necessary for managing the IT Function on a continuous and effective basis have not been adequately defined by the board.

   Audit Evaluation: This has resulted in approved corporate objectives going unfulfilled or extending them far beyond estimated schedules and budgets. The present informal IT Steering Committee consists of senior executives and is not in a position to assume responsibilities at the operational or strategic levels or monitor accountability and IT results.

   Audit Recommendation 1: Formal IT Steering Committee required (Priority High)

   We recommend that duties and responsibilities of the IT Steering Committee should be clearly defined in a formal charter and should include the review and approval for: Major changes in hardware or software, the results of any IT project cost/benefit analysis, software application development or acquisitions, IT project priorities, emergency procedures, contingency and physical security plans, budgets and plans pertaining to the IT function, etc.

   Management Response: Management will take this up with the board for a permanent solution to be established.

6. **MANAGEMENT ACTION PLAN**

   One action per audit recommendation.

   1. **Sequence Number: 1**

      1.1. Recommendation: <….>

      1.2. Agreed Action: <….>

      1.3. Responsibility for Implementation: <….>

      1.4. Implementation Date: <date>

      1.5. Status: < completed, not completed>

   2. **Sequence Number: 2**

      1.1. Recommendation: <….>

      1.2. Agreed Action: <….>

      1.3. Responsibility for Implementation: <….>

      1.4. Implementation Date: <date>

      1.5. Status: < completed, not completed>

   N. **Sequence Number: N**

      1.1. Recommendation: <….>

      1.2. Agreed Action: <….>

      1.3. Responsibility for Implementation: <….>

      1.4. Implementation Date: <date>

      1.5. Status: < completed, not completed>

10.4.1 MANAGEMENT ACTIONS

Each company should ensure that:

1. Audits, using this audit tool, an audit plan, and an appropriate audit methodology, should be undertaken of their facilities and services over a two year audit cycle according to the specific company internal and external audit practices.
2. The appropriate level of resources should be made available to undertake the required audits.
3. A management action plan is developed to address the findings and recommendations of the completed audits.
4. The results and recommendations of the audits are provided to the company senior management and audit committee, as required.

11 RISK EVALUATION METHODOLOGY

Summary: The methodology contained herein, attempts to describe a method to be used in offering a concluding remark to the Management of an audited entity as to whether, for each objective assessed during an audit assignment, the situation is satisfactory, requires improvement or unsatisfactory.
Step 5: Risk Assessment

This methodology is used in Step 5 ('Risk Assessment') of Chapter 10 of this book.

11.1 GENERAL CONCEPTS: UNCERTAINTY AND RISKS

Uncertainty within a business firm or functional unit is a fact of life and is usually caused by one or more of the following factors (acting on its own or in combination):

- Irregularities in human performance
- Machine and/or systems break-downs
- Failures to maintain standard operating conditions
- Inadequate assessment of impact of external forces (market, economy, political environment)
- Inefficient use of resources (funds, personnel, equipment, technology, knowledge)
- Lack of appropriate controls of business functional complexity issues

Thus a business firm or unit will excel or fail accordingly, to the degree that it can successfully handle these or not.

Identifying and assessing a basic framework of risk factors related to the above and the level of risk associated with an audit unit and their relevance, by internal auditors, is not universal across firms or units over time.

In order to carry out a thorough risk analysis of any enterprise, a very good understanding of the business must be obtained in terms of what it is trying to achieve and what would make it successful (in the long run).

11.2 CRITICAL SUCCESS FACTORS

In general terms, a set of Critical Success Factors may be utilised in order to get a full understanding of what would make a business entity or function successful (and therefore analysing its inherent risk in terms of potential failures). These may be the following:

- Make best use of resources (funds, personnel, equipment, technology, knowledge).
- Ensure best quality for services/products delivered/created by adding value to production chain/process.
- Provide efficient service to customers in the best possible time.
- Locate best vendors and obtain best prices and service.
- Interact with the market forces effectively (local market, international market, competition, co-operative agreements).

11.3 INTERNAL AUDIT (IA) OBJECTIVES

Firms and functional units must establish effective internal control and develop management information systems to safeguard assets, information and company resources, measure operating performance and profitability and generally ensure company longevity.
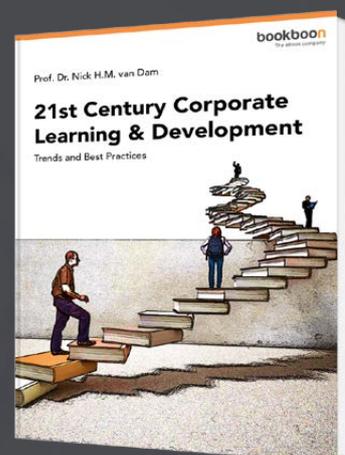
The function of Internal Audit is to ensure that all proper measures, policies and controls/ techniques are in place in order to ascertain the Company's Management and Shareholders of proper business/functional continuity.

This is done by IA by assessing how the audited entity meets IA objectives (as per IA program and checklist of activities) and reporting the findings for all firms and functions examined, in an IA report.

An example of these objectives are listed below.

11.3.1 GENERAL / FINANCIAL / OPERATIONAL OBJECTIVES

- written formal operational and support procedures in respect of the company's operations, are established
- there is full and no false inclusion of transactions
- the supporting documentation is bona fide
- the correct income is promptly received for all business trips
- sales are conducted in accordance with the terms of the relevant contracts
- interest is being correctly charged
- sales are backed by adequate guarantees in case of late payments
- procurement procedures exist
- quotations are sought from capable and pre-qualified subcontractors/contractors
- there is a budget and it is strictly followed
- a business plan exists
- adequate training is provided to all critical personnel
- agreements between company and customers exist
- correct invoicing procedures are applied
- management reporting is performed regularly
- correct approval/authorisation is sought for all business dealings
- emergency procedures are in place
- regular monitoring by management is performed and is evident through the process

11.3.2 INFORMATION TECHNOLOGY OBJECTIVES

- there is an IT budget and it is strictly followed
- a business plan exists
- adequate training is provided to all critical personnel

