INTERNATIONAL BUSINESS ETHICS REVIEW

Creating an Effective Electronic Code of Conduct

By Roland Riebl

Companies increasingly distribute their codes of conduct to their stakeholders online to make the document more accessible and, perhaps, to overcome the traditional complexities associated with print codes. Additionally, the Sarbanes-Oxley act of 2002 requires publicly traded companies to make their codes available to the public. This article will examine electronic versions of code documents (e-codes) as useful tools in the larger context of organizational ethics programs. In addition, the challenges of implementing e-codes will be analyzed and recommendations made to enhance the effectiveness of a code of conduct distributed via the Internet.

While the main examples used in this article will refer to corporate e-codes, the recommendations apply equally to such non-corporate entities as government agencies and non-governmental organizations (NGOs). The fact that NGOs are not used as illustrations merely reflects the lack of codes of conduct in general, and e-codes in particular, in these organizations.

Implementing an Organizational Code of Ethics

By William Miller

More and more organizations, particularly multinational corporations, have gone through the process of developing codes of conduct or codes of ethics over the past ten years. Simply writing and distributing a code document to employees is, however, insufficient to reap the many **potential** benefits an organization can gain by rolling out a code document in a thoughtful and effective way. By dropping a legal-based code on the desks of employees, organizations likely do little more than waste precious time and resources.

This article seeks to identify considerations vital to effective code implementation within an organization. First, it will explore some important considerations with respect to developing a functional code document, which can support future ethics training initiatives. Second, it will take a look at how an organization might introduce the code document to its employees. Finally, the article will suggest ways for organizations to use their codes in delivering formal business ethics training.

Special Focus: Organizational Codes of Ethics

In This Issue:

From the President

By Lori Tansey Martens

Business ethics "programs" have been attracting greater attention over the past three years as a result of the corporate scandals from Enron and WorldCom to Tyco and Ahold. Yet the question remains, to what extent can corporate programs prevent and deter such devastating misconduct?

While not an infallible solution, business ethics programs can make a difference in corporate conduct, but only if the program is designed effectively. This issue of the *International Business Ethics Review* completes a trilogy focused around business ethics programs and their key components. In the first two issues we examined "The Future of Business Ethics Programs" and "Business Ethics Training." Our current issue focuses on "Codes of Ethics."

Codes of Ethics have been around for decades and there have been substantial amounts of research into their effectiveness. However, codes are currently evolving in new directions, one of the most critical of which is the move to electronic codes (e-codes), which are disseminated via the internet or corporate intranets. Our feature article takes a look at e-codes and finds that most companies fail to leverage the power of this new distribution medium, and as a result, sacrifice effectiveness.

Our second article, "Implementing an Organizational Code of Ethics," examines perhaps the most critical variable in code effectiveness: its actual implementation. *How* a code is introduced to employees sends a powerful statement about the perceived importance of the document.

The increasing interest in business ethics is also having an impact on the Institute's own operations. We have launched our first ever development program in order to devote greater resources to our public education efforts. Ms. Laura Kriv will be heading up our development efforts and you can read more about the program and Ms. Kriv on page 14.

With this edition, we also welcome Mr. Roland Riebl as a Program Associate. Mr. Riebl brings a wealth of international experience to the Institute. You can find more information about Mr. Riebl on page 14.

Finally, the Institute will celebrate the 10th anniversary of its founding in 2004. While much has been accomplished during the past 10 years, there is still more work to do. We would welcome comments and feedback from our friends, clients and readers on how we can continue to make a meaningful contribution to the field of business ethics as we commence our second decade of service.

Creating an Effective Electronic Code

Challenges in Implementing E-Codes
In many ways, e-codes present unique challenges different from preparing a print code.

Accessibility:
While corporate usage of the Internet and intranets as prime communication media may seem an accepted and self-evident fact to many white-collar employees in developed countries, the Internet may represent a foreign domain to many other demographic groups, including blue-collar workers, older employees, and employees in emerging economies.

The sole opportunity to gain access to a computer for many people is at work. Those that have access to a computer may not, however, be able to connect to the Internet. Consider employees who share one computer with Internet access. And what about employees of multinational corporations? Will they know how to locate the code document on the company's Internet site and once they do, will they find a copy in their language? Companies should give thought on how to make an e-code as accessible as possible to its employees and other stakeholders.

Privacy:
Employees are most likely to consult a code when they have questions about what action to take or when they have concerns about a certain behavior pattern exhibited by a colleague or by the organization itself. Many employees might not want their peers to know that they are consulting this resource as others might believe that where there is smoke, there is fire. Take the example of a female employee who has been harassed by her supervisor. Will she want to call up the Web pages for her company's online code and conduct a search for the word "harassment"? Will she be able to ensure that her supervisor will not review the history of her Internet usage? In addition, certain cultural attitudes would likely render privacy a greater concern to many.

