

Selections from . . .

# Ethics Today Online

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The articles collected in this publication are some of those that were most requested by readers of Ethics Today Online, a free monthly e-newsletter published by the Ethics Resource Center (ERC). These articles were originally published between September 2004 and July 2005. Current and back issues of Ethics Today, subscription forms, additional resources and information about the ERC are available at [www.ethics.org](http://www.ethics.org).

## Table of Contents

Who's Watching the Watchdog? .....	1
A Word from the President: Corporate Social Responsibility and Organizational Ethics .....	2
Moral Courage: Definition and Development .....	2
Federal Sentencing Guidelines: Key Points and Profound Changes (Part 1 of a Series) .....	3
The Challenges of Being an Ethics Officer for a Small Organization .....	6
The Refugees .....	6
Enterprise Risk Management: The COSO Framework .....	8
Excerpt from Ethics Effectiveness QuickTest: Measurement .....	13
Ethics and Values Crossword .....	14

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## Who's Watching the Watchdog?

### Media Ethics in a Competitive, Commercial World (A contemporary survey and retrospective analysis)

By Knight Kiplinger, Editor in Chief, *The Kiplinger Letter and Kiplinger's Personal Finance Magazine*

If misery loves company, corporate America can take some small solace in the fact that it is not alone in facing some severe ethical challenges today.

Every occupation in America—even professions with well-defined codes of ethics—has been tainted by troubling lapses of integrity, however unrepresentative of the broader state of ethics in their field.

In academe and scientific research, there have been cases of plagiarism, as well as falsifying of lab results to support dramatic hypotheses. A pharmacist was found to have diluted lifesaving drugs to fatten his profits. Nurses have been convicted of performing euthanasia without any authority from patients or their families. Lawyers have been disciplined for jury tampering and embezzling escrowed client funds. Physicians have sold prescription painkillers to black-market drug dealers. Teachers and school principals have falsified student test scores to help their schools meet minimum state standards.

Society relies upon a free, independent press corps to expose wrongdoings in politics, business and the professions, but the press—this feisty watchdog—is not immune from ethical problems itself. The last few years have seen steady progression of journalists, publishers and broadcasters grappling with ethical issues: made-up quotes, made-up sources, entire fabricated stories, political bias, advertiser influence over editorial content, and commercial messages masquerading as news.

Most recently, we've seen the discrediting of CBS's story about George W. Bush's national guard service and the recent *Newsweek* retraction about alleged desecration of the Koran by U.S. military personnel. These and other accuracy problems highlight the press' increasing difficulty in veri-

— Continued on Page 10 —

# A Word from the President: Corporate Social Responsibility and Organizational Ethics

By Patricia J. Harned, President, ERC

Ask business leaders about the ethics of their organizations, and the variety of responses they will conjure can be rather impressive. For some leaders, the effort to highlight their organizational ethics is more of an exercise in providing a laundry list of good deeds, including such things as international investments in community development, volunteer programs in the local community and/or donations to charitable organizations. As an organization that benefits from the latter, we're always grateful for the contributions that allow us to operate, but by no means do we want gifts to the Ethics Resource Center to be considered the ethics of our donors. In reality, those types of initiatives fall into a related, but different, category known as corporate social responsibility (CSR), which is a form of giving back to the global and local community and helping to create a sustainable world through responsible business practices. Organizational ethics, as we define it, constitutes the standards of conduct that guide the decisions and actions of the employees and management of an organization, based on a set of shared core values.

When it comes to ethics and CSR, an organization can have one without the other. Consider, for example, a company that gives generously to local charities, but treats its employees poorly or uses shady accounting practices to report a glowing but dishonest financial status. In those cases, CSR may become "window dressing" for a corrupt company. Conversely, an organization that has an ethics program with all the bells and whistles but whose precepts are not supported or followed by leadership may not have the organizational mindset to act responsibly in the external world.

The most impressive of CSR activities are those that grow out of, and therefore reflect, the true commitment of an organization to living by its values. As ERC's Principal Consultant Kenneth Johnson notes [in a related article on this

topic], it is important to integrate organizational ethics and social responsibility into a comprehensive applied ethics and policy framework. An effective ethics program sets up a framework for the total operations of the company, creating an ethical culture that establishes a basis for acting responsibly toward and supporting the extended community.

In this issue of Ethics Today, we offer an introduction to CSR, especially as it relates to organizational ethics. It is our hope that by addressing this important topic, we can highlight the importance of organizational commitment to these activities. We also hope we can steer organizational leaders who want their CSR activities to "count" as an effective ethics program to reconsider

their perspectives.

Finally, while committed to corporate social responsibility, it is important to note that ERC focuses mostly on the organizational ethics side. One of our primary goals is to measure the effectiveness of organizational ethics programs and to help organizations address their areas of challenge. In some cases, a larger emphasis on CSR is something we recommend as an outgrowth of an effort to strengthen the ways a company exemplifies its ethics. Our hope is that, through program assessments and research, we can help create organizational environments where employees are encouraged to act responsibly toward each other, the organization's stakeholders and the larger community.

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## Moral Courage: Definition and Development

By Rielle Miller, Associate Researcher, Character Development and Applied Research, ERC

Courage is something we all admire. When asked to describe courage, most people conjure up the image of an individual running into a burning building, or maybe a fictional hero saving the day. Images of courage are prevalent in our society; from the images of our soldiers overseas to the local hero who saved her neighbor from imminent danger. But when asked to go deeper, to really define courage, the only response that comes to mind is "I know it when I see it." What makes courage so hard to define? We use the word courage to honor the firefighters, rescue workers, and police officers who ran into the two towers that were on the verge of collapse. We also use the word courage to honor the individuals who blew the whistle on corporate corruption.

The two cases are very different: in the first case the individual's very life was in jeopardy by the physical actions being performed; in the second case the individuals risked their jobs by telling the truth. For the first case, we can distinguish the actions as being physically courageous. In the second case, we can say the actions were morally courageous. We use the phrase "courage of my convictions" in our society to assign courage to less extreme actions, to mere "everyday" actions. We want to acknowledge the courage demonstrated when the right thing is done, especially when others looked away or chose to do nothing—the courage demonstrated through holding onto to one's values is moral courage.

Last summer, Rielle Miller began conducting research on moral courage, with specific objectives to define moral courage, determine if/how it can be developed, and determine the role of the organization in this development. In this issue, we link to her in-depth discussion of moral courage.

Read Ms. Miller's paper on moral courage at: [http://www.ethics.org/pdfs/erc\\_moralcourage\\_rmiller.pdf](http://www.ethics.org/pdfs/erc_moralcourage_rmiller.pdf)

— Continued on Page 3 —

# Federal Sentencing Guidelines: Key Points and Profound Changes (Part 1 of a Series)

By *Kenneth Johnson, Principal Researcher, ERC*

**Background.** Since November 1991, the U.S. Sentencing Commission's *Federal Sentencing Guidelines for Organizations* (FSGO) has provided the essential foundation from which practitioners have framed, debated, and researched what it means to have an effective ethics and compliance program. Though purely voluntary, the FSGO provides a powerful incentive for organizations to implement "structural safeguards designed to prevent and detect criminal conduct." This incentive includes a potentially lighter sentence and reduced risk of being placed on probation, where the organization is able to convince a federal judge that its program meets the FSGO definition of an "effective program to prevent and detect criminal conduct." Moreover, the FSGO definition

of an effective program has had much wider influence, since other policy-setting bodies, such as the Department of Justice, the Inspector General of Health and Human Services, and the Chancery Court of the State of Delaware, have referred to or incorporated the guidelines with varying degrees of approval.