- agreements between company and maintenance contractors exist
- existing hardware is properly purchased and used
- only licensed software packages exist
- management monitoring and reporting is performed regularly
- emergency procedures are in place
- IT standards, procedures and policies exist
- the IT support function is properly set-up
- on site and off site storage procedures exist
- an IT strategy is established and followed closely
- the relevant computerised systems are properly used
- an adequate IT security policy exists
- adequate security of computer systems exist
- adequate security of physical environment is set-up
- back-up of computer data and software is taken regularly
- adequate testing for implemented applications is performed
- adequate auditability of computer system exists
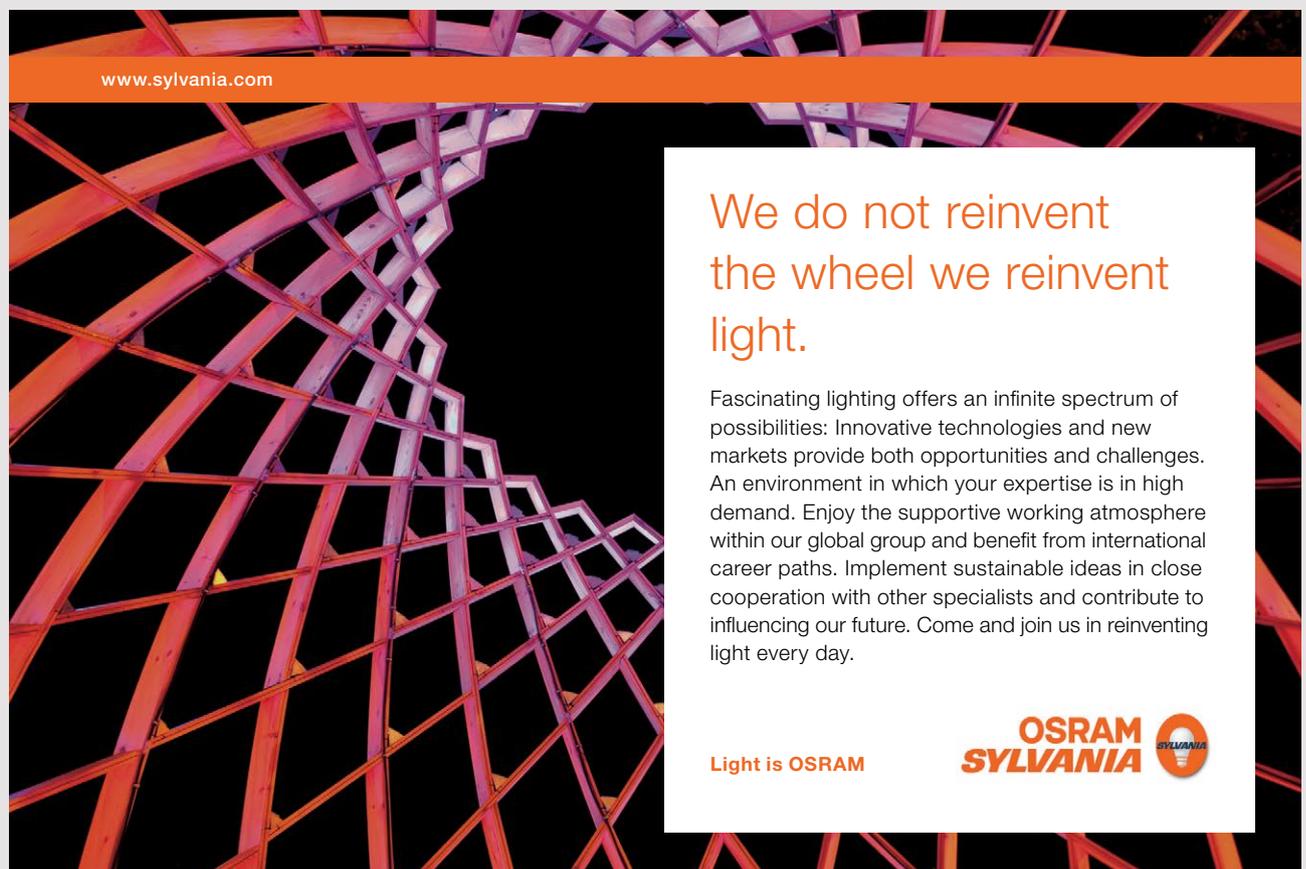
11.4 RISKS

Risk is the potential that events, either expected or unanticipated, may have an adverse impact on the firms' (or functions') earnings or capital.

The existence of risk is not a major reason for concern. Rather, how management plans to mitigate risks by controlling or limiting exposure to each warranted or unwarranted risk is most important.

The major risks to any company or organizational are:

11.4.1 GENERAL ISSUES (INCLUDING FINANCIAL AND OPERATIONAL)

- Incorrect Management monitoring and reporting
- Operational problems (and inadequate controls over costs, stock, structure, expenses, income, process)
- Statutory (legal, regulatory) breaches (violations)
- Loss of income (due to non-compliance with requirements)
- Misuse (loss, wastage) of resources (funds, personnel, equipment, information, technology)
- Bad debts (including non-payment by clients)
- Confidentiality breaches
- Business interruption
- Inferior quality of goods or end products and services delivered
- Incorrect information resulting in wrong services

11.4.2 INFORMATION TECHNOLOGY

- lack of business plan
- lack of IT strategy
- lack of IT budget
- lack of IT security policy
- deviations from the Company's established procedures
- inadequate separation of duties
- failure to anticipate market trends
- computer systems and software not properly supported
- lack of security of computer systems
- lack of security of physical environment

- improper or inadequate or non-existent maintenance contracts
- no adequate management monitoring and reporting
- improper information systems documentation
- incomplete IT standards, procedures and policies
- software packages not authorised
- business interruption
- incorrect recording/maintaining/processing of information/data
- not evaluating needs properly
- failing to control development costs
- incorrect hardware selection and sizing
- delays in implementation
- inadequate back-up of software and data
- lack of contingency and fall-back procedures
- unauthorised disclosure of confidential information
- loss of extremely valuable information (stored in application systems)
- No audit trail exists

11.4.3 EVALUATION OF OBJECTIVES AND RISKS

A concise method of communicating and documenting judgements about the quality of risks inherent as a result of assessing whether a set of objectives is met is required. The following approach for measuring and assessing risk is an example and represents one such methodology.

11.5 ROLE OF INTERNAL AUDIT (IA)

The objective of IA is simply to assist management and staff to carry out their duties and activities most efficiently and effectively and encourage them the make the best use of proper controls.

The scope of IA therefore includes:

1. Reviewing the reliability of the company's information systems
2. Reviewing the systems used for ensuring compliance with the company's policies, operating procedures and all statutory, legal and regulatory body requirements
3. Reviewing the means for safe guarding, valuing and verifying the existence of the company's assets
4. Assessing whether value for money is achieved over the company's use of its resources
5. Assessing whether the company's operating performance is consistent with its defined objectives and being carried out as planned

As part of this scope and in order to offer an objective opinion on how each business objective is met (or not), IA is required to conduct an evaluation of the audit findings at the end of the assignment.

Evaluating risks in an entrepreneurial environment is deemed to be a function of ensuring that objectives may or may not met via the undertaking of various types of tests, the application of testing techniques and rating the audit findings (of each audit assignment) in order to formulate a calculated opinion.

11.6 AUDIT TESTS

The types of audit tests conducted may be compliance, weakness, substantive or any combination thereof.

Compliance tests are used to verify whether a specific control is operating in accordance with expectations.

Weakness tests are utilized when a compliance test has indicated a major failure of a control to establish whether the control system has broken down entirely or the failure is merely due to an isolated error.

Substantive tests are used to verify the existence and value of specific assets, liabilities, revenues and expenditures, either as part of general confirmation or in response to a known breakdown in control.

The testing techniques utilized on any audit examination may be one or more of the following:

- additions of transactions
- walk-through
- vouching
- observation
- spot checks
- analytical review
- predictive analysis (via modelling software)
- execution of audit software (upon extracted data)

Additions tests are used for confirming totals, balances and other quantitative amounts.

Walk-through tests are used to confirm one's understanding of how a transaction or document flows.

Vouching is used to verify the authenticity and accuracy of individual transactions against supporting evidence.

Observation is used to confirm that dynamic operations and procedures are being effectively and efficiently employed.

Spot checks are surprise checks designed to detect irregularities.

Analytical review is a method for analyzing data intended to highlight inefficiencies, inconsistencies or irregularities for subsequent investigation.

Predictive analysis is a set of computer programs used for performing various audit functions on computer held data.

11.7 APPLICATION OF EVALUATION METHODOLOGY

The evaluation of findings in relation to the objectives and risks assessed is conducted in a step-wise fashion whereby:

1. The audit objectives are stated in the beginning of the audit assignment.
2. The risk factors are associated to each stated objective.
   The risk factors are rated in a scale (1 to 10, 1 for least important, 10 for most important).
3. The audit assignment is conducted according to the program, sample data, checklist, tests and techniques.
4. The audit findings are recorded in the audit report (and each outstanding point rated according to a priority level indicator: High, Medium, Low for action purposes).
5. The outstanding points, local management recommendations and other audit findings (as per work notes) are inserted and documented in the evaluation table (containing objectives and risks).
6. The evaluation results are tabulated.

11.8 CONCLUSION

Risk analysis and evaluation involves an assessment of the quality of risk management. Accurate and timely measurement is critical to effective risk management systems. The risks are controlled by the implementation of policies, standards and procedures and by capable management, appropriate staffing and informed boards endorsing and approving strategic policies in order to reduce the company's risk tolerance.

12 DUTY OF CARE JOB RESPONSIBILITIES

Summary: This chapter contains the charter descriptions of five senior management committees related to 'duty of care' (DOC) needs, requirements and demands for a company or business organization, such as: Board of Directors, Audit Committee, Personnel Benefits Committee, Compliance Committee and Business Continuity Issues Committee.

For more details on how these may be used to improve the implementation of hard controls, see chapters 1 to 7 of this book.

