

# NOTES

## CHAPTER I NOTES

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<sup>1</sup> Peter F. Drucker, “The Delusion of ‘Profits’: A Company That Loses Money Is Socially Irresponsible,” *OpinionJournal* (June 2, 2003), available at <<http://www.opinionjournal.com/extra/?id=110003570>>, accessed June 2, 2003.

<sup>2</sup> See, for example, Richard R. Ellsworth, *Leading with Purpose: The New Corporate Realities* (Stanford, Calif.: Stanford University Press, 2002), and James C. Collins and Jerry I. Porras, *Built to Last: Successful Habits of Visionary Companies* (New York: HarperBusiness, 2002).

<sup>3</sup> Ellsworth, *Leading with Purpose*, p. 122.

<sup>4</sup> The four levels of identity are developed in more detail in Chapter 3.

<sup>5</sup> See, for example, SustainAbility, *Developing Value*, available at <<http://www.sustainability.com/developing-value/contents.asp>>, accessed June 4, 2003.

<sup>6</sup> Maria Livanos Cattai, “Responsible Business Conduct in a Global Economy,” available at <[http://www.iccwbo.org/home/global\\_compact/business\\_conduct.asp](http://www.iccwbo.org/home/global_compact/business_conduct.asp)>, accessed May 23, 2003.

<sup>7</sup> See, for example, Muhammad Musleh-Ud-Din, *Economics and Islam*, 2nd ed. (Lahore, Pakistan: Islamic Publications, 1980).

<sup>8</sup> See, for example, Bodo B. Schlegelmilch and Diana G. Robertson, “The Influence of Country and Industry on Ethical Perceptions of Senior Executives in the U.S. and Europe,” *Journal of International Business Studies* 26, no. 4 (1995), available at <<http://www.questia.com>>, accessed June 7, 2003.

<sup>9</sup> For a discussion of *riba*, “excess over the principal,” and *mudaraba*, a type of agency relationship, see Musleh-Ud-Din, *Economics and Islam*, pp. 66–69.

<sup>10</sup> Cattai, “Responsible Business Conduct.”

<sup>11</sup> There are many definitions of the SME, especially the small enterprise. The World Bank definition of a *small enterprise* is fewer than 300 employees, whereas the U.S. Small Business Administration sets the limit at 500 employees. Uzbekistan, on the other hand, defines the *micro-firm* (up to 10 employees in manufacturing and 5 in others); the *small enterprise* (not exceeding 40 in industry or 20 in construction, agriculture, and other manufacturing and not exceeding 10 in all others); and the *medium enterprise* (fewer than 100 in industry and fewer for other sectors). See International Finance Corporation, *Business Environment in Uzbekistan* (Washington, D.C.: International Finance Corporation, 2002), p. 15, available at <[http://www1.ifc.org/pep/files/pdf/Uzbek\\_SME\\_survey\\_eng.pdf](http://www1.ifc.org/pep/files/pdf/Uzbek_SME_survey_eng.pdf)>, accessed May 23, 2003.

<sup>12</sup> See, for example, Judith Kenner Thompson and Howard L. Smith, “Social Responsibility and Small Business: Suggestions for Research,” *Journal of Small Business Management* 29, no. 1 (1991), available at <<http://www.questia.com>>, accessed June 6, 2003.

<sup>13</sup> *Ibid.*, p. 23.

<sup>14</sup> Hubbards Foods Ltd., “CEO’s Statement,” Triple Bottom Line Report: Financial Web page, available at <[http://www.hubbards.co.nz/triple\\_bottom\\_line/triple\\_financial.html](http://www.hubbards.co.nz/triple_bottom_line/triple_financial.html)>, accessed July 9, 2003.

<sup>15</sup> See Saul Estrin, "Competition and Corporate Governance in Transition," William Davidson Institute Working Paper Series 431 (William Davidson Institute, 2001), available at <<http://eres.bus.umich.edu/docs/workpap-dav/wp431.pdf>>, accessed May 23, 2003.

<sup>16</sup> The legacy of central planning was not identical in each country. It depended on (a) the extent and effectiveness of planning, (b) the openness of markets, and (c) the institutions and legal traditions. See Estrin, "Competition and Corporate Governance in Transition," pp. 5–7.

<sup>17</sup> Mark K. Dietrich, *Legal and Judicial Reform in Central Europe and the Former Soviet Union: Voices from Five Countries* (Washington, D.C.: World Bank, 2000), available at <[http://www4.worldbank.org/legal/publications/LJR\\_ECA.pdf](http://www4.worldbank.org/legal/publications/LJR_ECA.pdf)>, accessed May 23, 2003.

<sup>18</sup> Steven J. Norton and Lynda L. Maillet, "Mistakes Were Made: The 'Tabula Rasa Syndrome' and Russian Reform," reprint from *East-West Letter* 7 (September 1998), available at <<http://www.okno.com/ewltr/archive/vol7/ru-trsyn.pdf>>, accessed May 23, 2003.

<sup>19</sup> See, for example, Estrin, "Competition and Corporate Governance in Transition," Table 3: Cost of Entry.

<sup>20</sup> *Ibid.*, p. 19. According to a survey cited by the author, latent entrepreneurship is highest in Poland (80 percent) compared with the United States (70.8 percent), Germany (64 percent), the United Kingdom (45 percent), the Czech Republic (36.8 percent), Russia (33.2 percent), and Norway (26.9 percent).