In 2001, a decade having passed (including years of business scandal), the Commission embarked upon a multi-year review of the organizational guidelines looking to the effectiveness of its original requirements. The Commission worked through an advisory group of noted practitioners from both the public and private sectors and its own staff to review administrative and legal requirements, conduct a literature search, catalogue model program best practices, and receive public comment and testimony. After over two years of study, the advisory

group delivered an extensive report to the Commission in October 2003. Based upon that report and additional testimony from other experts and interested parties, the Commission embedded much of the distilled corporate experience in amended guidelines proposed to Congress on April 30, 2004. Unless rejected, the amended FSGO will take effect on 1 November 2004.

**First in a Series.** This article is the first in a series to describe and comment upon the Commission's amended requirements for an "effective program to prevent and detect violations of law." We believe this to be a subject worthy of close study: less because organizations should anticipate having problems with federal regulators or prosecutors than because the amended FSGO will provide an excellent foundation for designing ethics and compliance programs.

Today we highlight new key terms used in the amended FSGO and describe four profound changes to the definition and practice of an effective program. In articles to follow, we will (1) explore the significance of the new requirements for risk assessment and program evaluation; (2) lay out, in detail, the seven required elements of an effective program, (3) explore how an organization might approach evaluating its ethics and compliance program, (4) examine how the Commission addressed the issues of what is coming to be known as the "litigation dilemma," (5) integrate the FSGO provisions relating to small organizations; and (6) conclude with thoughts about how organizational leaders might take the notion of an effective program farther than the Commission's charter allowed it to go. Along the way, we will point the reader to resources used by the Commission, which may help the reader participate more fully in the framing, discussion, and debates about program effectiveness to come.

**New Key Definitions.** To emphasize the importance of structural safeguards, the Commission elevated the

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## Moral Courage: Definition and Development, Continued from Page 2

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ERC has compiled this list of quotations about courage — both physical and moral — from a variety of sources for the benefit of our website visitors. Please feel free to send us additions.

Courage is like love. It must have hope to nourish it.

~ Napoleon Bonaparte

He is courageous who endures and fears the right thing, for the right motive, in the right way and at the right times.

- Aristotle

Acting bravely when we don't really feel brave.

~ William Bennett

Courage is the price that Life exacts for granting peace.

~ Amelia Earhart

Whatever you do, you need courage. Whatever course you decide upon, there is always someone to tell you that you are wrong. There are always difficulties arising that tempt you to believe your critics are right. To map out a course of action and follow it to an end requires some of the same courage that a soldier needs. Peace has its victories, but it takes brave men and women to win them.

~ Ralph Waldo Emerson

Courage is leadership affirmed.

~ Erik Erikson

— Continued on Page 4 —

— Continued on Page 4 —

criteria for an effective compliance program into a separate guideline. (The definition had originally been set forth in commentary.) In the words of the Commission, “the amendment elaborates upon these criteria, introducing additional rigor generally and imposing significantly greater responsibilities on the organization’s governing authority and executive leadership.”

In a simple, but significant new term, the Commission consistently refers to a “compliance and ethics program.” In so doing, the Commission has explicitly moved beyond “compliance” to include “ethics.” For those who encourage thinking beyond mere compliance by referring to “ethics and compliance programs” (or even “corporate responsibility programs”), this is a major step in the right direction. Moreover, in its introductory language, the Commission observes that, while an “effective” compliance and ethics program will prevent and detect criminal conduct, it should also facilitate compliance with *all applicable laws*. This language is loaded with meaning, reflecting a sense that a program concentrating on avoiding only criminal conduct is unlikely to be effective. It may also be a subtle reference to a professional, but heated debate over whether it was wise or even authorized for the Commission to require that an effective program go beyond mere compliance with criminal law to address violations of law in general, which the advisory group had recommended.

Further expanding the reach of a compliance and ethics program is yet another meaningful “should,” since the Commission provides that “as appropriate, a large organization *should* encourage small organizations (especially those that have, or seek to have, a business relationship with the large organization) to implement effective compliance and ethics programs” (emphasis added).

A set of terms the Commission now uses is “governing authorities” and “organizational leadership.” The term “governing authorities” includes members of a board of directors for corporations, and

all those who set policy for the organization as a whole at the “highest-level” for other types of organizations. The second term, “organizational leadership,” defined in the amendment as “high-level personnel,” establishes another category of persons having specific responsibilities under a compliance and ethics program. Moreover, while it does not use a specific new term, the Commission specifically recognizes that, where “certain individual(s) have day-to-day responsibility for the compliance and ethics program,” they must “be given adequate resources, appropriate authority, and direct access to the governing authority or an appropriate subgroup of the governing authority.” This reflects the realization that ethics or compliance officers are often not “high-level personnel,” in practice, but nonetheless make significant contributions toward a program’s effectiveness. By defining these terms and requiring specific, significantly

greater roles and responsibilities of each category, the Commission is giving notice that an effective program must truly engage all members and agents of an organization.

**Profound Changes.** While there are many significant changes to the FSGO, there are four, in our minds, that are profound: (1) broadening of the purpose of an effective program to include developing an ethical organizational culture, (2) specific requirements to design a program around identified risks and regular program evaluation, (3) recognition of a disincentive to having an effective program, often called the “litigation dilemma,” and (4) attention to the challenges of the small (less than 200 employees) organization.

The foremost change broadens the purpose of having an effective program from the existing requirement that an organization exercise due diligence to

— Continued on Page 5 —

### Moral Courage: Definition and Development, Continued from Page 3

Two things fill the mind with ever new and increasing wonder and awe - the starry heavens above me and the moral law within me.

~ Immanuel Kant (1788)

Our lives begin to end the day we become silent about things that matter.

~ Martin Luther King, Jr.

Perfect courage means doing unwitnessed what we would be capable of with the world looking on.

~ La Rochefoucauld

Last, but by no means least, courage-moral courage, the courage of one’s convictions, the courage to see things through. The world; is in a constant conspiracy against the brave. It’s the age-old struggle—the roar of the crowd on one side and the voice of your conscience on the other.

~ Douglas MacArthur

Courage is not the absence of fear, but the capacity for action despite our fears.

-John McCain

Courage is knowing what to fear.

~ Plato

One man scorned and covered with scars still strove with his last ounce of courage to reach the unreachable stars; and the world was better for this.

~ Don Quixote de la Mancha 1605-1615

— Continued on Page 5 —

prevent and detect criminal conduct to include the requirement that an organization “otherwise promote an organizational culture that encourages ethical conduct and a commitment to compliance with the law.” This expansion is a major, and welcome, step forward.

Addressing organizational culture, in the words of the Commission, is intended “to reflect the emphasis on ethical conduct and values incorporated into recent legislative and regulatory reforms, such as those provided by the [Sarbanes-Oxley Act of 2002].” This provision reflects current research and experience that suggests that the principal predictor of success in any compliance and ethics program is the culture of the organization itself. It also reflects scholarship that suggests that, with rare exceptions, effective programs must strike an appropriate balance between rules, values, and meeting reasonable stakeholder expectations: that an emphasis on

compliance alone is often a self-defeating approach to preventing and detecting violations of law.<sup>(1)</sup>

The second profound change is the twin requirements of risk assessment and regular program evaluation. While these two requirements reside in two different sections of the FSGO, they can be best understood, in our view, as an integrated requirement that the organization be able to explain the underlying rationale for its program design and demonstrating its effectiveness in practice.

Practitioners sometimes forget that the guidelines are not promulgated to advise organizations on how to design an effective program so much as they are aimed at “guiding” the sentencing judge on whether to exercise leniency in sentencing. In other words, an organization will not truly know that its program is “effective” until a sentencing judge decides that its program is designed, implemented, and operated as the

Commission defines effectiveness.