1. **Board of Directors**: The role and the responsibilities of the board of directors, in general terms, are to:
   1.1. Internal controls: Establish the internal control framework, system, environment and process and ensure that this control system operates effectively and efficiently. Also to ensure that an effective internal controls system is established, reviewed and improved accordingly.
   1.2. Adequacy of board: Ensure that an effective Board of Directors is in place and that the Board possesses within its membership the appropriate skills, know-how and dexterities to enable it to fulfill its duties and responsibilities.
   1.3. Appointments: Elect the Chief Executive Officer and replace if necessary, and elect all other executive officers on the recommendation of the Chief Executive Officer.
   1.4. Reviews: Review annually review and evaluate, on a continuous basis, the Corporate Strategic Plans (overall, business unit, functional, etc.), the organization's community involvement and corporate social responsibility activities, and the Annual Capital and Operating Budgets.
   1.5. Decision-making: Under established policies and procedures, approve critical decisions not delegated to management, such as: major acquisitions, divestitures, capital investments, IT systems, loans, and strategic plans.
   1.6. Committees: Through its committee system provide supervision regarding certain activities of the Company, such as: benefits, audit, compliance, compensation, finance, community relations, personnel management, security, etc. Also they establish additional committees from time to time as may be necessary to fulfill the needs, duties and responsibilities of the Board. Monitor and perform an evaluation at least annually to determine whether the Board and its Committees are functioning effectively.
   1.7. Fraud control: Select members to constitute an Audit Committee. Manage conflicts of interest. Serve as external liaison with external auditors. Direct the

internal audit process. Serve as a direct internal control entity in relation to the fraud actions of senior management. Act as a spokesperson for the organization in relation to fraud committed by senior management.

Select members to constitute an Audit Committee.

For more details, see:

1) Leblanc, Richard (2016): 'The Handbook of Board Governance: A Comprehensive Guide for Public, Private, and Not-for-Profit Board Members', John Wiley and Sons, and

2) http://managementhelp.org/boards/responsibilities.htm

2. **Audit Committee**: The role and the responsibilities of the audit committee, in general terms, are to:

2.1. Internal controls: Discuss with management, internal and external auditors and major stakeholders the quality and adequacy of the organization's internal controls system and risk management process, and their effectiveness and outcomes, and meet regularly and privately with the Director of Internal Audit.

2.2. Financial statements: Review and discuss with management and the external auditors and approve the audited financial statements of the organization and make a recommendation regarding inclusion of those financial statements in any public filing. Also review with management and the independent auditor the effect of regulatory and accounting initiatives as well as off-balance sheet issues in the organization's financial statements.

2.3. Information disclosure: Review and discuss with management the types of information to be disclosed and the types of presentations to be made with respect to the Company's earning press release and financial information and earnings guidance provided to analysts and rating agencies.

2.4. Audit activities: Confirm the scope of audits to be performed by the external and internal auditors, monitor progress and review results and review fees and expenses. Review significant findings or unsatisfactory internal audit reports, or audit problems or difficulties encountered by the external independent auditor. Monitor management's response to all audit findings.

2.5. Complaints: Manage complaints concerning accounting, internal accounting controls or auditing matters.

2.6. Reporting: Receive regular reports from the Chief Executive Officer, Chief Financial Officer and the Company's other Control Committees regarding deficiencies in the design or operation of internal controls and any fraud that involves management or other employees with a significant role in internal controls.

2. 7. Fraud control: Support management in resolving conflicts of interest. Monitor the adequacy of the organization's internal controls and ensure that all fraud cases are acted upon.

3. **Personnel Benefits Committee**: The role and the responsibilities of the personnel benefits, in general terms, are to:

   3.1. Administration: Approve and oversee administration of the Company's Executive Compensation Program.

   3.2. Approval: Review and approve specific compensation matters for the Chief Executive Officer, Chief Operating Officer (if applicable), Chief Financial Officer, General Counsel, Senior Human Resources Officer, Treasurer, Director, Corporate Relations and Management, and Company Presidents.

   3.3. Board approval: Review, as appropriate, any changes to compensation matters for the officers listed above with the Board.

   3.4. CEO performance: Set annual performance objectives with respect to the Chief Executive Officer.

   3.5. Establishment of benefits programs: Oversee the establishment and administration of the Company's benefit programs and severance policies, including review and approval of benefit plans, employment agreements, and other provisions.

   3.6. Review: Review, report and approve the compensation and other benefits of all other employees of the Company. Provide a thorough annual review of such matters with the full Board.

4. **Compliance Committee**: The role of the compliance committee is to assist the compliance officer in carrying out his or her duties and to assist with development, implementation, and oversight of the compliance program of the organization. In addition to other responsibilities requested or assigned by the compliance officer, the compliance committee shall:

4.1. Assist the compliance officer in analyzing risk areas that should be addressed in the organization's compliance program, including legal risks, operational risks, IT risks, quality risks, etc.

4.2. Assist in reviewing and evaluating the organization's policies and procedures, including the company's compliance manual and program.

4.3. Work with the compliance officer and staff to develop standards of conduct.

4.4. Assist the compliance officer in monitoring internal controls for carrying out the policies and procedures of the organization.

4.5. Assist the compliance officer in educating the employees of the organization in compliance-related issues.

5. **Business Continuity Issues Committee**

The primary purpose of the Business Continuity Issues Committee is to provide guidelines, review, and approve the critical business continuity issues (systems, budgets, plans, etc.) of your company. An example of a Business Continuity Issues Committee charter is described next.

Business Continuity Issues Committee Charter – Example

Main Responsibilities: General guidelines, duties and areas of responsibility of the Business Continuity Issues Committee are listed below. The Committee shall:

5.1. Review all the critical business functions, identify the critical ones, and submit recommendations to the Board so that they will be included in the business continuity planning process and plan of the organization.

5.2. Oversee the business continuity management process.

5.3. Provide business expertise to all levels of management of the organization on continuity issues.

5.4. Ensure that accountability of the organization is improved in terms of continuity issues.

Membership and Organization: Depending on the organization size, structure and culture, the Business Continuity Issues Committee shall consist of the Chief Financial Officer, and one member from each major department of the organization.

13 PERFORMANCE MEASURES AND COMPLIANCE INDICATORS

Summary: This chapter describes a set of performance measures and compliance indicators for each issue of your 'Duty of Care' responsibilities as a manager or board member of your company or organization towards your employees.

For more details these may be used to evaluate and improve the performance aspects of the implementation process of hard controls, see chapters 1 to 7 of this book.

13.1 'DUTY OF CARE' GOVERNANCE

13.1.1 'DUTY OF CARE' GOVERNANCE PERFORMANCE MEASURES

1) Number of audit findings related to implemented governance hard controls.
2) Number of audit findings related to governance hard controls not implemented but deemed necessary.
3) Number of audit improvement actions implemented related to governance hard controls implemented.
4) Number of governance hard controls implemented within budget.
5) Number of governance hard controls implemented within time.
6) Number of hours on training programs related to the governance hard controls to be implemented.
7) Number of employees not following the implementation of governance hard controls.

13.1.2 'DUTY OF CARE' GOVERNANCE COMPLIANCE INDICATORS

1) Governance policies and procedures for all departments (exist or not).
2) Soft control improvement actions on implementing governance hard controls followed or not.
3) Management reports on monitoring 'duty of care' governance issues produced (or not).

13.2 'DUTY OF CARE' BOARD EFFECTIVENESS

13.2.1 'DUTY OF CARE' BOARD EFFECTIVENESS PERFORMANCE MEASURES

1) Number of audit findings related to implemented board effectiveness hard controls.
2) Number of audit findings related to board effectiveness hard controls not implemented but deemed necessary.
3) Number of audit improvement actions implemented related to board effectiveness hard controls implemented.
4) Number of board effectiveness hard controls implemented within budget.
5) Number of board effectiveness hard controls implemented within time.
6) Number of hours on training programs related to the board effectiveness hard controls to be implemented.
7) Number of board member visits to business functions.

13.2.2 'DUTY OF CARE' BOARD EFFECTIVENESS COMPLIANCE INDICATORS

1) Board training budget, policy and procedures (exist or not).

2) Soft control improvement actions on implementing board effectiveness hard controls followed or not.