Code Revision:
E-codes offer entirely new possibilities of code revision in stark opposition to revising print codes, which cannot be updated as quickly or as easily. An e-code enables quick responses to changes in standards, policies, legislation, or code modifications resulting from environmental or market conditions. Flexibility in revision is especially valuable in times of internal crisis where a certain area of concern may need to be addressed immediately.

A good example of this level of timeliness can be witnessed in Aetna's code of conduct, which states, "Any change to this Code shall be disclosed to the public on Aetna Inc's website within five business days after the change is made." As a point of caution though, if revisions are made to an e-code prior to printing the revised code, organizations need to ensure that their employees are made aware of the changes in the form of a corporate-wide correspondence such as an e-mail. In fact, it is imperative that organizations do not misuse the flexibility of e-codes to revise their codes continually. Changes should only occur under extraordinary circumstances or following a strategic review of the code.

Ease-of-Use:
According to a study conducted by Sun Microsystems, people tend to read online documents quite differently than they do print documents. Instead of reading, 79% of people "scan" online documents instead of reading them word by word. Typically online documents are read at a pace 25% slower than printed pages.† Uploading a document file, intended for physical publication, may impede online visitors' ability to comprehend a code. For example, the print code of a major telecommunications company clocks in at a whopping 72 densely packed pages. The electronic version of this code is merely the Adobe Acrobat version of the file. To navigate the document, the user has to scroll through the table of contents and multiple pages to find what he/she is seeking. The other option would be for the user to print out all 72 pages. If an e-code is too cumbersome to work with or too difficult to read or skim, it will not be effective.

Recommendations
Companies seeking to develop or improve their e-codes should consider a number of factors during the process. Based on the principles outlined above, several recommendations can be made concerning the structure, content, and style of an e-code.

Creating an Effective Electronic Code

Format:
Most organizations currently employ either an HTML-format (i.e., Web pages) for their e-code, or post an Adobe Acrobat file of the code online. As shown above, the latter solution is not effective and fails to maximize the potential of the Internet. In addition, for users with slower computers downloading large and cumbersome Acrobat files can be a nightmare. HTML, XML, and other programming languages provide useful capabilities in transforming a print code into an easily accessible e-code, where stakeholders can quickly find answers to their questions. Dense pages in the print version of the code can thus be broken up into smaller sections reducing download time and scrolling. The Sun Microsystems study regarding online readers reports that Web-based pages should contain half the amount of content as print pages.†

An exemplary e-code with respect to formatting is PriceWaterhouseCoopers' code of conduct, which employs several effective methods in structuring the code in a user-friendly manner. PwC's code employs an easily navigable table of contents on the left of the screen so that one can reach the passage one is looking for with one mouse-click. The text itself is in Arial, 10-point font and embellished with a print function at the bottom of each page, as well as a guide function that allows one to skip back and forth within the e-code without using the table of contents.

Location on the Internet Site:
E-codes can be located under any of a number of headings on corporate Internet pages. Companies tend to place their e-codes on:

- Web pages devoted to business ethics (BellSouth and Merck & Co. Inc.),
- Web pages about corporate responsibility or corporate citizenship,
- Human resources or employment pages,
- Introductory or "About Us" pages, or
- Pages pertaining to corporate governance.

The latter example has become especially prevalent following the Sarbanes-Oxley Act. In some of these cases, the code is simply listed among other texts on the company's legislative or compliance pages. Several companies' corporate governance sites seem to have been constructed by the same vendor for not only is the layout of the Internet site the same, but even the front part of the Web address is identical! While the codes are still the company's own, the vendor has chosen to simply include an Acrobat copy of the code in a laundry list of compliance documents, which may be counterproductive to the goal of achieving a user-friendly e-code.

The UPS Internet site provides an excellent example of how business ethics information can be incorporated effectively into Web pages. UPS provides a hyperlink to its *Code of Business Conduct* from the bottom of **each** page of its Internet site. One finds the link adjacent to mouse buttons for the UPS webmaster and the UPS privacy policy.

Language:
PepsiCo operates in almost every country on the planet in some form. Therefore, it decided to provide translations of its code document in 34 languages, even including more obscure languages and dialects such as Latvian. Organizations should be encouraged to make their print codes and e-codes available in the languages of their employees.

Search and Index Functions:
Code documents are often lengthy and make for tedious reading, which can prevent stakeholders from readily finding the information they need. E-codes should offer search modules that can alleviate this problem by allowing users to type in a keyword related to the information they are seeking. A comprehensive index would serve the same purpose.