With these in mind, the amendments require that an organization must periodically assess the risk of occurrence of criminal conduct, bearing in mind the Commission’s observation that a truly effective program should facilitate compliance with *all applicable laws*. Then, resident in another section of the FSGO, the Commission now requires that the organization “periodically evaluate the effectiveness of its compliance and ethics program.” It is helpful to read these two provisions together with the newly broadened purpose of a compliance and ethics program to promote a certain organizational culture and the expanded roles and responsibilities provisions. Read together, these new provisions imply that the organization must be prepared, at all times, to demonstrate that it:

1. Did an effective job of assessing the actual risks faced by the organizations, including the strengths and weaknesses of its organizational culture;
2. Made explicit the outcomes its program was to achieve;
3. Allocated adequate resources to its compliance and ethics program; and
4. Evaluated program effectiveness often enough to reasonably believe it was making progress toward those outcomes.<sup>(2)</sup>

The third change is recognition that there is a downside to the organization if it establishes a truly effective compliance and ethics program. A truly effective program — one having effective monitoring and auditing systems, training programs that engage employees and agents on real workplace issues, and an internal reporting mechanism that encourages and agents to report criminal conduct — generates lots of information that the organization would not normally take public. If an organization reports an offense to the proper authorities, a program requirement often not fully appreciated, that information may become public knowledge and used against it by potential litigants. Known

#### Moral Courage: Definition and Development, Continued from Page 4

A perfect sensibility of the measure of danger and a mental willingness to endure it.

~ General Sherman

People facing the pains and dangers of social disapproval in the performance of what they believe to be duty.

~ Henry Sidgwick

Moral courage is the readiness to expose oneself to suffering or inconvenience which does not affect the body. It arises from firmness of moral principle and is independent of the physical constitution.

~ Sir James Fitzjames Stephens

Aim above morality. Be not simply good, be good for something.

~ Henry David Thoreau

It is curious-curious that physical courage should be so common in the world, and moral courage so rare.

~ Mark Twain

Moral courage means taking responsibility for the decision you make, not shifting blame to others if something goes wrong.

~ Paul Wolfowitz

as the “litigation dilemma,” we will treat this in detail in the series to follow.

Finally, the Commission specifically recognized the challenges of the small organization in the guidelines. The amended guidelines note that the compliance and ethics program of a small organization can have less formality and fewer resources applied. Perhaps most important, the amended guidelines allow a small organization to argue that it has an effective program despite the general provision that an organization cannot get credit for having an effective program where high-level personnel are involved. The small organization can now rebut that presumption where it is able to argue that it had an otherwise effective program. This had been a major disincentive for small organizations since it was more likely for them to have high-level personnel involved because of their size.

**Conclusion.** In conducting the multi-year review and amending the guidelines, the Commission has taken major steps advancing the cause of the compliance and ethics program as an essential strategy of an organization. In this article, we pointed to a number of new key terms and four profound changes to the guidelines by way of introduction. In the articles to follow, we will discuss each provision in more detail, comment where appropriate, and point to readily available resources.

#### Footnotes

1. See, e.g., Linda Klebe Treviño, et al., “Managing Ethics and Legal Compliance: What Works and What Hurts” 41 California Management Review 131-151 (Winter 1999).

2. Recognizing the value of transparency, the author urged the Commission to bundle these provisions together explicitly, in his testimony before the Commission in March 2004, which the Commission declined to do.

Read more articles in this series at  
<http://www.ethics.org/resources/fsgoseries.html>

## The Challenges of Being an Ethics Officer for a Small Organization

By Katie Sutliff Lang, Senior Researcher, Character Development, ERC

### The Beginning...

When Pat Harned, ERC’s President, asked me to consider being our ethics officer, I felt very honored and more than a little humbled. Because I wanted to make sure that I could serve ERC effectively and do the job well, before I accepted the position I talked with Pat about what my responsibilities would be. She said that I would lead the Ethics Committee, would be available for ethics concerns from staff, and would have direct access to the ERC Board of Directors so I could keep them up to date on how things were going and, if need be, so I could report any ethical issues that needed their immediate attention.

I was really excited by the proposition, which I saw as a unique opportunity to apply what I’ve learned about organizational ethics during my time here and to help ERC fulfill its mission as a non-profit by doing some action research. ERC has led the way in creating, sustaining, and evaluating ethics initiatives, especially in large companies. From our own research including the *National Business Eth-*

— Continued on Page 7—

## The Refugees

By Jerry Brown, ERC

The process of acquiring plywood to board up the house should have warned us that all was not well with the world. An early morning call to a local lumber dealer netted the information that 4x8 sheets of particleboard were selling for \$12.00 a sheet with plenty in stock. A follow up call a couple of hours later saw the price at \$14.00 a sheet. Apparently, some local merchants felt the additional profit from price gouging was worth the risk of being reported to the authorities. The first ethical challenge – pay the increased rate or leave the house unprotected. We paid.

The weather reporting was sensationalistic. The Weather Channel, Fox News, CBS, NBC and the other major networks seemed to be competing for viewer ship. The public’s desire for news was a valid concern and, while the networks tried to answer that need with accurate data, there seemed to be as much speculation as fact. The storm track changed every few hours and it became impossible to determine whether or not you were in danger. A report that the hurricane was headed for the Biloxi, Ocean Springs area provided the impetus for us to leave.

Although we only needed to travel 200 miles to offer a margin of safety, we decided to add another fifty miles just to be sure. After all, Ivan’s path had been erratic which is why we, and so many others, were finishing preparation within 24 hours of projected landfall.

We left Ocean Springs, Mississippi, heading west on Interstate 10 driving a rental car because our small sports sedan was cramped and the air conditioner showed signs of fatigue. The large sedan was new and fast and we had no problem reaching Baton Rouge, Louisiana in two hours.

The next eleven miles took four hours.

The State of Louisiana had ordered residents in low lying areas to evacuate and now a million residents from the greater New Orleans area had joined them. The resulting strain on the Interstate road system had taken its toll. Louisiana had closed the eastbound lanes of I-10 to accommodate the massive traffic flow heading toward the Texas border.

This left us stuck on back roads with thousands of vehicles filled with other refugees fleeing what was touted to be a killer storm. With the warning for Hurricane Ivan stretching from western Louisiana to the Atlantic coast of Florida, a

— Continued on Page 7—

ics Survey<sup>SM</sup> we know that small organizations are much less likely to have the sort of formal ethics systems than larger organizations do. Whether the reason is that culture change occurs through less formal channels or because there are fewer resources in smaller organizations, the result is the same: the “ethics program elements” that are so common in big companies and that are called for by the Federal Sentencing Guidelines for Organizations (FSGO) are lacking in small organizations. And we at the ERC want to develop strategies that will work for smaller organizations, taking advantage of the benefits of a small organization and taking into ac-

count the challenges. We went into this phase of our endeavor with the idea that we would develop a system that works for us and that could work for other organizations as well.

One of my colleagues, Abby Davidson, made the excellent suggestion that our action research should be guided by a few simple questions, which are loosely based on the FSGO framework:

- What are the values and standards of behavior in this organization?
- Who is in charge of communicating those values and making sure that people adhere to those standards?

— Continued on Page 8—

- How will the values and standards be communicated?
- How will we know if people are following the standards and living the values?
- How do we encourage people to follow the standards and live out the values?
- How do we deal with mistakes, misunderstandings, and misconduct?
- How do we measure and evaluate our performance as an organization?