3) Management reports on monitoring 'duty of care' board effectiveness issues produced (or not).

13.3 'DUTY OF CARE' LEADERSHIP

13.3.1 'DUTY OF CARE' LEADERSHIP PERFORMANCE MEASURES

1) Number of audit findings related to implemented leadership hard controls.

2) Number of audit findings related to leadership hard controls not implemented but deemed necessary.

3) Number of audit improvement actions implemented related to leadership hard controls implemented.

4) Number of leadership hard controls implemented within budget.

5) Number of leadership hard controls implemented within time.

6) Number of hours on training programs related to the leadership hard controls to be implemented.

7) Number of employees not following the implementation of leadership hard controls.

13.3.2 'DUTY OF CARE' LEADERSHIP COMPLIANCE INDICATORS

1) Leadership policies and procedures for all departments (exist or not).

2) Soft control improvement actions on implementing leadership hard controls followed or not.

3) Management reports on monitoring 'duty of care' leadership issues produced (or not).

13.4 'DUTY OF CARE' OPERATIONS

13.4.1 'DUTY OF CARE' OPERATIONS PERFORMANCE MEASURES

1) Number of audit findings related to implemented operations hard controls.

2) Number of audit findings related to operations hard controls not implemented but deemed necessary.

3) Number of audit improvement actions implemented related to operations hard controls implemented.

4) Number of operations hard controls implemented within budget.

5) Number of operations hard controls implemented within time.

6) Number of hours on training programs related to the operations hard controls to be implemented.

7) Number of employees not following the implementation of operations hard controls.

13.4.2 'DUTY OF CARE' OPERATIONS COMPLIANCE INDICATORS

1) Operations policies and procedures for all departments (exist or not).

2) Soft control improvement actions on implementing operations hard controls followed or not.

3) Management reports on monitoring 'duty of care' operations issues produced (or not).

13.5 'DUTY OF CARE' HUMAN ASPECTS

13.5.1 'DUTY OF CARE' HUMAN ASPECTS PERFORMANCE MEASURES

1) Number of audit findings related to implemented human aspects hard controls.

2) Number of audit findings related to human aspects hard controls not implemented but deemed necessary.

3) Number of audit improvement actions implemented related to human aspects hard controls implemented.

4) Number of human aspects hard controls implemented within budget.

5) Number of human aspects hard controls implemented within time.

6) Number of hours on training programs related to the human aspects hard controls to be implemented.

7) Number of employees not following the implementation of human aspects hard controls.

13.5.2 'DUTY OF CARE' HUMAN ASPECTS COMPLIANCE INDICATORS

1) **Human Aspects** policies and procedures for all departments (exist or not).

2) Soft control improvement actions on implementing human aspects hard controls followed or not.

3) Management reports on monitoring 'duty of care' human aspects issues produced (or not).

13.6 'DUTY OF CARE' TRUST AND CONFIDENCE

13.6.1 'DUTY OF CARE' TRUST AND CONFIDENCE PERFORMANCE MEASURES

1) Number of audit findings related to implemented trust and confidence human aspects hard controls.
2) Number of audit findings related to trust and confidence hard controls not implemented but deemed necessary.
3) Number of audit improvement actions implemented related to trust and confidence hard controls implemented.
4) Number of trust and confidence hard controls implemented within budget.
5) Number of trust and confidence hard controls implemented within time.
6) Number of hours on training programs related to the trust and confidence hard controls to be implemented.
7) Number of employees not following the implementation of trust and confidence hard controls.
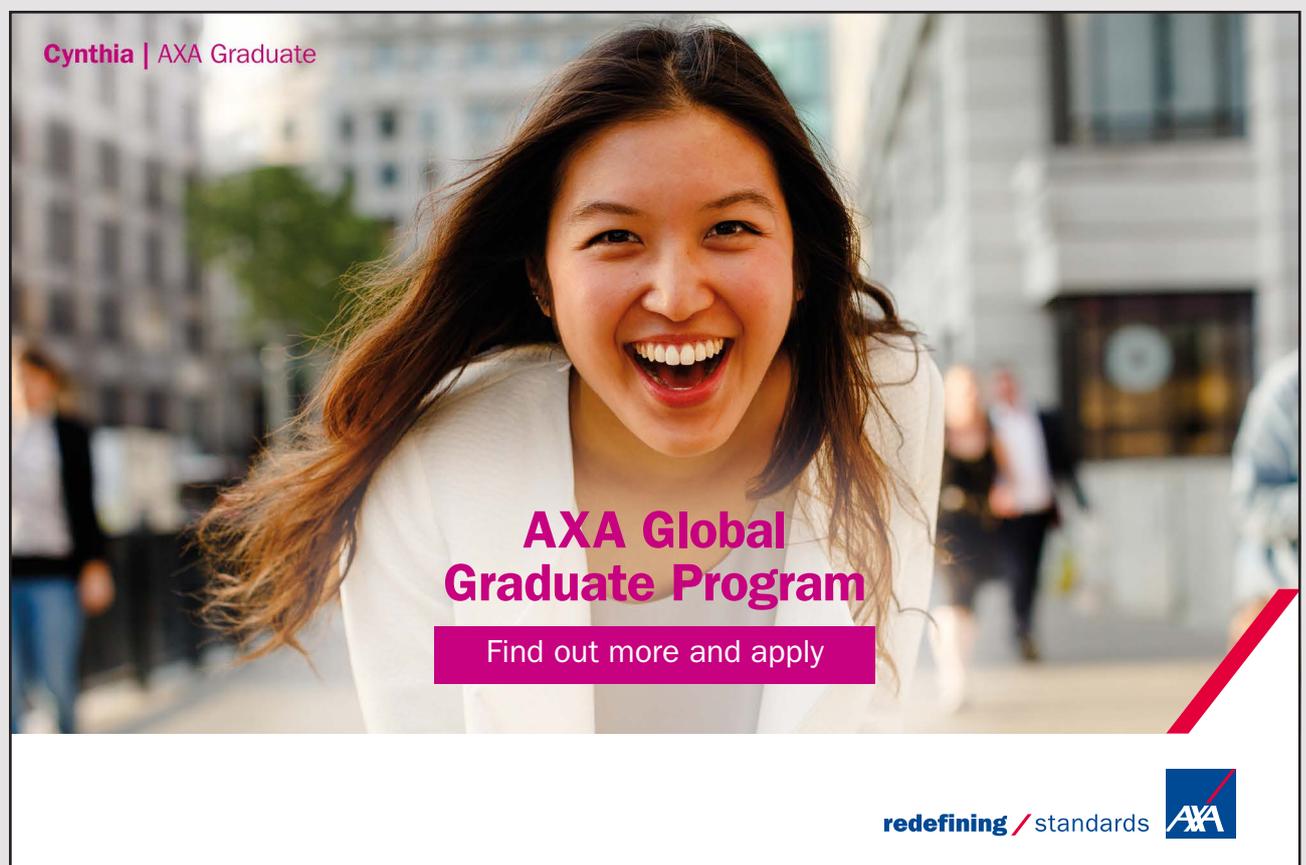
13.6.2 'DUTY OF CARE' TRUST AND CONFIDENCE COMPLIANCE INDICATORS

1) Trust and Confidence policies and procedures for all departments (exist or not).

2) Soft control improvement actions on implementing trust and confidence hard controls followed or not.

3) Management reports on monitoring 'duty of care' trust and confidence produced (or not).

13.7 'DUTY OF CARE' IMPROVING INTERNAL MANAGEMENT CONTROLS

13.7.1 'DUTY OF CARE' IMPROVING INTERNAL MANAGEMENT CONTROLS PERFORMANCE MEASURES

1) Number of audit findings related to implemented Improvement of Internal Management hard controls.

2) Number of audit findings related to Improvement of Internal Management hard controls not implemented but deemed necessary.

3) Number of audit improvement actions implemented related to Improvement of Internal Management hard controls implemented.

4) Number of Improvement of Internal Management hard controls implemented within budget.

5) Number of Improvement of Internal Management hard controls implemented within time.

6) Number of hours on training programs related to the Improvement of Internal Management hard controls to be implemented.

7) Number of employees not following the implementation of Improvement of Internal Management hard controls.