Interactive Section:
In creating electronic versions of their codes, companies should be encouraged to consider bringing a high degree of interactivity to them. Tools that could be used to enhance an e-code include:

- *E-mail or feedback box:* This tool would permit employees to ask questions online and it could function in much the way an ethics advice line does. One possible disadvantage to this technique would be that employees would have to divulge their e-mail addresses to send an inquiry and to receive a response. Employees who might have concerns about anonymity could, however, be instructed to make use of any of a number of free e-mail account services available on the Internet.
- *Frequently Asked Questions (FAQs):* Companies could consider providing FAQs with their online codes to help clarify ambiguities in the code as well as to address questions and concerns common to their employees. Additionally, case studies of ethical dilemmas (in, perhaps, the form of streaming video) could further assist in clarifying a company's standards.
- *Live chat/instant messaging:* Customer service departments at some companies are already making use of Internet chat/messaging systems to provide customers with information instantaneously. This electronic tool could be a valuable resource to help support an e-code, but also to provide employees with yet another avenue to contact the office of ethics or compliance.

> ### Graphics can reinforce a company's ethical commitment to its shareholders.

Multimedia:

The Internet offers a wide range of multimedia tools that could be used to embellish an e-code. As mentioned previously, PriceWaterhouseCoopers has done an admirable job of making its e-code user-friendly. In addition, it has also included a video introduction to its code. Using graphics in this way can serve to reinforce a company's ethical commitment to its stakeholders. With the vast array of software available for Web design, a sloppy e-code sends stakeholders the wrong message. The possibilities for creative solutions are immense in this regard, e.g., video clips, interactive ethics games, online questionnaires, etc. While multimedia can help make an e-code more interesting and, yes, even more informative, companies must recognize that not everyone around the world will be able to take advantage of the multimedia options. Employees working on outdated computers connected to the Internet via slow dial-up modems will not likely benefit from the most recent Internet technologies.

Hyperlinks:

E-codes should contain hyperlinks to other germane pages of a company's Internet site and/or intranet site, if applicable and feasible, e.g., corporate governance pages, social responsibility pages, organizational contacts, etc. Organizations should also consider creating hyperlinks from their e-codes at opportune moments to provide readers with more information about government ethics, business ethics or social responsibility Internet sites to provide additional materials for interested employees and stakeholders. This can also be achieved by hyperlinking certain sections of the code document itself to related information. Thus, the environmental policy could include a link to the organization's sustainability report or to government agencies tabulating and analyzing environmental statistics.

Conclusion

By simply making their codes available online, organizations are helping to make their standards more accessible to their employees, as well as increasing transparency in business. At this juncture, the Internet is still burgeoning as a medium of distribution. On a global scale, many areas remain ill-equipped to leverage benefits from this technology. As more and more individuals around the world go online, e-codes will inevitably become a more prevalent communication medium in organizational ethics.

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†*Writing for the Web* by Jakob Nielsen*,* distinguished engineer; PJ Schemenaur, technical editor; and Jonathan Fox, editor-in-chief. www.sun.com.

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Implementing an Organizational Code of Ethics

Code Development

Even in the earliest phases of code development, organizations should consider what roles their codes will play when they move to introduce the code to employees and incorporate it into formal business ethics training. By identifying common and potential training applications for the code, companies can help determine such matters as:

- The manner in which the code ought to be organized,
- The approach the code should take with respect to its language, e.g., values-based, legal-based, etc.,
- Related material to include in the code, e.g., mission statement, corporate structure, corporate policies, etc., and
- What questions and answers to include in the code to illustrate application of the code in "real world" situations.

Dealing with these matters at the beginning of the development process will help ensure that the final product is useful, relevant, and user-friendly to employees. An effective code will transmit standards without obfuscating the key ethical messages the organization is attempting to convey to its employees. The majority of organizations take one of two approaches in developing their codes: either a compliance approach or a values-based approach. Compliance-style codes typically read like legal documents and they convey standards as a laundry list of "Thou Shall Nots." Further, they confuse or frustrate employees who encounter difficulties following the language and who have little, if any, experience with the law or regulation in question.

Values-based codes take a different approach to relate an organization's standards to its employees. These codes are based around the values and the beliefs of the organization. As each core value is imparted, employees are given the standards necessary to support that value. The best values-based codes make concrete connections between values, standards, and the behavior of employees. When employees understand and appreciate the relationship between a specific standard and how that standard reinforces a key value, they are much more apt to respect the standard.