<sup>21</sup> Ellsworth, *Leading with Purpose*, p. 110.

<sup>22</sup> World Bank, *Anticorruption in Transition: A Contribution to the Policy Debate* (Washington, D.C.: World Bank, 2000), pp. xv–xvi, and Joel Hellman and Daniel Kaufmann, "Confronting the Challenge of State Capture in Transition Economies," *Finance & Development* (September 2001), p. 31.

<sup>23</sup> Dietrich, *Legal and Judicial Reform*, p. 18.

<sup>24</sup> See, for example, *ibid.*

<sup>25</sup> *Ibid.*, p. 21.

<sup>26</sup> U.S. Department of Commerce, *Handbook on Commercial Dispute Resolution in the Russian Federation* (Washington, D.C.: U.S. Department of Commerce, 2000), p. 1.

<sup>27</sup> See, for example, Estrin, "Competition and Corporate Governance in Transition," p. 4.

<sup>28</sup> World Bank, *Anticorruption in Transition*, p. xvii.

<sup>29</sup> *Ibid.*, p. 9.

<sup>30</sup> Ludwig von Mises, *Human Action: A Treatise on Economics*, 3rd rev. ed. (Chicago: Contemporary Books, 1963), pp. 257–59.

<sup>31</sup> Arthur Seldon, *Capitalism* (London: Basil Blackwell, 1990), p. 107.

<sup>32</sup> See discussion in Estrin, "Competition and Corporate Governance in Transition," pp. 16–17; Michael Camdessus, "Challenges Facing the Transition Economies of Central Asia," available at <<http://www.imf.org/external/np/speeches/1998/052798.htm>>, accessed May 23, 2003; and Carana Corporation, *The Environment for Business in Tajikistan—A Disincentive to Private Sector Growth and Investment* (Arlington, Va., March 2001).

<sup>33</sup> World Bank, *Anticorruption in Transition*, p. 25.

<sup>34</sup> See also Ellsworth, *Leading with Purpose*, pp. 30–34.

<sup>35</sup> Estrin, “Competition and Corporate Governance in Transition,” p. 1.

<sup>36</sup> Stanley Kober, “The Purpose of NGOs,” available at <<http://www.civnet.org/journal/issue6/ftskober.htm>>, accessed May 23, 2003.

<sup>37</sup> F. Neil Brady, *Ethical Managing: Rules and Results* (New York and London: Macmillan, 1990), pp. 2–3.

## CHAPTER 2 NOTES

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<sup>1</sup> There are too many variables in business for researchers to find conclusively that being a responsible business, as we have defined it, leads an enterprise to become more profitable. However, Paine has made a comprehensive survey of studies exploring various aspects of business ethics and business performance. See Lynn Sharp Paine, *Value Shift: Why Companies Must Merge Social and Financial Imperatives to Achieve Superior Performance* (New York: McGraw-Hill, 2003), Chapters 2 and 3.

<sup>2</sup> See, for example, Anita Roddick, “A Third Way for Business, Too,” *New Statesman* (April 3, 1998), available at <<http://www.questia.com>>, accessed June 6, 2003.

<sup>3</sup> Paine, *Value Shift*, p. 8, citing Association of Certified Fraud Examiners, “Report to the Nation on Occupational Fraud and Abuse 1996,” available at <<http://www.cfenet.com/media/2002Rttn>>, accessed May 23, 2003. See also Joseph T. Wells, “Protect Small Business: Small Companies without Adequate Internal Controls Need CPAs to Help Them Minimize Fraud Risk,” *Journal of Accountancy* 195, no. 3 (2003), available at <<http://www.questia.com>>, accessed June 2003.

<sup>4</sup> Paine, *Value Shift*, p. 36. Paine also notes the activity of customers as recorded by the Millennium Poll. See pp. 110–11.

<sup>5</sup> Gap Inc., “Our Vendor Code of Conduct,” available at <[http://www.gapinc.com/social\\_resp/sourcing/vendor\\_code.htm](http://www.gapinc.com/social_resp/sourcing/vendor_code.htm)>, accessed May 23, 2003.

<sup>6</sup> Linda K. Treviño, et al., “Managing Ethics and Legal Compliance: What Works and What Hurts,” *California Management Review* 41 (Winter 1999): 131–51, at pp. 142–43.

<sup>7</sup> Joshua Joseph, *National Business Ethics Survey 2000* (Washington, D.C.: Ethics Resource Center, 2000), pp. 42–44.

<sup>8</sup> These levels of social identity are adapted from Kenneth W. Johnson, “Ethical Complexity or Ethical Chaos? A Prescription for Integrating Applied Ethics,” *Ethical Management* 7 (August 1997): 1, 3–4. Available at <[http://www.Ethics-Policy.net/Integrating\\_Applied\\_Ethics.html](http://www.Ethics-Policy.net/Integrating_Applied_Ethics.html)>, accessed May 23, 2003.

<sup>9</sup> Susan A. Aaronson and James T. Reeves, *Corporate Responsibility in the Global Village: The Role of Public Policy* (Washington, D.C.: National Policy Association, 2002), p. 2.