13.7.2 'DUTY OF CARE' IMPROVING INTERNAL MANAGEMENT CONTROLS COMPLIANCE INDICATORS

1) mprovement of Internal Management Controls for all departments (exist or not).

2) Soft control improvement actions on implementing Improvement of Internal Management controls followed or not.

3) Management reports on monitoring 'duty of care' Improvement of Internal Management Controls produced (or not).

14 EMPLOYEE HANDBOOK

Summary: This chapter describes An Employee Handbook that contains information about the policies and procedures of the company you work for or manage and which may be used to implement and improve your 'Duty of Care' responsibilities as a manager or board member of your company or organization towards your employees.

For more details on how this may be used to improve the implementation of hard controls related to human aspects, see chapter 6 of this book.

14.1 INTRODUCTION

When it comes to describing the aspects and function of an employee handbook four questions need answering:

1. What is it?
2. Why is it needed?
3. Who develops and implements it?
4. Which are its usual contents?

I will attempt to deal with each of these next.

Question 1: What is it?

An Employee Handbook, sometimes also known as a personnel administration manual, employee manual or staff handbook, etc., is a book given to corporate employees by an employer. Usually, the employee handbook contains information about the policies and procedures of the company you work for or manage.
It is good business and practice to have one.

Question 2: Why is it needed?

An Employee Handbook is usually required by law.

In the U.S., federal and state laws and the growing number of cases of employee related litigation against management strongly suggests that a written statement of company policy is a business necessity for firms of any size.

For example, the United States Equal Employment Opportunity Commission[1] (EEOC, https://www.eeoc.gov/) reported that in 2005, companies paid out more than $378 million dollars in discrimination non-litigated settlements. In 2007, the EEOC received a total of 82,792 discrimination charges filed against private businesses.

In 2016, **EEOC secured more than $482 million for victims of discrimination** in private, state and local government, and federal workplaces. This included:

- $347.9 million for victims of employment discrimination in private sector and state and local government workplaces through mediation, conciliation, and settlements;
- $52.2 million for workers harmed by discriminatory practices obtained through litigation; and
- $82 million for federal employees and applicants.

In the United Kingdom, the employee handbook may also form part of an employee's terms and conditions of employment. If five or more people are employed, it is a requirement of the Health and Safety at Work Act to have a written statement of the company's health and safety policy.
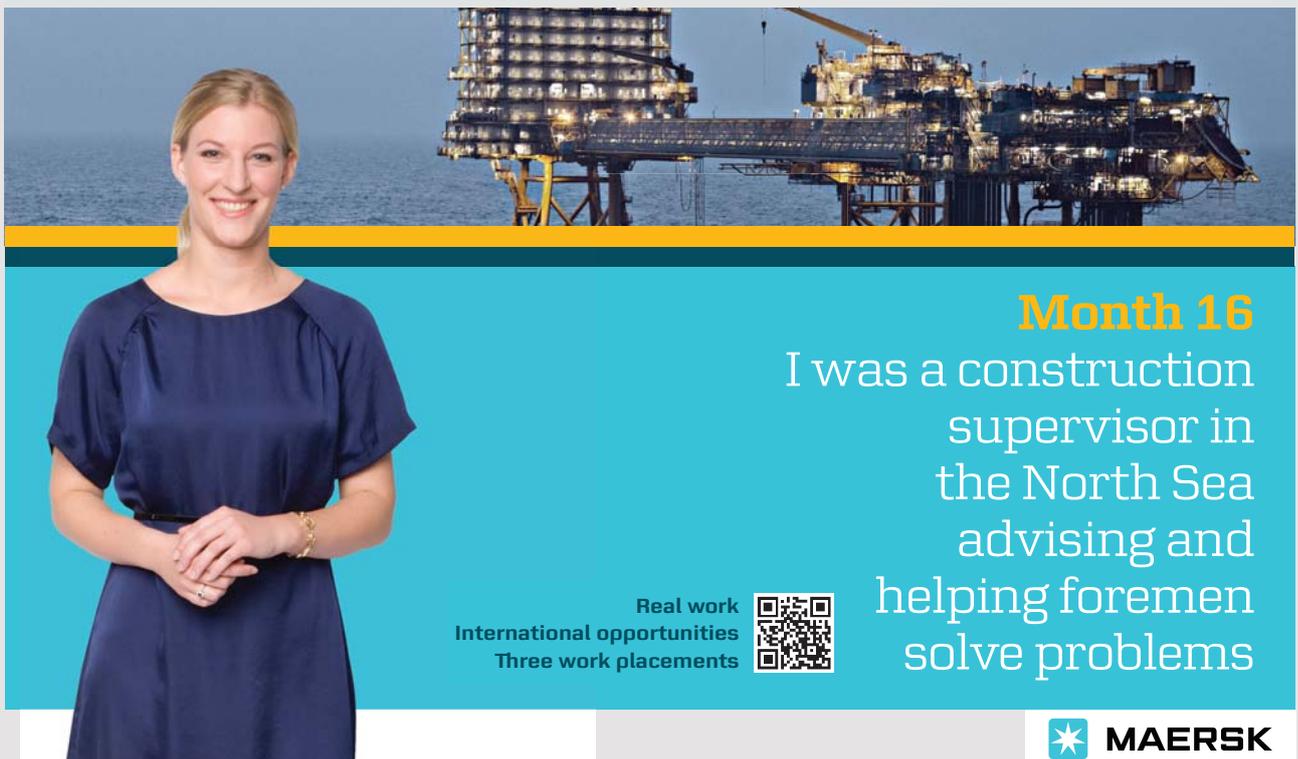
Question 3: Who develops and implements it?

Developing and implementing the employee handbook should be done by the personnel administration or human resource management director, and ratified by the board of the company.

The employee handbook requires various forms in order to support the execution of the policies and procedures included in it, and for recording the various activities, events, authorizations, approvals, etc. These should be designed by the central administration function of your company.

Question 4: Which are its contents?

14.2 EMPLOYEE HANDBOOK: EXAMPLE

The usual contents of this handbook[2] are:

- Main Purpose
- Changes in this Handbook
- Definitions
- Accuracy of Employment Information
- Employment Relationship with 'The Company'
- Employment Policies
- Confidentiality Issues
- New Employee Orientation
- Office Schedule
- Personnel Files
- Emergency Office Closing
- Employee Performance Review
- Outside Employment
- Corrective Action
- Termination of Employment
- Health Issues
- Safety Issues
- Building Security
- Authority to Commit the Company
- Expense Reimbursement
- Parking

- Visitors
- Standards of Conduct
- Fringe Benefits and Salary Policies
- Jury Service and Other Types of Leave
- Employee Communications
- Procedure for Handling Complaints
- Computer Software Ownership.

14.2.1 MAIN PURPOSE

1.1. The main purpose of this Handbook is to acquaint you with 'XXX Inc.', (fictitious name of a private or public organization, or company, termed as 'The Company', in the rest of this document) and provide you with general information about working conditions, benefits, and policies affecting your employment, and to provide you with a work environment that is positive and constructive to both personal and professional growth.

1.2. The information contained in this Handbook applies to all employees of 'The Company'.

1.3. Following the policies described in this Handbook are considered as the necessary condition of continued employment for 'The Company'.

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14.2.2 CHANGES IN THIS HANDBOOK

2.1. This Handbook supersedes all previous Employee Handbooks, documents and memos that may have been issued from time to time on subjects covered in this Handbook.

2.2. 'The Company' reserves the right to add, modify, delete, change, improve, interpret, suspend, cancel, or dispute with or without notice all or any part of these policies, procedures, and benefits at any time.

2.3. The management of 'The Company' will notify all employees of these changes, additions, modifications, etc., of this handbook. Changes, modifications, etc., will be effective on the dates determined by 'The Company', and after those dates all superseded policies will be null and void.

2.4. No individual Company officer, supervisor or manager has the authority to change policies of 'The Company' at any time, unless explicitly authorized by the Board to do so.

14.2.3 DEFINITIONS

3.1. An 'employee' is defined as person who regularly works for 'The Company' on a wage, salary, assignment or project basis.