With the compliance approach, a facilitator of an ethics training session might introduce a section on bribery by saying, "Now let's turn to page 17 and look at sections 8.2.3a and 8.2.3b. In part A we will consider the U.S. Foreign Corrupt Practices Act. In part B, we'll take a quick look at French Law no. 2000-595, which was created to support the Organisation for Economic Cooperation and Development's Convention against Bribery of Foreign Public Officials." Following such an introductory statement, few – if any – employees will still be on board with the program.

Most ethics practitioners would agree that an introduction of the above points – one consistent with and conducive to learning and discussion – would be: "Let's take a look at our responsibilities to the community to consider how bribery affects the communities in which we live and work." When we fail to think of our employees – ***all of our employees*** – in preparing a code document, we will most likely end up with an ineffective final product.

Key Points to Consider During Code Development:

- ***Create an interdepartmental, multifunctional, and multiregional (if appropriate) team to assist with the process of developing the code (include management and non-management employees).*** It is vital that the standards within the code be appropriate for all of the employees of an organization.

- ***Solicit input from different departments, functions, and regions to compile a list of common questions and answers to include in the code document.*** Employees are the best resource to consult when it comes to the unique business ethics situations

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that a particular business faces. Soliciting information from multiple sources will also create additional buy in for the code.

- ***Make certain that the headings of the code sections can be easily understood by all employees.***
  Not every employee will understand, for example, what *antitrust* refers to and a great number will not know what it means.

- ***Avoid referencing specific U.S. laws and regulations or those of specific countries, particularly for codes that will be distributed to employees in multiple regions.***
  When employees encounter references to specific laws and regulations (especially those not applicable to their region), they quickly begin to lose interest and many will conclude that the section is not intended for them.

- ***Respect white space in the layout of the code document and ensure that it is visually pleasing to the reader.***
  The packaging and overall "look" of the code should make a statement about the organization and its ethics initiative. Spending some time on the layout and design of the code can help ensure employees will read it from first to last page.

- ***Provide specific directions to translators: how you want the text to read, tones or approaches you wish for them to avoid, etc. After translating the text into other language/language variations, have it reverse translated by a different translator to verify the integrity of the translation.***
  When we work on a code in our own language, we strive to get the text "just right": the proper terms, avoidance of unfavorable expressions, conveying the individual messages in a clear manner without jargon. During the translation process, a translator, even one with experience translating codes, can unknowingly bring to the translation everything you were trying to avoid in your copy, e.g., *call center* becomes *hotline*, *seeking guidance* becomes *reporting*, *manager* becomes *superior*, etc.

- ***Hold regional focus groups on a complete draft version (including graphics and pictures) of the text in local languages, where applicable.***
  - Ask for feedback on the content.
  - Ask for feedback on graphics and pictures. (Occasionally something objectionable to readers in a location will slip through!)

  Preparation, printing, and distribution of a code document is labor-intensive and costly. It is in everyone's best interest to produce an effective code the first time around. By holding focus groups regionally, the organization can verify the strengths and identify the weaknesses of the code to be able to make modifications prior to moving to the production phase. Additionally, employees will have yet another opportunity to provide their input in the process.

- ***Inform employees that they will receive a code document during an introduction session.***
  The code should not merely appear on the desks of employees mysteriously one day. Instead, distribution of the code should be announced to convey the importance of the document. Employees should know when they can expect to receive their copies.

- ***Let all employees know that they will receive future ethics training which will, in part, cover the important information contained in the code document.***
  This will put the code in context for employees, i.e., that the code is part of a larger business ethics initiative the company is spearheading.

Implementing an Organizational Code of Ethics

Rollout of the Code Document

Many companies give insufficient thought as to how they will distribute their code documents to employees. In fact, no thought may be given to this matter until the code has been prepared and printed. The rollout of a code often follows the same pattern of distribution for other corporate materials: either through direct mailing or by "desk drop." Yet, a code, if thoughtfully and well written, is the bread and butter of a business ethics or compliance program. It is, in fact, the cornerstone on which an organization's entire ethics and compliance program may hinge.

> ***Appropriate rollout should include an introduction to the code.***

While many companies will include a letter from a senior executive or an ethics officer in the code, this strategy alone is insufficient to convey the importance of the code document. Appropriate rollout of a code should include a formal introduction of the code to employees. One must bear in mind that no matter how well written and organized the code may be, employees will likely require assistance with understanding the material and they should have an opportunity to ask questions and raise concerns about the content of the code. An introduction of a code document should fulfill several objectives, namely it should:

- Emphasize that the code is a valuable resource to help guide employees in their decision making, when necessary,
- Stress that the code was written for the benefit of employees,
- Highlight that the company is committed to responsible business practices,
- Make employees familiar with the structure of the code,
- Demonstrate the importance of the document to the company's business and to the work of employees,
- Offer employees an opportunity to ask questions about the code or have their concerns addressed by their managers, and
- Reiterate the business ethics resources available to employees.