### The Foundation

Prior to my time here, the ERC drafted a **Values Statement**. Although many of the staff members who helped create the document are no longer with our organization and we have picked up new people along the way, these four core values (honesty, respect, trust, and excellence) still resonate as the ideals and goals that we aspire to as an organization and as individuals within this organization.

In addition to our Values Statement, we also have had an Ethics Committee in place. The composition of the Committee has changed over time, so that it will coincide with staff needs and size. In its current form, the Committee includes: the Ethics Officer and three other staff members—two of which are permanent, while the other position rotates each quarter. Also, because several of our members work remotely and we want to stay aware of any special concerns they have, there is one member of the Committee who works away from our main office.

The goal of the Committee has been to promote our core values and to serve as a resource for any staff members with ethics questions or concerns. Even at an organization devoted to ethics, we still have to work at living our core values and we have to make concerted efforts to keep them at the forefront of our thinking and our interactions. Over the years, the Ethics Committee has been involved in a few different activities and programs. We drafted a Non-Retaliation Policy and made sure that it became a permanent part of the ERC

— Continued on Page 8—

### The Refugees, Continued from Page 6

distance of almost 700 miles, the exodus of people was virtually astounding.

We soon discovered we could not find a vacant motel room in Louisiana. Forewarned about the New Orleans evacuation, motels were filled to capacity. The question was asked repeatedly, “Where are you coming from.” When we answered Mississippi, we were advised to proceed to Texas. Vacancies could be found in the Dallas area or perhaps San Antonio. The same happened to people from Alabama and Florida.

We drove into Texas and some 15 hours after our exodus began, we arrived in Gilmer, a pleasant northeast Texas town where we managed to find a motel. The car behind us contained people from Biloxi who had been on the road as long as we had. We had all begun to look like refugees, disheveled, tired and almost shell-shocked.

We spent three days in Gilmer and it restored our confidence in the goodness of people. No one charged a premium rate for food or shelter. People were polite and concerned. When we could not contact local authorities in Ocean Springs to determine the extent of damage, the Texas Department of Public Safety generously inquired on our behalf and determined that residents were being allowed back in the area and that our property, while somewhat damaged, had survived the storm.

From an ethical standpoint, one has to question which is more important, the safety of people or a few extra dollars made through price increases?

Should what appeared to be a quest for viewer ship through gloom and doom reporting override the transfer of meaningful information in an emergency?

What is more important, to rent rooms to individuals who are in need or to hold rooms for people from the region even through they do not have reservations? This sort of “refugee” treatment is expected in some Third World nations, but not in the United States.

As the hurricane season winds down and battered Florida and the Gulf Coast states begin their reconstruction efforts, we should all do some serious thinking about the next disaster, whatever form it takes.

*Editor’s note: This article was written in 2004 following hurricane Ivan but has added relevancy following the 2005 hurricane season.*

Programs Manager Jerry Brown was a vital member of ERC staff from 1997 until 2005 when he passed away. During Jerry’s tenure at ERC he was a dedicated mentor to staff members. He helped them to understand the mission of the organization, and learn how to achieve its goals. As a tribute to the professional development he nurtured within ERC staff members, ERC has dedicated a summer internship in his memory.

# Enterprise Risk Management: The COSO Framework

By Colleen Cunningham, President and CEO, Financial Executives International & ERC Board Member

High profile business scandals, economic slowdown causing many business failures, world events - all have created an increased awareness of the importance of risk management, governance and control. They have emphasized the danger of not paying attention to risks and uncertainties. On September 29, 2004, the Committee of Sponsoring Organizations of the Treadway Commission (COSO) released "Enterprise Risk Management - Integrated Framework" (the "Framework") to provide companies with a roadmap for identi-

fying risks, avoiding pitfalls as well as taking advantage of opportunities to grow shareholder value.

The Framework builds on COSO's previously issued framework - Internal Control - and identifies the interrelationships between enterprise risk management ("ERM"), internal control and entity management. The Framework is much broader than the Internal Control Framework and expands on it. It defines risk and risk management, provides key principles and concepts, a common language and other elements of a comprehensive risk management framework, as well as providing criteria for companies

to use in determining whether their risk management is effective, and if not, what is needed to make it so.

So, what is ERM? It is defined as a process for identifying, analyzing and managing risk across the entire enterprise.

The ERM Framework has eight components:

- **Internal Environment** - sets the foundation for how risk and control are viewed and addressed by the entity - what is the risk philosophy? Ethics and integrity of senior management is a vital part of the culture that drives the internal environment

— Continued on Page 9—

## The Challenges of Being an Ethics Officer for a Small Organizations, Continued from Page 7

Employee Manual. We also launched a couple of initiatives aimed at publicizing our core values, which have met with varying levels of success:

- *A bulletin board focused on our values.* The bulletin board did raise awareness of our values and encouraged people to think on them. After a while, though, it became difficult to update and, once it ceased to be a source of new information, people lost interest.
- *Weekly conversations at staff meetings about our values.* These conversations were helpful because they encouraged self-reflection (How have we lived out this value in the last week? How could we improve?) and also served as a vehicle for staff appreciation and support (Who has exemplified this value? How?) After a while, these conversations felt a little redundant and we took break. Because we have added staff, though, we plan to take up similar conversations again. It should serve as a good reminder for those of us who have been here as well as a solid introduction for newer staff.

In addition to reviving the Ethics Committee, part of our action research project has been to articulate the roles and responsibilities of the Ethics Officer (EO) and the members of the Ethics

Committee (EC). *The Ethics Committee members:*

- Publicize core values (CV) and mission/vision (M/V) of the organization
  - Promote CV and M/V
  - Exemplify and live out CV & M/V
  - Are available for staff to talk with and raise ethics concerns involving the EO.
- The Ethics Officer:*
- Convenes the EC
  - Is available for staff to talk with and address/raise ethics concerns
  - Communicates with the President re: ethics issues
  - Conducts ethics training for the Board
  - Meets with Board at regular intervals
  - Brings ethics issues to the Board, if needed.

### My Experiences

Even before the job description of the ERC ethics officer was finalized, staff members expressed gratitude that we again had someone in this role. Within a day or two, people were coming to me with their questions and concerns. Although I tried to do my due diligence before accepting the job as ERC Ethics Officer, I didn't really know what I was getting myself into. I am not sure that I could have. It's been more challenging and more fulfilling than I could have imagined and that is, in large measure, because the ERC is a small organization.

Although it's also the aspect I enjoy most, the majority of the challenges have been around the counseling and reporting aspects of the ethics function. We're a warm, friendly, very collegial group, which means that we all talk and we all learn from each other. We seek advice and give assistance to each other every day. We do it so often and so naturally that we don't even realize it's happening. That's a wonderful thing, but it also presents a challenge for the ethics officer in a small organization: when is a conversation just a talk between friends/colleagues and when is it a "report" (of sorts) to the ethics officer? And, if it starts out as the first and ends up being the latter, what parts are private as friends/colleagues and which parts are confidential as part of an employee/EO relationship?