3.2. 'Employees' may include regular full-time, regular part-time, temporary persons and others (e.g., external consultants) employed with 'The Company' who are subject to the control, management, supervision, coordination and direction of 'The Company' in the execution and performance of their approved and agreed activities, assignments, projects, tasks, roles and duties.

3.3. Regular full time employees are employees who have completed the xxx days (number of days or months to be determined) probationary period and who are regularly scheduled to work xxx hours (number of hours to be determined) or more hours per week. Generally, they are eligible for the Company's Fringe Benefits Package, subject to the terms, conditions, and limitations of each benefit program.

3.4. Regular part-time employees are employees who have completed the approved probationary period and who are regularly scheduled to work less than a full week (hours to be determined).

3.5. Temporary employees (Full time or part-time) are those employees whose performance is being evaluated to determine whether further employment in a specific position or with 'The Company' is appropriate or individuals who are hired as interim replacements to assist in the completion of a specific project or for vacation relief.

3.6. Employment beyond any initially stated period does not in any way imply a change in employment status.

3.7. Temporary employees retain that status until they are notified of a change.

3.8. All employees of 'The Company' are eligible for some benefits sponsored by 'The Company', subject to the terms, conditions, and limitations of each Fringe Benefits Program.

14.2.4 ACCURACY OF EMPLOYMENT INFORMATION

4.1. 'The Company' relies upon the accuracy of information provided by the employees and contained in the employment application, c.v., education certificates, and other relevant correspondence, and the accuracy of other data presented throughout the interviewing, selection and hiring process and subsequent employment.

4.2. Any misrepresentations, errors, falsifications, or material omissions in any of this information or data may result in exclusion of the individual from further consideration for employment or, if the person has been hired, termination of employment.

14.2.5 EMPLOYMENT RELATIONSHIP WITH 'THE COMPANY'

5.1. Every employee enters into employment with 'The Company' on a voluntary basis, and he/she is free to resign, in writing, at any time for any reason or for no reason at all.

5.1. Similarly, 'The Company' is free to conclude its relationship with any employee at any time for any reason or no reason at all.

14.2.6 EMPLOYMENT POLICIES

6.1. In order to provide equal employment and advancement opportunities to all individuals, employment decisions at 'The Company' will be based on merit, qualifications, and abilities.

6.2. 'The Company' does not discriminate in employment opportunities or practices because of race, color, religion, sex, national origin, age or disability.

6.3. 'The Company' will make reasonable accommodations for qualified individuals with known disabilities unless doing so would result in an undue hardship.

6.4. This policy governs all aspects of employment, including selection, job assignment, compensation, discipline, termination, and access to benefits and training.

6.5. Employees with questions or concerns about issues of potential or actual discrimination in the workplace are encouraged to bring these issues to the attention of their supervisor, manager, corporate ethics officer, human resources director, or Chief Executive Officer of 'The Company'.

6.6. Employees can raise concerns and make reports without fear of reprisal.

6.7. Anyone found to be engaging in unlawful discrimination will be subject to disciplinary action, including termination of employment.

14.2.7 CONFIDENTIALITY ISSUES

7.1. The protection of confidential business information and trade secrets of 'The Company' is vital to the interests and success of 'The Company'.

7.2. Such confidential information includes, but is not limited to, the following examples: Payroll and compensation data, personal data, corporate data of any kind and type, financial information, marketing and sales promotion strategies, pending projects and proposals, proprietary production processes, personnel/payroll records, corporate and other business functional strategy, such as sales, production, IT, etc., conversations between any persons associated with 'The Company', and all issues identified in the Corporate Ethics Policy of 'The Company'.

7.3. All employees are required to sign a non-disclosure agreement as a condition of employment.

7.4. Employees who improperly use or disclose trade secrets or confidential business information will be subject to disciplinary action, including termination of employment and legal action, even if they do not actually benefit from the disclosed information.

14.2.8 NEW EMPLOYEE ORIENTATION

8.1. Orientation is a formal welcoming process that is designed to make the new employee feel comfortable, informed about 'The Company', and prepared for their position.

8.2. New employee orientation is conducted by a Human Resources representative, and includes an overview of the company history, an explanation of the company core values, vision, and mission; and company goals and objectives.

8.3. In addition, the new employee will be given an overview of benefits, tax, and legal issues, and complete any necessary paperwork.

8.4. Employees are presented with all codes, keys, policies and procedures needed to navigate within the workplace.

8.5. The new employee's supervisor or manager then introduces the new hire to staff throughout the company, reviews their job description and scope of position, explains the company's evaluation procedures, and helps the new employee get started on specific functions.

14.2.9 OFFICE SCHEDULE

9.1 The offices of 'The Company' are open for business from (XX a.m. to YY p.m. each Day of Week- Monday to Friday, or as specified by local country practices in multinational locations), except for Holidays.

9.2. The standard workweek is xxx hours of work.

9.3. Employees are allowed a one-hour lunch break. Lunch breaks generally are taken between the hours of xxx and yyy on a schedule decided by the management of each corporate entity, so that the absence of employees do not create a problem for co-workers or clients of 'The Company'.

9.4. 'The Company' permits employees to take breaks during production or customer support activities at the following times (xxx to yyy), or as approved by local unit management.

14.2.10 PERSONNEL FILES

10.1. Employee personnel files include all the pertinent documentation, such as: job application, job description, resume, records of participation in training events, salary history, records of disciplinary action and documents related to employee performance reviews, coaching, and mentoring.

10.2. All employee personnel files are the property of 'The Company'.

10.3. Access to the information is restricted. Management personnel of 'The Company' who have a legitimate reason to review the file and in conjunction with the relevant data protection and privacy laws and regulations may be allowed to do so.

10.4. Employees who wish to review their own file should contact the Human Resources Department. With reasonable advance notice, the employee may review his/her personnel file in Company's office and in the presence of a Human Resources Representative.

10.5. An employee's personnel data should be accurate and current at all times. It is the duty and responsibility of each employee to promptly notify the Company Human Resources Department of any changes in personnel data such as: Mailing address, Telephone numbers, Name and number of dependents, and Individuals to be contacted in the event of an emergency.

14.2.11 EMERGENCY OFFICE CLOSING

11.1. At times, emergencies such as severe weather, fires, or power failures can disrupt company operations.

11.2. The decision to close the office will be made by the appropriate level of management of 'The Company'.

11.3. When the decision is made to close the office, employees will receive official notification from their immediate supervisors.

14.2.12 EMPLOYEE PERFORMANCE REVIEW

12.1. The appropriate level of management of 'The Company' will conduct performance reviews and planning sessions with all regular full-time and regular part-time employees after xxx months (to be determined) of service.

12.2. Managers may conduct informal performance reviews and planning sessions more often if they choose.

12.3. Performance reviews and planning sessions are designed for the manager and the employee to discuss his/her current job tasks, encourage and recognize attributes, and discuss positive, purposeful approaches for meeting work-related goals.

12.4. Together, employee and manager discuss ways in which the employee can accomplish goals or learn new skills.

12.5. The planning sessions are designed for the employee and his/her manager to make and agree on new goals, skills, and areas for improvement.

12.6. 'The Company' directly links wage and salary increases with performance.

12.7. The performance review and planning sessions of all employees will have a direct effect on any changes in their compensation. For this reason among others, it is important to prepare for these reviews carefully, and participate in them fully.

14.2.13 OUTSIDE EMPLOYMENT

13.1. Employees may hold outside employment as defined in the corporate ethics policy of 'The Company'.

13.2. The office space, equipment, technology, policies, procedures, systems, research and materials of 'The Company' are not to be used for outside employment, unless approved in writing by the appropriate level of management of 'The Company'.

14.2.14 CORRECTIVE ACTION

14.1. 'The Company' holds each of its employees to certain work rules and standards of conduct (see also the corporate ethics policy).

14.2. When an employee deviates from these rules and standards, 'The Company' expects the employee's immediate manager in conjunction with the human resources department to take corrective action.

14.3. Corrective action is progressive and step-wise. That is, the usual sequence of corrective actions includes an oral warning, a written warning, probation, and finally termination of employment.