When Merck & Co., Inc. rolled out its code *Our Values and Standards: The Basis of Our Success* in 1999, it did so in a highly effective manner. Following final approval of the code by senior executives and the board of directors, the office of ethics worked to develop a communications program to introduce all Merck employees throughout the world to the new code document through a modified cascade. Managers either introduced the code to their direct reports or, in some cases, a director or country-level manager assumed responsibility for introducing the code to all the employees within his/her purview. In addition to performing the functions outlined above, the Merck introduction permitted employees to provide feedback on the code document and the overall ethics initiative. The Merck introduction included an evaluation and feedback form, which permitted employees to offer direct input to the company and to the office of ethics regarding what they wanted to see in the formal business ethics training program. The Merck communications meetings on the code document were exceptionally well received by Merck employees around the world.

Merck's approach to introducing its code to its employee population may not be the optimal approach for every organization. Merck's example does, however, underscore an important point with regard to rolling out a code: distribution of a code document requires special handling. The way an organization presents its code to its employee will surely affect how employees feel about the document, their understanding of the company's commitment to ethics, and their perceptions of the office of ethics.

The Role of Codes in Ethics Training

During the introduction process, employees hopefully develop a working knowledge of what the code is and its potential applications to their work environments. What employees do not gain through the introduction, however, is the opportunity to gain practical experience in applying the standards in the code to their daily business. Formal ethics training represents the appropriate forum for employees to gain experience at using the code document as a tool – to truly learn how and why the document is far more than a set of theoretical standards.

In developing formal ethics training, many companies are tempted to give employees a long refresher course on the code of ethics, walking employees through the material chapter by chapter or point by point. Unless the code has been newly created or recently and significantly modified, the formal ethics training does not need to go in depth into the content of the code; the introduction has already provided for this. Depending upon the gap between the employees' introduction to the code and their formal ethics training, some companies might consider quizzing employees by having the facilitator informally ask the group to answer some of the questions that are included in the code document.

When invited to attend formal ethics training, employees should be asked to bring along their copies of the code document, which helps to emphasize the importance of the document itself. In creating formal training, the office of ethics should develop and include interactive exercises that will force employees to use the code and to apply the standards. Two traditional exercises for ethics training are:

Business Ethics Scenario Questions

During formal ethics training, employees should be asked to use the code to assist them in responding to challenging business ethics scenario questions tailored to their functions and regions. Yet, other considerations should be borne in mind when developing these questions. Ideally, business ethics scenario questions should be of two basic types: those the code can answer (directly or indirectly) and those the code cannot answer. In the former type of question, employees will gain practical experience at understanding the ethical issue, understanding the company's standards on that issue, and arriving at the appropriate solution.

With the more challenging questions (those on which the code falls silent), employees will be forced to explore the "gray area," where true ethical dilemmas reside. These more challenging questions will give employees a better understanding of the limitations of the code as a resource, for no code can prepare every employee to handle every ethical situation that might arise in the course of a business day. What the code can do in this situation is to provide the employee with options and a decision-making model. If the code cannot answer the question, then what other corporate resources might the employee consult? Perhaps a manager, the office of ethics, human resources, or the legal department? Employees should understand that the company has developed numerous resources to ensure that when they have questions or concerns, they can get the information they require to make appropriate decisions on behalf of the company.

Case Study and Analysis

Another exercise commonly used in formal ethics training is the case study, which should be relevant to the functions and regions of participants. When creating a case study, writers often fail to give sufficient thought to how the case study can increase use of the code document during training sessions. Case studies present ethical challenges that represent ethics issues: corporate standards provide positions and

Organization Spotlight:

Business Ethics Institute of Malaysia

The Business Ethics Institute of Malaysia (BEIM) was formed in 1997 with the endorsement and support of the Ministry of Domestic Trade and Consumer Affairs of Malaysia. BEIM's mission is to educate, foster, and encourage sustainable ethical business practices.

BEIM's objectives include:
- To foster an ethical marketplace.
- To educate and encourage the public and the private sector in ethical business practices.
- To promote honesty and transparency in business.
- To create public awareness on unethical practices in the marketplace.
- To participate and support national, regional, and international organizations that encourage similar goals.
- To recognise individuals and organizations that champion the cause of good business ethics.