<sup>10</sup> Komatsu Ltd., “Komatsu Code of Worldwide Business Conduct,” available at <<http://www.komatsu.co.jp/en/CompanyInfo/profile/conduct>>, accessed May 23, 2003.

<sup>11</sup> See, for example, Muhammad Musleh-Ud-Din, *Economics and Islam*, 2nd ed. (Lahore, Pakistan: Islamic Publications, 1980), pp. 77–79.

<sup>12</sup> Stephen S. Cohen and Gary Fields, “Social Capital and Capital Gains in Silicon Valley,” *California Management Review* 41 (Winter 1999): 108–130.

- <sup>13</sup> Sociologist James Coleman as quoted in Francis Fukuyama, *Trust: The Social Virtues and the Creation of Prosperity* (New York: Free Press, 1995), p. 10. See also Robert D. Putnam, "The Prosperous Community: Social Capital and Public Life," *American Prospect* 13 (Spring 1993): 37–38.
- <sup>14</sup> Fukuyama, *Trust*, p. 31.
- <sup>15</sup> Paine, *Value Shift*, pp. 42–43.
- <sup>16</sup> Ludwig von Mises, *Human Action: A Treatise on Economics*, 3rd rev. ed. (Chicago: Contemporary Books, 1963), p. 165; Paine, *Value Shift*, p. 79 ("a trusting community is a thief's paradise").
- <sup>17</sup> *Enterprise*, as used in this guide, means both a legal entity (such as an enterprise, company, firm, or organization) and an individual or small entrepreneur.
- <sup>18</sup> Caux Round Table, *Principles for Business*, available at <<http://www.caux.org>>, accessed May 23, 2003.
- <sup>19</sup> International Chamber of Commerce, Web site available at <<http://www.iccwbo.org>>, accessed May 23, 2003.
- <sup>20</sup> Coalition for Environmentally Responsible Economies, "CERES Principles," available at <<http://www.ceres.org>>, accessed May 23, 2003.
- <sup>21</sup> International Electrical and Electronic Engineers, "Code of Ethics," available at <[http://www.ieee.org/portal/index.jsp?pageID=corp\\_level1&path=about/whatis&file=code.xml&xsl=generic.xsl](http://www.ieee.org/portal/index.jsp?pageID=corp_level1&path=about/whatis&file=code.xml&xsl=generic.xsl)>, accessed May 23, 2003.
- <sup>22</sup> International Electrical and Electronic Engineers, "Software Engineering Code of Ethics and Professional Practice," available at <<http://computer.org/certification/ethics.htm>>, accessed May 23, 2003.
- <sup>23</sup> *An Interfaith Declaration: A Code of Ethics on International Business for Christians, Muslims, and Jews*, available at <[http://astro.ocis.temple.edu/~dialogue/Codes/cmj\\_codes.htm](http://astro.ocis.temple.edu/~dialogue/Codes/cmj_codes.htm)>, accessed May 23, 2003.
- <sup>24</sup> Task Force on Churches and Corporate Responsibility, "Principles for Global Corporate Responsibility: Benchmarks for Measuring Business Performance," available at <<http://www.web.net/~tccr/benchmarks/index.html>>, accessed June 7, 2003.
- <sup>25</sup> Global Reporting Initiative, *Sustainability Reporting Guidelines*, available at <<http://www.globalreporting.org>>, accessed May 23, 2003.
- <sup>26</sup> Social Accountability International, Web site available at <<http://www.cepaa.org>>, accessed May 23, 2003.
- <sup>27</sup> "Global Sullivan Principles," available at <<http://www.globalsullivanprinciples.org/>>, accessed May 23, 2003.
- <sup>28</sup> International Corporate Governance Network, Web site available at <<http://www.icgn.org/>>, accessed May 23, 2003.
- <sup>29</sup> Institute of Directors in Southern Africa, Web site available at <<http://www.iodsa.co.za>>, accessed May 23, 2003.
- <sup>30</sup> Institute of Social and Ethical AccountAbility, Web site available at <<http://www.AccountAbility.org.uk>>, accessed May 23, 2003.
- <sup>31</sup> International Labor Organization, Web site available at <<http://www.ilo.org/>>, accessed May 23, 2003.

<sup>32</sup> For more detail, see Kathryn Gordon, *The OECD Guidelines and Other Corporate Responsibility Instruments: A Comparison*, available at <<http://www.oecd.org>>, accessed May 23, 2003, and David Grayson and Adrian Hodges, *Everybody's Business: Management Risks and Opportunities in Today's Global Society* (London and New York: DK Publishing, 2002), p. 294. A table of global corporate responsibility standards maintained by the Ethics & Policy Integration Centre for the Ethics Officer Association is updated periodically and available at <<http://www.Ethics-Policy.net/global/index.html/>>.

<sup>33</sup> Table 2.2 is provided courtesy of Kenneth W. Johnson. For more information and similar table, see <[http://www.Ethics-Policy.net/SGO\\_questions.html](http://www.Ethics-Policy.net/SGO_questions.html)>, accessed May 23, 2003.

## CHAPTER 3 NOTES

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<sup>1</sup> There appears to be a significant cultural component to setting business goals and objectives as well as to making ethical decisions. See, for example, Geert Hofstede and others, "What Goals Do Business Leaders Pursue? A Study in Fifteen Countries," *Journal of International Business Studies* 33, no. 4 (2002), available at <<http://www.questia.com>>, accessed June 6, 2003.