Early on, I realized that these were critical questions that needed addressing. As a result, I have tried to discipline myself so that, when people come talk with me, I actively ask whether they are talking with me just as a friend and colleague or whether they're coming to me as the ethics officer. Also, during a staff meeting, I let people know that I would be asking this question of them and I asked their help as well. Although we're still learning at it, the system really has helped. I feel comfortable asking people

— Continued on Page 9—

- **Objective Setting** - high level goals aligned with entity's mission/vision - all employees must understand the entity's objectives as it relates to their individual function
  - **Event Identification** - what internal/external sources can influence strategy and/or achievement of objectives?
  - **Risk Assessment** - analysis of the likelihood that an event will occur and the potential impact of the event on the entity
  - **Risk Response** - Action taken as a result of the risk - e.g., exit activities causing the risk, reduce the likelihood or impact of the risk, transfer or share the risk with another party, or accept the risk
  - **Control Activities** - what policies/procedures have been established to ensure that the risk responses are carried out?
  - **Information & Communication** - communicating accurate information on a timely basis and to the right people is key to an effective ERM
  - **Monitoring** - ensures that all components of ERM continue to function at all levels - includes one time evaluations as well as ongoing activities
- In order to implement an ERM using

the Framework, start with an analysis of the internal environment and work your way down the list of components. It's easier to start small and keep the project manageable, then expand it to other areas. Many companies have used the COSO Internal Control framework for their assessment of the internal control environment under Sarbanes Oxley Section 404. Companies can leverage that compliance effort to implement a broader ERM effort to get more value.

Why implement an ERM? An ERM can support value creation by helping company deal effectively with potential future events that create uncertainty, respond in a manner that reduces the likelihood of downside outcomes and increases the upside and seize opportunities. The idea behind ERM is to create value with good corporate governance. Audit committees and regulators are also recognizing the value that appropriate risk management can play in corporate governance. When Fannie Mae reached an agreement with regulators recently to address accounting and control issues, one of the corrective steps they took was to hire a chief risk officer.

Everyone in an organization has some responsibility for enterprise risk management. The success of an ERM implementation is dependent upon everyone throughout the organization being aligned with the objectives and priorities of the company in the context of the company's internal environment (culture). Therefore, communication down to every level of the organization is essential.

No matter how well designed and executed, ERM cannot ensure an organization's success or guarantee results. The future will always be uncertain and some events are outside of management's control. However, by putting in place a process to identify and analyze both internal and external risks, the chances of your company weathering an event are much greater.

For more information on COSO's ERM framework visit COSO's website at [www.coso.org](http://www.coso.org).

### Being an Ethics Officer for a Small Organizations, Continued from Page 7

to tell me what they are looking for from a conversation. Often, my colleagues have come to me and, from the start said, "I need to talk with you as our ethics officer." It's a simple thing, but it definitely aids me in understanding what I should and should not do with what we discuss; it makes things much clearer for me. Whether it is my colleagues or I that initiate it, defining the purpose of the conversation gives us both piece of mind and enables me to better meet their needs.

A second counseling/reporting issue involves how I deal with the information that is given to me. I am asked to address concerns and to be thoughtful about ethical issues. In some cases, this means recognizing that a person just needs to be heard and what he/she said should not color my impression and my relationship with the person who we discussed. On the other hand, some issues merit lingering concern. Part of my job is to be aware of any problems that might be developing in the organization and, when appropriate, to bring them to Pat or (if it ever became necessary) the Board. The role of the ethics officer would probably be easier if the line between ethics counseling and ethics reporting were more distinct, but it isn't always.

Like so many things with this position, I am asked to make a judgment call.

When situations become difficult to decipher, I use certain personal, professional, and organizational guideposts to help me:

- How can I address this issue in a way that is consistent with the ERC's core values of honesty, respect, trust, and integrity?
- What are my obligations in terms of the long-term health of the ERC?
- How can I best respect and honor the trust that the reporting employee had in me? How would I want this situation handled if I were him/her? How do I think he/she wants it to be addressed?
- How can I be respectful of the employee who the report was about? How would I want this situation handled if I were him/her? How do I think he/she would want it to be addressed?

After asking these questions of myself a few times, I realized that I could actually ask some of these questions during the conversation, rather than just guessing at the answers. As a result, I make an effort to discuss with my co-worker at some point in the conversation:

- After having a chance to talk through things, do you feel that any more needs to be done?
- Because it's always best to deal with situations at the lowest level possible,

— Continued on Page 10 —

fying information from anonymous sources, who often have an ulterior motive in planting a story with the press.

### **No uniform, enforceable ethical code**

While journalism likes to think of itself as a profession, it doesn't share the most common characteristics of the other true professions, such as law and medicine. There is no standard educational program to prepare journalists; entry to the occupation is open to any-

one with education in any field (or little education at all, which was quite common two generations ago, when few journalists were college educated). Aspiring journalists are typically not tested on any body of substantive knowledge (history, economics, government), even by their hiring employer.

There is no accreditation or licensing requirement, either by their own professional societies or by government.

(Governmental licensing of the press, required in some less-developed and authoritarian nations, would be anathema in the U.S., given America's First Amendment safeguard of press freedom).

While a set of ethical standards has evolved informally over the years, there is no one canon that everyone in journalism agrees to. And there are no ad-

— Continued on Page 11 —

### **Being an Ethics Officer for a Small Organizations, Continued from Page 9**

would you feel comfortable confronting him/her directly? If so, let's talk/think through what that conversation might be like.

- I can talk about this situation with him/her. I'll probably bring it up by saying things like... Does that accurately represent and address your concern? Are you comfortable with that?
- (If necessary) I think this is something that Pat/Moira (our VP) needs to know about. If you want to talk about it with her directly, I can go with you and help you talk/think through it beforehand. Or, if you'd prefer, I can tell her myself.

Because the counseling and reporting aspects of the ethics officer role frequently involve judgment calls and, on a rare occasion, can be quite a burden to shoulder alone, I have had to address the issue of my own need for support. I sometimes wonder where I can go for help and advice about the concerns that people raise to me. I am used to being able to depend on my colleagues. I frequently ask their opinions about issues because I respect them and I know how wise and insightful they are. But, when the office is so small and we all know who I just had a closed-door conversation with, it hardly seems ethical to seek the counsel of others who would surely figure out that my "hypothetical" situation is really happening to someone and even who that someone is.

Fortunately, in addition to the ERC, I have some other resources that I can draw on—people I respect and trust who do not know the parties involved and

with whom a hypothetical can actually be that. It's a relief to have outside support from people who have more experience in the workforce and who, in some cases, have very specialized knowledge that they share (including expertise in the law) but who are removed from the situation and the parties involved. It's a way of garnering advice without comprising the privacy of my colleagues and misusing their trust.

Also, I have been able to draw on members of the Ethics Committee as an internal resource. I do not discuss any concerns my colleagues have brought to me, but the EC members provide me with a sounding board for the ethical questions and concerns I face. They help me just as I (hopefully) am able to help others in my organization.

An additional challenge I've experienced involves my own conduct. Like everyone else here, I try to live our values. I try, but I'm not always successful. I work at a nonprofit devoted to ethics, but I'm still human. The people around me know my foibles and are very understanding, but I think my behavior takes on another level of meaning now: it's one thing for a colleague to get annoyed, to rant and vent, and blow off steam. It's not ideal, but it's understandable. But, when that colleague is the ethics officer, the behavior seems less forgivable, if not necessarily to my colleagues, at least to me. It's an honor to act as an ethical leader in my organization, but it also brings with it responsibility.

A final issue deals with what I've heard referred to as "role conflict." Just as I have sometimes wondered whether a colleague is talking to me as a friend or the ethics officer, I am sometimes conflicted by the fact that I am always both. I have noticed this most acutely during the more social aspects of my interactions with coworkers. How do I handle the times after work when we're having dinner or happy hour and someone mentions something that concerns me as the ethics officer? The most reasonable and responsible way to handle the situation is to make a point of talking about it with the person afterwards in a more private setting. The more difficult part is the in-the-moment aspect: how do you gently, yet quickly, divert the conversation to some other topic without being a censor in a group of colleagues who are also friends?