14.4. In deciding which initial corrective action would be appropriate, the human resources department and the immediate manager will consider the seriousness of the infraction, the circumstances surrounding the matter, and the employee's previous record.

14.5. 'The Company' considers certain rule infractions and violations of standards as grounds for immediate termination of employment. These include but are not limited to: theft in any form, insubordinate behavior, vandalism or destruction of company property, systems and data of all types, being on company property during non-business hours without explicit authorization, the use of company equipment, systems, or company vehicles without prior written authorization, untruthfulness about personal work history, skills, or training, divulging Company business practices, and misrepresentations of 'The Company' to a customer, a prospective customer, the general public, or an employee.

14.2.15 TERMINATION OF EMPLOYMENT

15.1. Termination of employment is an inevitable part of personnel activity within any organization, and many of the reasons for termination are routine.

15.2. Examples of some of the most common circumstances under which employment is terminated are:

1) Resignation (voluntary employment termination initiated by an employee),

2) Termination (involuntary employment termination initiated by 'The Company'), and

3) Layoff (involuntary employment termination initiated by 'The Company' for non-disciplinary reasons).

15.3. Any employee who terminates employment with 'The Company' is obliged to return all files, records, keys, passwords, data and any other materials that are property of 'The Company'.

15.4. No final settlement of an employee's pay will be made until all items are returned in appropriate condition.

15.5. The cost of replacing non-returned items will be deducted from the employee's final paycheck.

15.6. Employee's benefits will be affected by employment termination in the following manner. All accrued vested benefits that are due and payable at termination will be paid. Some benefits may be continued at the employee's expense if the employee elects to do so.

15.7. The employee will be notified of the benefits that may be continued and of the terms, conditions, and limitations.

14.2.16 HEALTH ISSUES

16.1. Employees of 'The Company', who become aware of any health-related issue, including pregnancy, should notify their immediate manager and the human resources department.

16.2. All employees and managers of 'The Company' should always err on the side of safety when it comes to the health and welfare of your employees.

16.3. If an employee is injured on the job and must be taken to the hospital, do not allow another employee to transport the injured person. Have the injured person transported by ambulance or by a family member, if possible. This policy assures the best care for your employee and protects your company from liability should anything happen while the employee is being transported.

16.4. A written 'permission to work' from the employee's doctor is required at the time or shortly after notice has been given.

16.5. The doctor's note should specify whether the employee is able to perform regular duties as outlined in his/her job description.

16.6. A leave of absence may be granted on a case-by-case basis.

16.7. In the event an employee requires medical attention, whether injured or becoming ill while at work, the employee's personal physician must be notified immediately.

16.8. If it is necessary for the employee to be seen by the doctor or go to the hospital, a family member will be called to transport the employee to the appropriate facility.

16.9. If an emergency arises requiring Emergency Medical Services to evaluate the injury/illness of an employee on-site, 'The Company' will be responsible for any transportation charges.

16.10. Furthermore, employees of 'The Company' will not be responsible for transportation of another employee due to liabilities that may occur.

14.2.17 SAFETY ISSUES

17.1. 'The Company' provides information to all employees about workplace safety and health issues through regular internal communication such as: Training sessions, Meetings, Postings, Memoranda, Other written communications (e.g. e-mail).

17.2. Each employee is expected to obey safety rules and exercise caution and common sense in all work activities.

17.3. Employees must immediately report any unsafe conditions to their immediate manager.

17.4. Employees who violate safety standards, cause hazardous or dangerous situations, or fail to report, or where appropriate, remedy such situations, may be subject to disciplinary action including termination of employment.

17.5. In the case of an accident that results in injury, regardless of how insignificant the injury may appear, employees should notify their immediate manager.

14.2.18 BUILDING SECURITY

18.1. All employees who are issued keys to the offices of 'The Company' are responsible for their safekeeping.

18.2. These employees will sign the relevant Building Key form upon receiving the key.

18.3. The last employee, or a designated employee, who leaves the office at the end of the business day assumes the responsibility to ensure that all doors are securely locked, the alarm system is armed, thermostats are set on appropriate evening and/or weekend setting, and all appliances and lights are turned off with exception of the lights normally left on for security purposes.

18.4. Employees are not allowed on Company property after hours without prior written authorization from the appropriate level of management of 'The Company'.

14.2.19 AUTHORITY TO COMMIT THE COMPANY

19.1. Only authorized employees may purchase supplies or obtain services in the name of 'The Company'.

19.2. No employee whose regular duties do not include purchasing shall incur any expense on behalf of 'The Company' or commit or bind 'The Company' by any oral or written promise or representation without prior written approval by the Board.

14.2.20 EXPENSE REIMBURSEMENT

20.1. Expenses incurred by an employee must have prior approval by the local manager of the unit.

20.2. All completed reimbursement request forms should be turned in to the finance department of 'The Company'.

14.2.21 PARKING

21.1. Authorized employees must park their cars in areas indicated and provided by 'The Company'.

21.2. Approved regular visitors (such as authorized partners, etc.) must park their cars in areas indicated and provided by 'The Company'.

14.2.22 VISITORS IN THE OFFICES OF 'THE COMPANY'

22.1. To provide for the safety and security of employees, visitors, and the facilities at 'The Company', only authorized visitors are allowed in the workplace.

22.2. Restricting unauthorized visitors helps ensure security, decreases insurance liability, protects confidential information, safeguards employee welfare, and avoids potential distractions and disturbances.

22.3. All visitors must enter through the main reception area, sign-in, and sign-out at the front desk and receive a 'Visitor' badge to wear while on premises. Authorized visitors will be escorted to their destination and must be accompanied by an employee at all times.

14.2.23 STANDARDS OF CONDUCT

23.1. **Ethical Standards**: The work rules and ethical standards of conduct for 'The Company' are important, and the Company regards them seriously. All employees are urged to become familiar with these rules and standards (see also corporate ethics policy) and the corporate unacceptable forms of behavior.

23.2. Examples of unacceptable forms of behavior: Theft or inappropriate removal or possession of property, falsification of timekeeping records, working under the influence of alcohol or illegal drugs, possession, distribution, sale, transfer, or use of alcohol or illegal drugs in the workplace, fighting or threatening violence in the workplace, boisterous or disruptive activity in the workplace, negligence or improper conduct leading to damage of company-owned or customer-owned property, insubordination or other disrespectful conduct, violation of safety or health rules, smoking in the workplace, sexual or other unlawful or unwelcome harassment, excessive absenteeism or any absence without notice, unauthorized use of telephones, or other company-owned equipment, using company equipment for purposes other than business (i.e. playing games on computers or personal Internet usage), unauthorized disclosure of business "secrets" or confidential information, violation of personnel policies, and unsatisfactory performance or conduct.

23.3. In addition, employees are expected to follow the rules and standards faithfully in doing their own jobs and conducting the Company's business. Please note that any employee who deviates from these rules and standards will be subject to corrective action, up to and including termination of employment.

23.4. **Attendance**: The Company expects that every employee will be regular and punctual in attendance. This means being in the office, ready to work, at their starting time each day.

23.5. Absenteeism and tardiness places a burden on other employees and on the Company. If you are unable to report for work for any reason, notify your supervisor before regular starting time.

23.6. You are responsible for speaking directly with your supervisor about your absence. It is not acceptable to leave a message on a supervisor's voice mail, except in extreme emergencies. In the case of leaving a voice-mail message, a follow-up call must be made later that day

23.7. **Absence without notice**: When you are unable to work owing to illness or an accident, please notify your supervisor. This will allow the Company to arrange for temporary coverage of your duties, and helps other employees to continue work in your absence. If you do not report for work and the Company is not notified of your status, it will be assumed after two consecutive days of absence that you have resigned, and you will be removed from the payroll. If you become ill while at work or must leave the office for some other reason before the end of the workday, be sure to inform your supervisor and human resources of the situation immediately.

23.8. **Harassment:** «The Company» is committed to providing a work environment that is free of discrimination and unlawful harassment. Actions, words, jokes, or comments based on an individual's sex, race, ethnicity, age, religion, or any other legally protected characteristic will not be tolerated. If you believe you have been the victim of harassment, or know of another employee who has, report it immediately. Employees can raise concerns and make reports without fear of reprisal.