<sup>2</sup> See, for example, Judith Kenner Thompson and Howard L. Smith, "Social Responsibility and Small Business: Suggestions for Research," *Journal of Small Business Management* 29, no. 1 (1991), available at <<http://www.questia.com>>, accessed June 6, 2003. Thompson and Smith examined the relatively little research into SME social responsibility.

<sup>3</sup> The RBE Worksheets are provided courtesy of Kenneth W. Johnson, Ethics & Policy Integration Centre.

<sup>4</sup> Linda K. Treviño, et al., "Managing Ethics and Legal Compliance: What Works and What Hurts," *California Management Review* 41 (Winter 1999): 131–51 at p. 131.

<sup>5</sup> *Ibid.*, pp. 141 (consistency) and 143–44 (reward systems).

<sup>6</sup> *Ibid.*, p. 139.

<sup>7</sup> See, for example, Diana E. Murphy, "The Federal Sentencing Guidelines for Organizations: A Decade of Promoting Compliance and Ethics," 87 *Iowa Law Review* 697 (2002), available at <<http://www.uscc.gov/corp/Murphy1.pdf>>, accessed May 23, 2003.

<sup>8</sup> Treviño, et al., "Managing Ethics and Legal Compliance," pp. 135–38.

<sup>9</sup> *Ibid.*, p. 139.

<sup>10</sup> The U.S. Department of Justice specifically considers whether a corporation has a corporate compliance program. In a memorandum dated Jan. 20, 2003, the department directs its prosecutors to ask two questions: (a) "Is the corporation's compliance program well designed?" and (b) "Does the corporation's compliance program work?" Although the department has no formal guidelines for corporate compliance, it specifically refers to the "Guideline for Sentencing Organizations" of the United States Federal Sentencing Guidelines, *Guidelines Manual*, §8A1.2, Commentary (n.3[k]) (November 1997). See also United States Sentencing Commission §8C2.5(f).

<sup>11</sup> Lori Tansey, "Corporate Compliance Programs: International Implications," *Corporate Conduct Quarterly* 4, no. 2 (1995). Cited in Dove Izraeli and Mark S. Schwartz, "What Can We Learn from the U.S. Federal Sentencing Guidelines for Organizational Ethics," available at <<http://www.itcilo.it/English/acttrav/telearn/global/ilo/code/whatcan.htm>>, accessed May 23, 2003.

- <sup>12</sup> See, for example, Murphy, “The Federal Sentencing Guidelines for Organizations.”
- <sup>13</sup> The enterprise must also voluntarily disclose any violations to the appropriate agency. Cooperation is encouraged, but not required. The FSGO have other, more specific requirements, but these have come to define what it means to have an effective program.
- <sup>14</sup> Australia Criminal Code (Criminal Code Bill 1994, Part 2.5, Division 12, Section 12.3[2] [c and d]). Australia has also established the AS 3086 Compliance Standard.
- <sup>15</sup> Dawn-Marie Driscoll and W. Michael Hoffman, *Ethics Matter: How to Implement Values-Driven Management* (Waltham, Mass.: Center for Business Ethics, 2000).
- <sup>16</sup> Linda K. Treviño and Katherine A. Nelson, *Managing Business Ethics: Straight Talk about How to Do It*, 2nd ed. (New York: John Wiley & Sons, 1999), pp. 33–35, 144–45.
- <sup>17</sup> See, for example, five recent works: Lynn Sharp Paine, *Value Shift: Why Companies Must Merge Social and Financial Imperatives to Achieve Superior Performance* (New York: McGraw-Hill, 2003); Sandra Waddock, *Leading Corporate Citizens: Vision, Values, Value Added* (Boston: McGraw-Hill, 2002); Simon Zadek, *The Civil Corporation: The New Economy of Corporate Citizenship* (London and Sterling, Va.: Earthscan, 2001); David Grayson and Adrian Hodges, *Everybody's Business: Management Risks and Opportunities in Today's Global Society* (London and New York: DK Publishing, 2002); and Malcolm McIntosh, et al., *Corporate Citizenship: Successful Strategies for Responsible Companies* (London: Financial Times Management, 1998).
- <sup>18</sup> John Carver with Caroline Oliver, *Corporate Boards That Create Value: Governing Company Performance from the Boardroom* (San Francisco: Jossey-Bass, 2002), pp. xxi–xxii.
- <sup>19</sup> Frances Hesselbein, “When the Roll Is Called in 2010,” in *On Creativity, Innovation, and Renewal*, edited by Frances Hesselbein and Rob Johnson (San Francisco: Jossey-Bass, 2002), p. 2; James C. Collins and Jerry I. Porras, *Built to Last: Successful Habits of Visionary Companies* (New York: HarperBusiness, 2002); and James C. Collins, *Good to Great: Why Some Companies Make the Leap . . . and Others Don't* (New York: HarperBusiness, 2001).
- <sup>20</sup> David L. Bradford and Allan R. Cohen, *Power Up: Transforming Organizations through Shared Leadership* (New York: John Wiley & Sons, 1998), quoted in Janet Zich, “Ideas: We're All in This Together,” available at <<http://www.gsb.stanford.edu/community/bmag/sbsm9809/ideas.html>>, accessed May 23, 2003.
- <sup>21</sup> Archie B. Carroll and Ann K. Buchholtz, *Business & Society: Ethics and Stakeholder Management*, 4th ed. (Cincinnati, Ohio: South-Western, 2000).
- <sup>22</sup> Robert C. Solomon, *A Better Way to Think About Business: How Personal Integrity Leads to Corporate Success* (New York and Oxford, England: Oxford University Press, 1999), p. 46. See also R. Edward Freeman, *Strategic Management: A Stakeholder Approach* (New York: Basic Books, 1984), and Brian K. Burton and Craig P. Dunn, “Feminist Ethics as Moral Grounding for Stakeholder Theory,” *Business Ethics Quarterly* (April 1996): 133–47.
- <sup>23</sup> This approach to business ethics program design and implementation is an application of three of the better works in the field: David A. Nadler, *Champions of Change: How CEOs and Their Companies Are Mastering the Skills of Radical Change* (San Francisco: Jossey-Bass, 1998). Nadler's work is a very good guide to the theory of organizational change from a systems perspective. Tony Grundy, *Implementing Strategic Change* (London: KoganPage, 1993), which is a very good practical guide to organizational change. And, Robert W. Jacobs, *Real Time Strategic Change: How to Involve an Entire Organization in Fast and Far-Reaching Change* (San Francisco: Berrett-Koehler, 1994) suggests a process for involving an entire organization in strategic change.