Less than five months have passed since I got that fateful email from Pat. I didn't realize the challenges that I'd face and the questions I'd have. But I also couldn't envision how rewarding it would be. I know that there is a great deal more that I have to learn about this role and ways that we can improve upon the many things about the ERC that are already wonderful. I hope that the lessons I've learned and the lessons we're learning as an organization will help illuminate the path for other small organizations. It's an exciting and humbling endeavor to be a part of, and I look forward to sharing it with my colleagues at the ERC and with you in the months and years to come.

judicatory bodies, such as state bar associations or medical societies, to which ethical violations in journalism and publishing can be reported for investigation. Finally, there are no disciplinary powers residing in press organizations.

In practice, therefore, ethical standards vary greatly from publisher to publisher. A practice that might be common in the newsroom of a supermarket tabloid—such as paying for an exclusive interview—would be *verboden* in mainstream press organizations. A reporter who might be just placed on suspension for a certain violation at one paper would be fired by another.

One example of variations in standards: Some press organizations, such as The Washington Post Company and Kiplinger, do not permit their editorial employees to accept fees for speeches before any kind of audience. But other news organizations, especially broadcast companies, permit such speaking fees in some cases; indeed, many celebrity TV journalists derive significant personal income (in fees of \$20,000 or so per appearance) from addressing audiences at business conventions.

A healthful trend in press accountability has been the sprouting of ombudsmen at news organizations around America—seasoned journalists who serve as internal ethics watchdogs. They receive inquiries and complaints from readers about fairness, conflicts of interest and other concerns. They conduct internal investigations and report on their findings in published stories, usually on the editorial or op-ed pages of the paper. They sometimes agree with the complaint, but sometimes they defend the paper's original handling of the story.

There are many professional associations in the press world, and while they do not have licensing or disciplinary powers over their members, most of them have codes of ethics particular to their realm.

The broadest professional organization, the Society of Professional Journalists (SPJ), has a thoughtful, compre-

hensive ethical code that covers such subjects as conflicts of interest, respecting the public's right of privacy, and accountability for journalistic errors. Their first code of ethics was borrowed from the American Society of Newspaper Editors in 1926, and it wrote its own code in 1973, with several revisions in the years since.

Even SPJ's ethical code, as sweeping as it is, recognizes the wide differences of opinion within the news business, as well as special circumstances that might require some ethical leeway. There are relatively few iron-clad prohibitions ("never"), but plenty of phrases like "be wary of...", "be cautious about...", and "be judicious about."

The clearest, least-controversial rules relate to conflicts of interest by journalists. While it was once common for editorial personnel to accept entertainment, meals, travel and gifts from news sources representing commercial interests, this is taboo today at virtually all major media organizations. Today journalists and their sources split the luncheon tab, going "Dutch treat." And reporters are required to inform their editors if any potential conflict of interest—whether familial relationship, ownership of an asset, or strongly held belief—might preclude their fair coverage of a story.

### **An Internet without ethical standards**

The Internet has raised new ethical challenges for the journalism profession. Quasi-journalistic Web logs, or blogs, operate without the ethical standards and constraints of traditional journalism. They are often one-man shows. They typically do no fact-checking, and there are no seasoned, skeptical editors to question the accuracy or fairness of what they publish on line. Some readily disseminate unsubstantiated gossip. They are free to shill for commercial interests, hype penny stocks or manipulate markets, and it's difficult for anyone to prove it.

Blogs can put a flimsy story into play with the speed of electrons whizzing around the world. And then the main-

stream press is faced with the dilemma of whether to match what the blogs have written, with or without substantiation, or ignore the story as long as they can. Regrettably, many reputable news organizations are choosing to rush similar stories into print, often prematurely. It would be preferable if more editors ignored the gossip or waited until they firmed up a real story, having the courage to say to their readers, in effect, "Not all news is fit to print" (to paraphrase the classic slogan of *The New York Times*).

### **More violations, or just higher standards?**

As in many other fields, what may seem like a surge in unethical behavior in journalism might simply be the redefining of once-accepted practices as improper in a climate of heightened awareness and higher standards today.

For example, it was very common in decades past for political reporters to simply not report on inappropriate behavior by public officials they covered—excessive drinking or emotional problems that affected performance, sexual harassment of employees, etc. Today such behavior is deemed highly newsworthy, and it would be unethical of reporters to look the other way.

Among journalists who write "human interest" columns in newspapers, some say that embellishing such features with paraphrased or invented quotes and composite characters—for which a few columnists have been disciplined or fired recently—had long been a common practice, and editors knew it and didn't care. While this would be unacceptable in hard-news stories, they say, it was deemed okay in the colorful world of column writing.

But we can't attribute the greater number of journalistic ethics problems today simply to higher standards. In some cases, it's a matter of lower professional standards.

### **The dilemma of anonymous sources**

Take the issue of publishing news stories derived entirely from sources who

— Continued on Page 12 —

are never identified in the stories. Until the early 1970s, most reputable news organizations would not publish a story unless at least some of the sources were willing to be cited or quoted “on the record,” within the story. Anonymous sources could be used as basis for the initial tip, but their information had to be confirmed by identified sources too.

The only legitimate grounds for granting anonymity to a source was the reporter’s belief (and his editor’s) that the source would be at grave personal risk—for example, of bodily harm—if his or her identity were revealed. Such risks were often very real in crime investigations, where witnesses and others with knowledge of a crime were clearly in danger if identified.

The Watergate exposes in *The Washington Post* and other news organizations—stories based largely on unnamed sources—made the use of anonymous sources much more respectable and prevalent in the news business. Over time, the standard for granting confidentiality to a source was progressively lowered. Even though newly enacted “whistle-blower” laws shielded both public and private-sector employees from retribution, reporters would routinely grant anonymity to sources for exposing wrongdoing by their employers.

Eventually, most reporters would promise anonymity to virtually any source, simply on the grounds that the source might be embarrassed or inconvenienced by being identified in a news story. This gave sources virtually free rein to say anything they wanted, and it gave rise to the risk that unscrupulous sources could use trusting reporters to further their personal agendas and even spread false information. The most careful news organizations tried to prevent this by requiring corroboration from multiple anonymous sources, but some didn’t go to such lengths.

There has long been confusion in the news business about what “source confidentiality” really entails. Some reporters believe that they have a right to shield the identity of their news sources not just from the public, but also from their

editors, who would just have to trust that the reporter’s source really existed and was telling the truth. But most news organizations, having seen their peers burned by unreliable anonymous sources, take the position today that reporters must reveal source identities to their immediate superiors. While many news organizations assert that they have a First Amendment right not to reveal their sources to law enforcement officials, not all courts agree with this blanket privilege, and have subpoenaed reporters to cooperate in investigations.

The pendulum of reliance on anonymous sources swung too far for many years, but now it seems to be moving back towards a middle ground of tougher standards for granting confidentiality, and more reluctance to publish stories based largely on unnamed sources.

### **Ethics in the media business**

The journalism *profession* is not synonymous with the *business* of publishing, broadcasting and entertainment. In fact, the professional ethics of the creative people who write and produce media “content”—editorial material, TV programming, movies and music—have long been at odds with the commercial interests of the business people who own and manage media enterprises.

There is an old (and cynical) saying that “freedom of the press belongs to those who own one,” meaning that the owners of media properties, not their editorial employees, have the final say on what goes into their newspapers, magazines and broadcast programming. If they intrude on the independence of their editorial staffs, the journalists are free to object or quit in protest, but the publisher or station owner will prevail, because they literally “own the press.” But they exercise this power at the risk of damaging the reputation of their company for integrity.