To obtain more information about the programs and activities of the Buisiness Ethics Institute of Malaysia, contact:

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Implementing an Organizational Code of Ethics

guidelines on those issues. Case studies should have direct or indirect relationships to at least some of the standards in the code document. Facilitators should ask employees to read the case study **and** to consult the code on the ethics issues they have gleaned from the case study, e.g., gifts and entertainment, confidential information, etc. Questions the facilitator might pose during the analysis portion of the case-study exercise include:

- What are the issue areas in the case study and does our code provide any insights on them?
- Which issues does the code not deal with directly?
- Can you identify other corporate resources that the characters in the case study should have consulted to help with their decision making?

When creating formal ethics training, companies should look for ways to make that training relevant to the code document to highlight the importance of the code as a practical resource to assist employees.

Conclusion

Publicly traded companies, especially in the United States, have been given incentives and, more recently, have been mandated to develop codes of conduct. Merely writing, printing, and circulating a code document provides no benefit or advantage to a business or to any of its stakeholders. Companies and the business ethics industry must reevaluate our understanding of the code document. Is a code simply a compliance document? Is it just another document that we have to create and have on file to produce for the government or other agencies? Or is the code a valuable and informative document, which forms part of an organization's culture? Companies can ill afford to view their codes as stand-alone documents, which serve to convey legal requirements and human resource issues to employees. Codes are, in fact, a resource – a tool to help guide employees in the work they do for their companies.
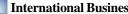
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Guidelines for Developing Nonprofit Codes

By William Miller

Nonprofit organizations thinking of developing codes of conduct will likely find the following guidelines useful to them as they move through the development process. These guidelines have been divided into four stages: planning, drafting, review & approval, and implementation. Application of these guidelines will vary based upon the size and scope of each nonprofit organization.

Planning

1. Form an advisory committee of members who represent a cross section of the functional and multinational (if applicable) make-up of the organization. The advisory committee should not only steer development of the code, but should also provide input. Depending upon the size of the organization and the scope of its operations, the committee could have from 3-15 members.
2. Solicit input from external stakeholders, e.g., foundations and other donors, clients, vendors, etc.
3. Identify all relevant issue areas (standards) that the code should address. The few nonprofit codes identified for this article typically included language on discrimination and the environment but they failed to discuss such key issue areas as gifts and entertainment, bribery and facilitation payments, harassment, use of organizational assets, obligation to contributors, etc.
4. Unify the code around a common theme or set of themes, i.e., the organization's commitment to each of its stakeholders paired with relevant standards.
5. Interject the organization's culture and values into the code. When incorporating organizational culture and values into a code document, one must exercise caution to ensure that the document does not become too "feel good" or just an example of "window dressing." The codes considered for this article were much more akin to expanded mission statements or credos than true code documents.

Drafting

1. Articulate standards in a positive and inspirational manner. Refrain from using idioms or culturally specific references that will pose problems to global acceptance and understanding of the document.
2. Avoid referring to specific regulations or legislation. If the code must relate information about laws or regulations, ensure that all employees will be able to comprehend the information.
3. Ensure that the structure of the code makes it easy for all employees to use.
4. Translate the code for stakeholders in regions where the organization operates.
5. Include questions and answers with the code to heighten employees' understanding of the standards.
6. List internal and external (if applicable) resources that employees can consult for guidance or to disclose issues. Common resources include managers, human resources, financial staff, etc. It should be noted that none of the nonprofit codes identified for this article listed business practices resources.

Review & Approval

1. Request expert feedback on the code from a specialist in organizational ethics, who will be able to help ensure that the code will be relevant, practical, and easily understood.
2. Share the draft code with employees to obtain their feedback. Assess employee comments and incorporate valid concerns before finalizing document.
3. Have the board of directors review and approve the final form of the code document.

Implementation

1. Offer employees an interactive introduction to the code.
2. Provide hands-on training to employees, giving them the opportunity to apply the standards to their work lives and increasing their knowledge of where to go when a problem arises that they, alone, cannot address.

Special Considerations for Small Nonprofits

Whether large or small, nonprofit organizations should develop and implement code documents. However, some nonprofits have limited staff and resources, which they must channel toward supporting their mission and sustaining their principle activities. How, then, can a small organization develop an effective code?

Nonprofits with limited resources might consider creating an enhanced version of their credos to include content that addresses important issue areas and the organization's standards. However, this enhanced credo must contain detailed enough information about the issue areas and the standards for it to be actionable by employees. One easy approach is to consider the organization's stakeholders and the issue areas related to those stakeholders:

Stakeholder:	Issue Areas:
Employees	Fair treatment, discrimination, harassment, etc.
Vendors	Fair treatment, timely payment, etc.
"Clients"	Quality goods and/or services, timely delivery, honest communications, etc.
Donors	Accurate books and records, appropriate use of assets, etc.
Community	Bribery and corruption, involvement in the political process, etc.