## CHAPTER 4 NOTES

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<sup>1</sup> Joshua Joseph, “Integrating Business Ethics Programs: A Study of Ethics Officers in Leading Organizations,” *Business and Society Review* (Fall 2002): 309–47, at p. 310.

<sup>2</sup> *Ibid.*, pp. 310–11.

<sup>3</sup> Geert Hofstede, *Cultures and Organizations: Intercultural Cooperation and Its Importance for Survival* (New York: McGraw-Hill, 1997), p. 3.

<sup>4</sup> Kenneth W. Johnson, “The Role of Culture in Achieving Organizational Integrity, and Managing Conflicts between Cultures,” available at <[http://www.Ethics-Policy.net/quest\\_5.html](http://www.Ethics-Policy.net/quest_5.html)>, accessed May 27, 2003.

<sup>5</sup> This list is based on the experience of the principal author. Certain of the items are more fully discussed in Linda K. Treviño, et al., “Managing Ethics and Legal Compliance: What Works and What Hurts,” *California Management Review* 41 (Winter 1999): 131–51, at pp. 141–51; and Joshua Joseph, *National Business Ethics Survey 2003* (Washington, D.C.: Ethics Resource Center, 2003).

<sup>6</sup> These program outcomes are based on the experience of the principal author and are an adaptation and extension of those used in Treviño, et al., “Managing Ethics and Legal Compliance,” and Joseph, *National Business Ethics Survey 2003*.

<sup>7</sup> Joseph, *National Business Ethics Survey 2003*, pp. 27–28.

<sup>8</sup> A plan of action and milestones integrates these into specific steps and includes the *when* element.

<sup>9</sup> This discussion of program logic models is adapted from University of Missouri Extension and Outreach, “Program Planning and Development—Program Logic Model,” available at <<http://outreach.missouri.edu/staff/programdev/plm>>, accessed May 23, 2003.

<sup>10</sup> Bong-Ahn Yoo, “Korea’s Police Anti-Corruption Plan,” in *Progress in the Fight against Corruption in Asia and the Pacific* (Manila: Asian Development Bank, 2001), pp. 93–96.

<sup>11</sup> See, for example, Chris Robertson and Paul A. Fadil, “Developing Corporate Codes of Ethics in Multinational Firms: Bhopal Revisited,” *Journal of Managerial Issues* 10, no. 4 (1998): 454, available at <<http://www.questia.com>>, accessed June 6, 2003.

<sup>12</sup> See, for example, Miroslav Prokopijević, editor, *Two Years of Reform in Serbia: A Wasted Opportunity* (Belgrade: Free Market Center Team, 2002), p. 8, available at <<http://www.fmc.org.yu/studies/en/atlas-eng.pdf>>, accessed May 23, 2003.

<sup>13</sup> Zygmunt J. B. Plater, Robert H. Abrams, and William Goldfarb, *Environmental Law and Policy: Nature, Law, and Society* (St. Paul, Minn.: West Publishing, 1992).

<sup>14</sup> Hofstede, *Cultures and Organizations*, pp. 13–14, 164–65. See also Christopher J. Robertson and James J. Hoffman, “How Different Are We? An Investigation of Confucian Values in the United States,” *Journal of Managerial Issues* 12, no. 1 (2000): 34, available at <<http://www.questia.com>>, accessed June 7, 2003.

<sup>15</sup> See, for example, Richard D. Lewis, *When Cultures Collide: Managing Successfully across Cultures* (London: Nicholas Brealy, 1996).

<sup>16</sup> This table is updated periodically and is available at <[http://www.Ethics-Policy.net/SGO\\_questions.html](http://www.Ethics-Policy.net/SGO_questions.html)>, accessed May 23, 2003.

<sup>17</sup> See, for example, James C. Collins and Jerry I. Porras, *Built to Last: Successful Habits of Visionary Companies* (New York: HarperBusiness, 2002), pp. 46–79.