At small, less financially secure media companies, publishers and station owners sometimes pressure the news staff to go easy on big advertisers, or even find ways to mention them favorably in articles. The editorial staff finds

this unethical and repugnant, but they often go along out of fear of being fired, or because they feel the survival of their publication (and their jobs) requires this. In some entire categories of magazine publishing—for example, women’s fashion magazines—there has long been a high and unseemly correlation between their advertiser list and the products (clothing, cosmetics, jewelry) that are positively featured in the editorial content.

But at the most ethical media businesses today, the independence of the editorial and creative staff is respected, and there is a firewall that prevents advertising relationships from influencing the content of the editorial product. That means that the automobile editor is free to pan the new cars of a particular automaker, even if the company is a big advertiser in the magazine or newspaper. And personal-finance journalists are free to criticize the performance of a mutual fund that might be a regular advertiser in their magazine.

### **Different rules in the entertainment media**

The taint of undue commercial influence is common in all entertainment media today, where ethical standards are generally lower than in the news business. Fifty years after the first “payola” scandals in radio music—when supposedly independent disc jockeys were bribed to play the new releases of record companies—it is likely that radio play lists are still being influenced by the lavish entertaining, gifts and under-the-table payments of the major music labels.

And producers of TV shows and movies, hungry for additional revenue, routinely sell script mentions and visual placements of commercial products—soft drinks, candy bars, automobiles, etc.—to the highest bidder. Screen writers and directors find this to be a distasteful intrusion on their creative freedom, but they usually do as they are told. And the viewing audience is never told about the deal.

Sometimes TV news directors and producers have been unwitting pawns of commercial interests who duped them

— Continued on Page 15 —

# Excerpt from Ethics Effectiveness QuickTest: Measurement

This instrument was designed by Principal Consultant Frank Navran to assess an organization's ethical effectiveness. Responses to questions in each of twelve ethics management areas help identify what is working well within an organization and where improvement might be required.

The following excerpt deals with Ethics Measurement.

*Indicate your response by circling the appropriate rating for each question.*

Conformance to each of the organization's ethics policies and procedures is routinely monitored and measured.

1                      2                      3                      4                      5                      6                      7

The continuing effectiveness of each ethics policy and procedure is routinely monitored and measured.

1                      2                      3                      4                      5                      6                      7

Results of periodic ethics measurements are included in discussions of overall organization performance.

1                      2                      3                      4                      5                      6                      7

Leaders are held accountable for the ethics effectiveness of the organizational unit(s) they oversee.

1                      2                      3                      4                      5                      6                      7

Individuals are held accountable for their personal conformance to organizational ethics standards.

1                      2                      3                      4                      5                      6                      7

Results from ethics monitoring are integrated into personnel appraisals and performance reviews.

1                      2                      3                      4                      5                      6                      7

The organization has processes for auditing/evaluating ethics measurements to ensure reporting accuracy.

1                      2                      3                      4                      5                      6                      7

The organization routinely measures the costs/benefits of its overall ethics strategy, policies and procedures.

1                      2                      3                      4                      5                      6                      7

## Scoring:

< 4 = Ethics measurements are either missing or ineffective.

4-6 = Ethics measurements are marginally effective.

> 6 = Ethics measurements are clear and effective.

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## Potential Impact

Ethics measurements are your means for determining the levels of conformance to and effectiveness of your system of ethics strategies, goals, policies and procedures. Ineffective ethics measurements can result in:

- Low levels of conformance to ethics standards that jeopardize the organization's ethics vision, and thus its integrity.
- Decisions that violate ethics policies and procedures remaining undetected.
- Individual employees disregarding ethical standards in their day-to-day activities.
- Leaders not knowing to what extent their own organizations are conforming to ethics standards.
- Inconsistent levels of adherence to ethics standards within the organization.

- Ethics performance reported in ways which misstate necessary information.
- The ongoing adherence to ethics policies that have become outdated.
- Continuing ethics policies that are not cost-effective as the means for realizing your ethics strategies and goals.

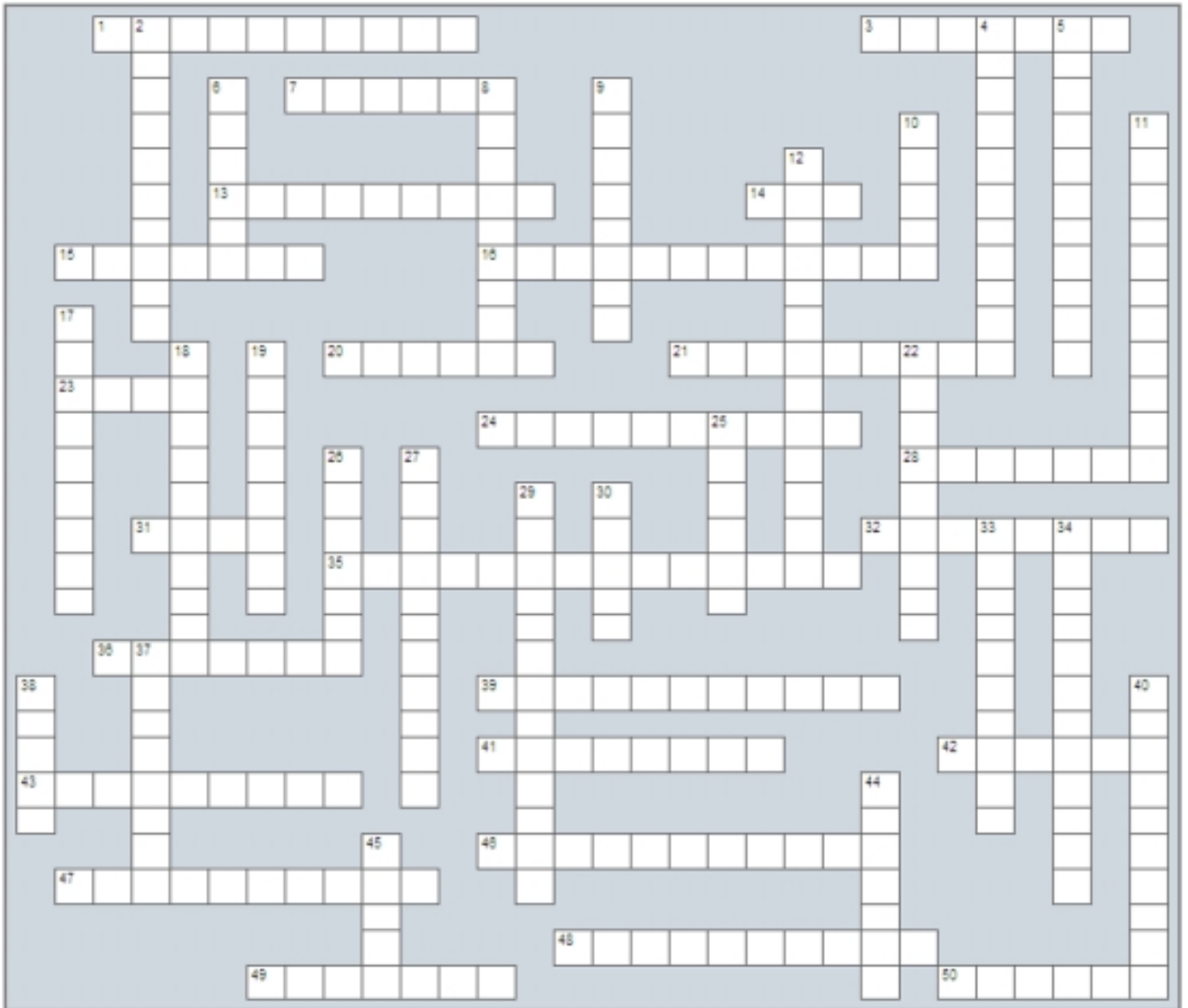
## Recommended Actions

Your ethics measurements must evaluate how effectively your policies and procedures support your ethics strategies as well as organizational conformance to ethics standards.