An organization's standard relevant to communicating honestly with the people the organization serves might simply be, "We strive to communicate honestly with the people we serve and pledge never to misrepresent ourselves, our organization, or our research." With regard to business ethisc resources, the credo-type code might merely contain a paragraph to let employees know the single person whom they should consult when they have ethical questions and concerns. For very small nonprofits, a member of the board of directors could be asked to serve as a resource.

Once the code has been drafted, it can be introduced to employees during lunch or at a retreat. Employees could be asked to come up with some ethical questions related to their day-to-day activities or those of the organization. Giving employees the opportunity to discuss these questions and to gain some practical experience in applying the standards to real-life issues will do much to incorporate ethics into the smallest of nonprofits.

Global Stakeholder Report 2003

In November 2003, ECC Kohtes Klewes GmbH and Fishburn Hedges published the first worldwide stakeholder survey on non-financial reporting, entitled "Global Stakeholder Report 2003: Shared Values?" Selected key findings from the report include:

- "Human rights" is the single most important issue for stakeholders.
- "Corporate Citizenship" does not convince stakeholders.
- Stakeholders prefer regional reports with a chapter devoted to the parent company.
- Accountability and transparency are the most important functions of non-financial reporting.
- All companies over a certain size should be obliged to report regularly on non-financial issues.

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Global Roundup

Recent activities and efforts in the field of business ethics from around the world.

Europe
- According to a new survey by CSR Europe, Deloitte, and Euronext; social and environmental performance will play significant roles in mainstream investment decisions within the next three years. *(www.csreurope.org)*

- The European Commission approved a draft law that would ban gender discrimination in matters of insurance and banking, putting the financial sector on notice that longstanding practices may soon change. Insurance firms have set premiums based on a person's gender and banks often set tougher terms, require more collateral, or deny services altogether for female applicants seeking loans or mortgages, according to the BBC. The proposal, which will be debated next year by EU ministers, is expected to pass in 2005. *(www.globalethics.org)*

Hungary

In October 2003, the Central European Institute for Leadership and Ethics founded a business ethics organization based in Budapest. The goal of this organization is to inculcate corporate responsibility and values-based leadership within enterprises throughout Central Europe. *(www.csrwire.com)*

Malaysia

In October 2003, the Hon. Dato Seri Dr. Mahathir Bin Mohamad, Prime Minister of Malaysia, spoke of the importance of and interplay between business ethics and Muslim values at a business forum sponsored by the Organization of the Islamic Conference. *(www.oicsummit2003.org.my)*

Netherlands

Chaired by Morris Tabaksblat, former CEO of Unilever, the Corporate Governance Committee set up by the Dutch Ministers of Finance and Economics Affairs has completed work on a new corporate governance code for Dutch companies in an effort "to restore trust and confidence in the honesty, integrity and transparency of the conduct of business." *(www.corpgov.nl)*

Philippines

President Gloria Macapagal-Arroyo is seeking to implement a new policy that will actively promote sustainable mining in the Philippines. *(www.csreurope.org)*

United States
- In December, Catalyst published its 2003 Census of Women Board Directors of the Fortune 500. According to the census, the position of women on the boards of Fortune 500 companies has scarcely improved since 2001. *(www.catalystwomen.org)*

- Nurses top The Gallup Organization's annual survey on the honesty and ethics of various professions, followed by other medical professionals like doctors, veterinarians, pharmacists, and dentists. Car salesmen, health maintenance organization (HMO) managers, insurance salesmen, and advertising practitioners were perceived as the least honest and ethical. *(Gallup News Service)*

- The Ad Hoc Advisory Group on the Organizational Sentencing Guidelines issued a report to the United States Sentencing Commission reviewing the effectiveness of the organizational guidelines and recommending suggestions for their improvement. The proposed amendments include requirements for compliance training at all levels of the organization and anonymous reporting mechanisms for potential violations of law. The report and proposed amendments are available on the Internet site of the U.S. Sentencing Commission. *(www.ussc.gov)*

Worldwide

Transparency International recently released its Corruption Perceptions Index. Findings revealed that 9 out of 10 developing countries need immediate assistance in fighting corruption. Some of the most corrupt countries included Bangladesh, Haiti, Azerbaijan, Kenya, and Indonesia; some of the least corrupt countries included Finland, Denmark, and Singapore. *(www.transparency.org)*

Institute News
New Additions to the Institute

Laura Kriv to Head New Institute Development Program

The International Business Ethics Institute is expanding its public education outreach and has launched its first-ever comprehensive development program to support the expansion. Since its founding ten years ago, the Institute has primarily raised funds through its professional services work. With the establishment of a formal development program, the Institute will be able to conduct in-depth research into major global business ethics issues, as well as launch new programs to increase public awareness and dialogue on international business ethics issues.