**CHAPTER 5 NOTES**

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- <sup>1</sup> This question is developed in detail in Chapters 2 and 4.
- <sup>2</sup> See, for example, the worksheets in Chapter 4.
- <sup>3</sup> See, for example, “Nucor’s Management Philosophy,” available at <<http://www.nucor-fastener.com/nucor.html>>, accessed June 5, 2003.
- <sup>4</sup> See also Dawn-Marine Driscoll and W. Michael Hoffman, *Ethics Matters: How to Implement Values-Driven Management* (Waltham, Mass.: Center for Business Ethics, 2000), p. 78.
- <sup>5</sup> John Carver with Caroline Oliver, *Corporate Boards That Create Value: Governing Company Performance from the Boardroom* (San Francisco: Jossey-Bass, 2002), p. 22. Referred to here as *responsible governance*, the approach ensures that all operating policies, decisions, and actions set, made, and taken by employees of the enterprise are consistent with the enterprise’s core beliefs. See also Lynn Sharp Paine, *Value Shift: Why Companies Must Merge Social and Financial Imperatives to Achieve Superior Performance* (New York: McGraw-Hill, 2003), p. 142.
- <sup>6</sup> Carver with Oliver, *Corporate Boards That Create Value*, p. 23 (Exhibit 2.2).
- <sup>7</sup> The policy statements in Boxes 5.1 through 5.4 are provided courtesy of John Carver and Caroline Oliver. These statements are set forth in more detail in Carver with Oliver, *Corporate Boards That Create Value*, pp. 40–41 (Exhibit 3.2).
- <sup>8</sup> Courtesy of John Carver and Caroline Oliver. See Carver with Oliver, *Corporate Boards That Create Value*, p. 53, extract from Exhibit 4.1, Board-Management Delegation Policy, “Delegation to the CEO.”
- <sup>9</sup> *Ibid.*, p. 63.
- <sup>10</sup> *Ibid.*
- <sup>11</sup> *Ibid.*
- <sup>12</sup> *Ibid.*, pp. 74–75.
- <sup>13</sup> *Ibid.*, pp. 61–62.
- <sup>14</sup> *Ibid.*, pp. 66–67.
- <sup>15</sup> *Ibid.*, p. 67.
- <sup>16</sup> See, for example, Chris Robertson and Paul A. Fadil, “Developing Corporate Codes of Ethics in Multinational Firms: Bhopal Revisited,” *Journal of Managerial Issues* 10, no. 4 (1998): 454, available at <<http://www.questia.com>>, accessed June 6, 2003.
- <sup>17</sup> James C. Collins and Jerry I. Porras, *Built to Last: Successful Habits of Visionary Companies* (New York: HarperBusiness, 2002), pp. 219–39.
- <sup>18</sup> *Ibid.*, p. 234.
- <sup>19</sup> *Ibid.*, pp. 226–27.
- <sup>20</sup> *Ibid.*, Chapter 11.
- <sup>21</sup> “Guided by Values,” available at <[http://www.novonordisk.com/sustainability/sustainability\\_strategy/guided\\_by\\_values.asp](http://www.novonordisk.com/sustainability/sustainability_strategy/guided_by_values.asp)>, accessed June 7, 2003.
- <sup>22</sup> Collins and Porras, *Built to Last*, p. 237.



<sup>23</sup> The term *code of conduct* refers to written guidance to employees and agents that sets forth the standards they are to meet in making decisions and in acting on behalf of the enterprise with regard to the enterprise's core beliefs, commitments to stakeholders, and specific compliance requirements. Such guidance may be described by terms such as *standards of conduct*, *code of ethics*, *corporate credo*, or *code of business conduct*.

<sup>24</sup> Royal Dutch/Shell, "Statement of General Business Principles," available at <<http://www.shell.ca/code/values/commitments/principles.html>>, accessed May 23, 2003. These principles are augmented by "management primers" that "offer background on key commitments made in the [principles] and guidance on how to apply them."

<sup>25</sup> U.N. Global Compact, available at <<http://www.unglobalcompact.org>>, accessed May 23, 2003.

<sup>26</sup> Royal Dutch/Shell, "Statement of General Principles."

<sup>27</sup> Ibid.

<sup>28</sup> Ibid.

<sup>29</sup> Ibid.

<sup>30</sup> These concepts of social responsibility for businesses are developed in detail in Chapter 2.

<sup>31</sup> Royal Dutch/Shell, "Statement of General Principles."

<sup>32</sup> Amnesty International and Pax Christi Netherlands, press release, "Shell's Revised 'Statement of General Business Principles': A Significant but First Step Ahead," available at <<http://www.paxchristi.net/PDF/AF02E97.pdf>>, accessed May 23, 2003.

<sup>33</sup> Chiquita Brands International, "Corporate Responsibility: Living Our Core Values," available at <<http://www.Chiquita.com>>, accessed May 23, 2003.

<sup>34</sup> United Technologies Corporation, "Our Commitments," available at <<http://www.utc.com/profile/profile/commitments/index.htm>>, accessed May 23, 2003.

<sup>35</sup> Caux Round Table, "Principles for Business," available at <<http://www.cauxroundtable.org/PRIN4.HTM>>, accessed May 23, 2003.