23.9. **Telephone use**: Personal usage during business hours is discouraged except for extreme emergencies. All personal telephone calls should be kept brief to avoid congestion on the telephone line. To respect the rights of all employees and avoid miscommunication in the office, employees must inform family members and friends to limit personal telephone calls during working hours. If an employee is found to be deviating from this policy, he/she will be subject to disciplinary action.

23.10. **Appearance**: A professional appearance is important anytime that you come in contact with customers or potential customers. Employees should be well groomed and dressed appropriately for our business and for their position in particular. If management occasionally designates "casual days," appropriate guidelines will be provided to you.

23.11. **Alcohol and Drugs:** The Company is committed to providing a safe and productive workplace for its employees. In keeping with this commitment, the following rules regarding alcohol and drugs of abuse have been established for all staff members, regardless of rank or position, including both regular and temporary employees. The rules apply during working hours to all employees of the Company while they are on Company premises or elsewhere on Company business. The manufacture, distribution, possession, sale, or purchase of controlled substances of abuse on Company property is prohibited. Being under the influence of illegal drugs, alcohol, or substances of abuse on Company property is prohibited. Working while under the influence of prescription drugs that impair performance is prohibited.

23.12. **Tobacco use**: The use of tobacco products is not permitted anywhere on the Company's premises.

23.13. **Internet use:** Employees of 'The Company' are allowed use of the Internet and e-mail when necessary to serve our customers and conduct the Company's business. Employees may use the Internet when appropriate to access information needed to conduct business of the Company. Employees may use e-mail when appropriate for Company business correspondence. Use of the Internet must not disrupt operation of the company computer network. Use of the Internet must not interfere with an employee's productivity. Employees are responsible for using the Internet in a manner that is ethical and lawful.

23.14. Internet messages are public and not private. 'The Company' reserves the right to access and monitor all files and messages on its systems.

14.2.24 FRINGE BENEFITS AND SALARY POLICIES

24.1. 'The Company' offers Group Insurance, Health Insurance, Life Insurance and other fringe benefits to its employees as per Human Resources Policies.

24.2. Salary increases will be determined on the basis of performance, adherence to company policies and procedures, and ability to meet or exceed duties per job description and achieve performance goals.

24.3. Overtime compensation is paid to all employees in accordance with government regulations and company policy. All overtime work performed by an hourly employee must receive the manager's prior authorization.

24.4. Paid vacation is available to regular full-time and regular part-time employees following their first-year anniversary with 'The Company' .

24.5. 'The Company' recognizes that the skills and knowledge of its employees are critical to the success of the Company.

24.6. 'The Company' offers educational assistance, and tuition reimbursement programs. These programs encourage personal development, improve job-related skills and enhance an employee's ability to compete for reasonably attainable jobs in the Company. More details are available at the Human Resources Department.

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14.2.25 JURY SERVICE AND OTHER TYPES OF LEAVE

25.1. Employees of 'The Company' will be granted time off to serve on a jury or military leave without pay. However, all regular employees both full-time and part-time will be kept on the active payroll until their civic duties have been completed.

25.2. A copy of the jury duty summons and all other associated paperwork are required for the personnel file.

14.2.26 EMPLOYEE COMMUNIATIONS

26.1. Quarterly staff meetings will be held according to the annual meeting program of 'The Company' . These informative meetings allow employees to be informed on recent company activities, changes in the workplace and employee recognition.

26.2. Bulletin boards placed in the pre-assigned areas provide employees access to important posted information and announcements. The employee is responsible for reading necessary information posted on the bulletin boards.

26.3. 'The Company' encourages employees who have suggestions that they do not want to offer orally or in person to write them down and leave them in the suggestion boxes. If this is done anonymously, every care will be taken to preserve the employee's privacy. A member of the management committee of 'The Company' checks the box on a regular basis.

14.2.27 PROCEDURE FOR HANDLING COMPLAINTS

27.1. Under normal working conditions, employees who have a job-related problem, question or complaint should first discuss it with their immediate manager.

27.2. At this level, employees usually reach the simplest, quickest, and most satisfactory and effective solution.

27.3. If the employee and manager do not solve the problem, 'The Company' encourages employees to contact the Human Resources Department, or the Coaching or Mentoring Representative (where one is appointed).

14.2.28 COMPUTER SOFTWARE OWNERSHIP

28.1. The use of computers within the organization may result in the creation of computer software.

28.2. Computer software can be either copyrighted or patented, depending on the particular circumstances, and can often be licensed for commercial use.

28.3. Title to computer software and software support materials developed by all employees including external consultants, shall belong solely to the organization.

14.3 END NOTES

1. For more details, see: United States Equal Employment Opportunity Commission (EEOC) at: https://www.eeoc.gov/

2. For more details and information related to employee handbooks, see: https://www.dol.gov/

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PEER REVIEW COMMENTS

Comments by Reviewer 1:

Dr. Martha C. Beck,
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John Kyriazoglou, The Complete 'Duty of Care' Management Guide:
A systematic approach to caring better for your company's assets, systems, data and people

Mr. Kyriazoglou's book is his effort to pass down to posterity, to other leaders and to future leaders, the insights he has gained from many decades as a leader who seeks to embody the classical model of human excellence and practical wisdom.

It is amazing to reflect upon the many, many opportunities those living in Western societies have become complacent about. We have an entitlement mentality without being conscious of it. We have had too high a standard of living for two long, too many opportunities. We have squandered our time, our money, our natural resources, our social respect from members of other countries and the social capital and friendship bonds among our fellow citizens, people we depend upon to preserve all of these expectations. I think Mr. Kyriazoglou realizes all of this and wants to make the best contribution he can make to preventing decline and promoting improvement.

I wish him and all those inspired and educated by his book in their own quest for the preservation of civilization, wherever they live and in whatever profession they are in.

Comments by Reviewer 2:

Edmund J. Saunders,
FCIB, CFS, CICA, C.Dip.A.f. (ACCA)
edmund.saunders@fejs.org.pl

I enjoyed reading John Kyriazoglou's new book entitled "The Complete 'Duty of Care' Management Guide".

This is not John's first book, but in my opinion it is one of his best. In particular, the subject is well chosen as it is of very much in tune with the market's needs at this moment

in time as the subject of management's duty to exercise due care in respect of their duty to take appropriate care and responsibility for the results of their decisions and resulting consequences. John clarifies that executives' duty of care is not to be viewed within the narrow parameters of profitability and protection of assets, as the scope is much wider, covering compliance and even social responsibility – all of which are linked to specific risk factors. Thus effective risk management is an important activity within the duty of care. The book is well documented with models, standards, references, views and opinions and even an element of ethical and moral/philosophical reasoning drawn on Greek thinking.

I believe that the guidelines, models and actions described in this book will greatly assist Management and Supervisory Board members as well as line officers to perform in a better organized way, achieve improved results in a controlled business atmosphere.

I highly recommend to to aspiring as well as seasoned managers.

Comments by Reviewer 3:

Jeroen De Flander

jeroen.de.flander@the-performance-factory.com

bestselling author Strategy Execution Heroes and The Execution Shortcut.

http://www.the-performance-factory.com/en/strategy-execution-heroes/

https://www.amazon.com/Execution-Shortcut-Strategies-Hidden-Success/dp/9081487361

„Duty of Care is an inspiring book. It forces you to look at management from a different perspective".

Comments by Reviewer 4:

Yiangos Charalambous

F.C.C.A, Vice Chairman

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John's book, under the title «The Complete 'Duty of Care' Management Guide» is 'a Manager's guide- tool' with full of useful information for Senior executives, Middle-level

managers, Auditors and Other professionals, based on ancient Greek principles in a novel way, for the above stated professionals to apply and improve the running of their business activities and operations.

Yiangos Charalambous F.C.C.A, is currently the Vice Chairman of UHYAxon Certified Auditors, ex First Vice Chairman of the Hellenic Capital Market Commission, Deputy Senior Partner of KPMG-Greece.

Date: November 1st, 2017

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Implementing 'Duty of Care' Duties - Part 2