To establish workable measures of ethical effectiveness the following sequence of actions is recommended:

— Continued on Page 16 —

# Ethics and Values Crossword



(Please note: the number in parentheses following the clue indicates the number of letters in the answer.)

## Across

- |  |   |   |
|--|---|---|
| <p>1. Capacity or ability to take charge and serve as a good example (10)</p> <p>3. A feeling of appreciative, often deferential regard, for someone or something that you consider important (7)</p> <p>7. Feeling and exhibiting concern and empathy for others (6)</p> <p>13. Strict adherence to moral values and principles (9)</p> <p>14. Intense or exultant happiness (3)</p> <p>15. Fairness and straightforwardness of conduct (7)</p> | <p>16. Sharing information and acting in an open manner (12)</p> <p>20. Core beliefs that guide and motivate attitudes and actions (6)</p> <p>21. Genuineness, honesty, and freedom from duplicity (9)</p> <p>23. A feeling of intense desire and attraction toward a person or idea (4)</p> <p>24. Being bound emotionally or intellectually to a course of action or to another person or persons (10)</p> <p>28. Identification with and understanding of another's situation, feelings, and motives (7)</p> | <p>31. The feeling that something desired can be had or will happen (4)</p> <p>32. Modesty in behavior, attitude, or spirit; not arrogant or prideful (8)</p> <p>35. Being personally accountable (14)</p> <p>36. A feeling or attitude of devotion, attachment and affection. (7)</p> <p>39. Consistent performance upon which you can depend or trust (11)</p> <p>41. Consistent with rules, logic, or ethics (8)</p> |
|--|---|---|

42. The ability to make good judgments based on what you have learned from your experience (6)

43. Sharing, participation, and fellowship with others (9)

46. The willingness to stop blaming or being angry with someone (11)

47. Deep awareness of the suffering of others coupled with the wish to relieve it (10)

48. Firm belief in one's powers, abilities, or capacities (10)

49. Facing danger, fear, or vicissitudes with confidence and resolution (7)

50. Doing something right because it is the good thing to do (6)

#### Down

2. State of possessing good qualities in an eminent degree (10)

4. Adherence to the exact time of a commitment or event (11)

5. Exercising the duties rights, and privileges of being a resident of a country (11)

6. The way people behave based on how their beliefs about what is right and wrong influence behavior (6)

8. Thankfulness and appreciation (9)

9. The ability to accept delay, suffering, or annoyance without complaint or anger (8)

10. Forgiveness shown toward someone whom you have the power to punish (5)

11. A state of calm and peacefulness (11)

12. A central guide and reference for users in support of day-to-day decision making (3 words) (13)

17. Recognizing and respecting the beliefs or practices of others (9)

18. Liberality in giving or willingness to give (10)

19. The quality or state of being beneficent (8)

22. Inventive skill or imagination (9)

25. Individual beliefs about what is right and wrong (6)

26. Generosity toward others or toward humanity (7)

27. The ability to perceive things in their actual interrelations or comparative importance (11)

29. Process of employing continuous, careful thought and examination (13)

30. Confident belief in the truth, value, or trustworthiness of a person, idea, or thing (5)

33. Ability to begin or to follow through energetically with a plan or task (10)

34. Free from the influence, guidance, or control of another or others (12)

37. A bright, hopeful view and expectation of the best possible outcome (8)

38. Freedom from war or violence (5)

40. The state or quality of being adequately or well qualified (10)

44. Conformity to moral rightness in action or attitude (7)

45. Principled uprightness of character; personal integrity (5)

### Who's Watching the Watchdog?, Continued from Page 12

into unethical behavior. For example, several talks shows during the 2004 Christmas season booked a guest who was purportedly an authority on wholesome, non-violent children's toys. The producers didn't learn until later that the "expert" was being paid by toymakers to recommend their products.

These practices, seemingly new over the last 15 or so years, are actually a throwback to the early days of radio (in the 1930s and '40s) and television (in the '50s), when sponsors had a lot influence over the content of programming, often insisting on product plugs within the show. In the early '50s, the pioneering TV journalists who served as news anchors were sometimes required to do the sponsors' commercials themselves during the live broadcast, on a set adjacent to the anchor's desk. It took a determined ethical protest by the broadcast news labor union to finally end the practice.

#### An evolving ethical landscape

Examples like these above show that ethics in journalism and the media industry are not a constant or an absolute, but an ever-evolving situation that shifts with social mores, economic pressures, technology and the shifting balance of power between editorial and commercial interests. High ethical standards, in business and the professions, are easier to uphold in times of prosperity than when the bottom line is under pressure.

Overall, journalistic ethics today are probably higher than in many earlier periods of American history. The "culture wars" and partisan strife of today can't hold a candle to the acrimony in the press of the Federalist period, when journalists variously supporting Jefferson, Adams and Hamilton had no compunction about spreading vicious rumors and lies about their opponents. And the low point of an ethical, inde-

pendent press was probably the "yellow journalism" era of the 1890s, when the reporters of feuding newspaper barons like Hearst and Pulitzer whipped their readers into frenzies to sell papers.

Having said that, recent lapses in journalistic integrity have plunged today's press into a crisis of confidence their own sagging self-confidence and society's confidence in the press' credibility. It will take a concerted effort of soul-searching and tougher self-policing by the press to restore the public's faith in the news profession.

The effort, of course, is vitally important, because an independent press of high integrity is a keystone of democracy, not just in the U.S. but especially in emerging democracies around the world. The world is watching the American media, and it must continue to be an institution worthy of global emulation.

**1. Develop Standard Measurements.** Measurements provide employees with the information they need to monitor and assess their conformance to ethics standards.

**2. Include Ethics Measurements At All Levels.** Ethics conformance and effectiveness should be measured at all levels: individual, group, operating entity and the overall organization.

**3. Establish Reporting Procedures.** The organization must develop means for collecting relevant data for measuring conformance to ethics standards.

**4. Establish Feedback Mechanisms.** The organization must develop ways to report ethics effectiveness at the individual, group and organization levels.

**5. Integrate Your Systems.** To optimize the impact of your ethics effectiveness measurements, they must be integrated into your overall system of performance measures. Ethics effectiveness should be treated as just another success indicator.

**6. Train Your Employees.** Employees need training on how to effectively utilize the ethics measurements you devise.

**7. Measure Both Conformance And Effectiveness.** It is not enough to measure conformance to ethics policies and procedures. Ethics standards must be continually evaluated for appropriateness to ensure the cost-effective realization of your organization's ethics values and strategies.

Take the Ethics Effectiveness Quick Test or download a PDF copy at [www.ethics.org/quicktest](http://www.ethics.org/quicktest)

As the oldest non-profit in the United States devoted to organizational ethics, ERC advances understanding of the practices that promote ethical conduct, through research, measurement of ethics and compliance program effectiveness, and the development of white papers and educational resources based on overall findings.

ERC also sponsors character development programs for educational institutions and a Fellows Program for corporate ethics officers and academics who engage in practical research that addresses emerging issues in corporations.

Ethics Today Online, an electronic newsletter, is a forum for exploring a broad range of business ethics and character development issues. It is published monthly by the ERC and sent free to registered subscribers. Read current and back issues of Ethics Today Online or add your name to the email list at [www.ethics.org/today](http://www.ethics.org/today).

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