<sup>36</sup> This subject is beyond the scope of this guide, but adopting a code is often a matter that must be negotiated under an individual employment contract or work council (European Union) or with organized labor (United States). For European Union considerations, see Lori Tansey Martens and William Miller, "Ethics and Compliance: European Update," *Etbikos* (July/August 1999): 4–5. For U.S. considerations, see American Electric Power Co., Decisions of the National Labor Relations Board, 302 NLRB No. 161 (1991).

<sup>37</sup> See, for example, M. Cash Mathews, *Strategic Intervention in Organizations: Resolving Ethical Dilemmas* (Thousand Oaks, Calif.: Sage, 1988); Joshua Joseph, *National Business Ethics Survey 2003* (Washington, D.C.: Ethics Resource Center, 2003); and Linda K. Treviño, et al., "Managing Ethics and Legal Compliance: What Works and What Hurts," *California Management Review* 41 (Winter 1999): 131–51.

<sup>38</sup> Phil Watts, a managing director at Royal Dutch/Shell, quoted in Ronald E. Berenbeim, *Global Corporate Ethics Practices: A Developing Consensus* (New York: Conference Board, 1999).

<sup>39</sup> For a matrix covering many of the European legislation and initiatives regarding corporate social responsibility as of October 2002, see United States Council for International Business, "Corporate Responsibility Initiatives in Europe," available at <<http://www.uscib.org/docs/EUCSRMatrix.pdf>>, accessed June 25, 2003.

<sup>40</sup> New York Stock Exchange, “Final NYSE Corporate Governance Rules,” available at <<http://www.nyse.com/pdfs/finalcorpgovrules.pdf>>, accessed January 23, 2004. Demonstrating the close relationship between government regulation and free markets, these rules reflect the requirements of recent legislation in the United States known as the Sarbanes-Oxley Act of 2002, available at <<http://news.findlaw.com/hdocs/docs/gwbush/sarbanesoxley072302.pdf>>, accessed May 23, 2003.

<sup>41</sup> NTT Group, “NTT Group Ethical Code on Environmental Issues,” available at <[http://www.ntt.co.jp/kankyo/e/2002report/qa/chapter1/q04\\_2.html](http://www.ntt.co.jp/kankyo/e/2002report/qa/chapter1/q04_2.html)>, accessed May 23, 2003.

<sup>42</sup> See, for example, Robertson and Fadil, “Developing Corporate Codes of Ethics in Multinational Firms,” p. 454.

<sup>43</sup> W. Michael Hoffman, “Writing a Company’s Code of Ethics,” available at <[http://www.iit.edu/departments/csep/perspective/persp\\_v19\\_fall99\\_5.html](http://www.iit.edu/departments/csep/perspective/persp_v19_fall99_5.html)>, accessed May 23, 2003.

<sup>44</sup> WMC Resources Ltd., “Code of Conduct,” available at <<http://www.wmc.com.au/about/conduct/index.htm>>, accessed May 23, 2003.

<sup>45</sup> NTT Group, “NTT Group Ethical Code on Environmental Issues.”

<sup>46</sup> Guardsmark LLC, “Ethics,” available at <[http://www.guardsmark.com/approach/approach\\_sec.asp?nav=1&subnav=3&content\\_id=8](http://www.guardsmark.com/approach/approach_sec.asp?nav=1&subnav=3&content_id=8)>, accessed May 23, 2003.

<sup>47</sup> HCA Inc., “Introduction to Ethics, Compliance and Corporate Responsibility,” available at <<http://ec.hcahealthcare.com>>, accessed May 23, 2003.

<sup>48</sup> United Technologies Corporation, “Welcome to Social Responsibility,” available at <<http://www.utc.com/social/ethics>>, accessed May 23, 2003.

<sup>49</sup> For more detail about code styles, see Driscoll and Hoffman, *Ethics Matters*, Chapter 8.

<sup>50</sup> Ronald E. Berenbeim, “Codes of Conduct,” in *Compliance Programs and the Corporate Sentencing Guidelines: Preventing Criminal and Civil Liability*, edited by Jeffrey M. Kaplan, Joseph E. Murphy, and Winthrop M. Swenson (Deerfield, Ill., New York, and Rochester, N.Y.: Clark Boardman Callaghan, 1993–2003), Chapter 7, § 7.4.

<sup>51</sup> William P. Birkett, “Ethical Codes in Action,” in “Articles and Speeches,” International Federation of Accountants, available at <<http://www.ifac.org/Library/SpeechArticle.tmpl?NID=96261008030>>, accessed May 23, 2003.

<sup>52</sup> HCA Inc., “Code of Conduct,” available at <<http://ec.hcahealthcare.com>>, accessed May 23, 2003. HCA’s policies can be downloaded from the site.

<sup>53</sup> See also Stephen B. Page, *Establishing a System of Policies and Procedures* (Mansfield, Ohio: Bookmasters, 1998).

<sup>54</sup> These samples are included as representative examples. Each enterprise must decide for itself what specific provisions to include in its codes and policies.

<sup>55</sup> Motorola, “Code of Business Conduct,” available at <<http://www.motorola.com/code/code.html>>, accessed May 23, 2003.

<sup>56</sup> See, for example, Berenbeim, “Codes of Conduct,” § 7.5.

<sup>57</sup> Carver with Oliver, *Corporate Boards That Create Value*, pp. 66–67.

## CHAPTER 6 NOTES

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<sup>1</sup> This question is developed in detail in Chapters 2 and 4.