In August 2003, the Institute welcomed Laura Kriv as its Chief Development Officer. Ms. Kriv will devise and implement long-term fundraising strategies to support the ongoing educational programs of the Institute and to facilitate expansion of the Institute's outreach activities. "I am thrilled to be joining the Institute at this critical and opportune time in its history," said Ms. Kriv. "After ten successful years, the Institute is in a very strong position to build upon its reputation for excellence in professional services by expanding the scope of its public education work."

Ms. Kriv has more than fifteen years experience in the nonprofit sector. Prior to joining the Institute, she worked as an independent consultant, assisting nonprofit organizations and foundations. Along with her expertise in fundraising and development, she brings to the Institute a wealth of knowledge in program management, grassroots organizing,

Roland Riebl Joins Institute as Program Associate

Mr. Roland Riebl has joined the Institute as a Program Associate. In this position, he will provide assistance to the two key program areas of the International Business Ethics Institute: Public Education and Institutional Programs. Mr. Riebl's responsibilities include overseeing the Institute's Internship Program, organizing the International Roundtable Discussion Series on Business Ethics, and assisting with the *International Business Ethics Review* and Institute research projects.

A German citizen with a multicultural background, Mr. Riebl has lived in Germany, Sri Lanka, the United Kingdom, and the United States. He speaks English and German fluently and has a working knowledge of French. Mr. Riebl has worked extensively with such business ethics scholars as Professors George Brenkert and John Kline on research projects focusing on human rights standards, corporate social responsibility, bribery, and genetically modified foods.

In the spring of 2003, Mr. Riebl served as a Research Associate in the Institute's internship program. When asked about his desire to join the Institute, Mr. Riebl stated, "During the time I spent at Georgetown University, I developed a strong personal interest in business ethics and even structured my degree to couple my business administration degree with a heavy dose of philosophy courses. I believe that ethical prerogatives should be one of the prime drivers of international business and feel that the Institute's mission will allow me to affect meaningful change in this regard.

James B. Wigle Fellowship Awarded

The International Business Ethics Institute named Ms. Nadia Samadani as the Wigle Fellowship for the 2003-2004 academic year. The Wigle Fellowship is a paid internship open to graduate students with active interests in the fields of business ethics and corporate social responsibility. Ms. Samadani, the Institute's inaugural fellow, is currently pursuing a Masters of Arts degree in Communication, Culture, and Technology from Georgetown University. Her studies focus on international affairs and diplomacy. When asked why she was drawn to the Wigle Fellowship, Ms. Samadani stated, "I firmly believe that corporations can play a beneficial role in improving the health and welfare of society. During my tenure as Wigle fellow, I hope to have ample opportunity to research and identify possible non-economic incentives to encourage increased attention to corporate social responsibility."

Ms. Samadani received her B.A. in Biology and Psychology from Tufts University in Boston. Upon completion of her master's degree, she hopes to pursue a career in ethics and compliance for a major international organization. Ms. Samadani is fluent in English, Italian, and Urdu and she has a working knowledge of Arabic and Spanish.

Institute Internship Program

As part of its initiative to educate the public on matters related to corporate and social responsibility, the Institute regularly sponsors interns. Institute interns for the fall semester 2003 were:

Nathaniel Hatcher

Mr. Nathaniel Hatcher is currently a graduate student at American University, where he is working toward an M.A. in International Politics with a special focus on International Political Economy. He earned a double major in English and Political Science as an undergraduate at East Tennessee State University. Through his internship with the Institute, Mr. Hatcher hoped to gain a better understanding of the negative effects of corruption, particularly on the economic performance of emerging economies. He worked on a number of substantive projects for the Institute, chief of which was the Institute's study on the status and use of code documents globally. Following his internship with the Institute, Mr. Hatcher will begin an internship with the Bureau of Political-Military Affairs at the State Department. Upon graduating in May 2004, he would like to pursue a governmental career in Political Affairs.

Thomas De Stefano

Mr. Thomas De Stefano was a graduate student in the School of International Service at American University, where he pursued a degree in Comparative Regional Studies. He earned his B.A. in International Relations from American University. While serving as a Research Associate at the Institute, Mr. De Stefano helped to develop a comprehensive, region-based guide of organizations that advise corporations on creating and implementing ethics programs. Upon graduation in December 2003, Mr. De Stefano plans to begin a career in public service or business consulting. One of his ultimate career goals is to act as a liaison for both public and private-sector entities that wish to operate either politically or economically in mainland China.

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