<sup>2</sup> HCA Inc., “Ethics and Compliance Web Site,” available at <<http://ec.hcahealthcare.com>>, accessed May 23, 2003.

<sup>3</sup> Lori Tansey Martens and William Miller, “Ethics and Compliance: European Update,” *Ethikos* (July/August 1999): 4–6.

<sup>4</sup> Joseph T. Wells, “Protect Small Business: Small Companies without Adequate Internal Controls Need CPAs to Help Them Minimize Fraud Risk,” *Journal of Accountancy* 195, no. 3 (2003), available at <<http://www.questia.com>>, accessed June 6, 2003.

<sup>5</sup> Linda K. Treviño, et al., “Managing Ethics and Legal Compliance: What Works and What Hurts,” *California Management Review* 41 (Winter 1999): 131–51, at pp. 141–42.

<sup>6</sup> In a 1996 opinion, *In re Caremark*, (C.A. 13670), the influential Delaware Chancery Court held that, “A director’s obligation includes a duty to attempt in good faith to assure that a corporate information and reporting system . . . exists and that failure to do so under some circumstances may . . . render a director liable for losses caused by noncompliance with applicable legal standards.” This standard has been adopted by the U.S. Department of Justice in deciding whether to prosecute an enterprise for misconduct on the part of its employees or agents. Department of Justice memorandum, “Principles of Federal Prosecution of Business Organizations,” dated Jan. 20, 2003, available at <[http://www.ethics-policy.net/prosecution\\_2003.html](http://www.ethics-policy.net/prosecution_2003.html)>, accessed May 23, 2003.

<sup>7</sup> The U.S. Securities and Exchange Commission has published regulations governing the conduct of the audit committee and a code of ethics for senior financial officers. Securities and Exchange Commission, “Final Rule: Disclosure Required by Sections 406 and 407 of the Sarbanes-Oxley Act of 2002, 17 CFR Parts 228, 229, and 249, Release Nos. 33-8177; 34-47235,” available at <<http://www.sec.gov/rules/final/33-8177.htm>>, accessed May 23, 2003.

<sup>8</sup> Other committees that might be appointed include compensation and nominating committees.

<sup>9</sup> Box 6.2 is a policy statement adapted from an e-mail communication with John Carver, author (with Caroline Oliver) of *Corporate Boards That Create Value: Governing Company Performance from the Boardroom* (San Francisco: Jossey-Bass, 2002).

<sup>10</sup> See, for example, the International Corporate Governance Network. This principle also applies to compensation and nominating committees. Available at <<http://www.icgn.org>>, accessed May 23, 2003.

<sup>11</sup> Adapted from Christopher Martin Bennett and Graydon R. Wood, “Assigning Compliance Responsibility,” in *Compliance Programs and the Corporate Sentencing Guidelines: Preventing Criminal and Civil Liability*, edited by Jeffrey M. Kaplan, Joseph E. Murphy, and Winthrop M. Swenson (Deerfield, Ill., New York, and Rochester, N.Y.: Clark Boardman Callaghan, 1993–2002), Chapter 8, §§ 8.1–8.5. See also Joshua Joseph, “Integrating Business Ethics and Compliance Programs: A Study of Ethics Officers in Leading Organizations,” *Business and Society Review* (Fall 2003): 309–47.

<sup>12</sup> This is also a specific responsibility under the U.S. Federal Sentencing Guidelines for Organizations.

<sup>13</sup> Bennett and Wood, “Assigning Compliance Responsibility,” § 8.4.

<sup>14</sup> Under the Federal Sentencing Guidelines for Organizational Defendants, the high-level person responsible may be a director, but that blurs the distinction made in this guide between governance and management.

<sup>15</sup> Adapted from Richard P. Kusserow and Andrew H. Joseph, *Corporate Compliance Policies and Procedures: A Guide to Assessment and Development* (Marblehead, Mass.: Opus Communications, 2000), p. 20. See also HCA Inc., “Policy on Business Ethics Offices,” available at <<http://ec.hcahealthcare.com/CPM/EC010.doc>>, accessed May 23, 2003.

<sup>16</sup> Joseph, “Integrating Business Ethics and Compliance Programs,” pp. 323–24.

<sup>17</sup> *Ibid.*, pp. 330–31.

<sup>18</sup> Bennett and Wood, “Assigning Compliance Responsibility,” § 8.8. See also Treviño, et al., “Managing Ethics and Legal Compliance,” pp. 146–47.

<sup>19</sup> If the professional ethics council addresses issues that are of the essence of the RBE, a best practice is to design two separate councils—the general ethics, compliance, and responsibility council and the more specialized professional ethics council—each having overlapping membership and independent reporting to senior management and the board.

<sup>20</sup> Treviño, et al., “Managing Ethics and Legal Compliance,” pp. 142–43.

<sup>21</sup> See, for example, Memorial Hermann Healthcare System, “Standards of Conduct,” available at <<http://www.mhhs.org/aboutus/StandardsofConduct100401.doc>>, accessed May 23, 2003.

## CHAPTER 7 NOTES

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<sup>1</sup> Lyuba Zarsky, “Beyond Good Deeds: For Multinational Corporations to Adopt Socially Responsible Business Practices, Voluntary Measures Are Not Enough,” *Forum for Applied Research and Public Policy* 16, no. 4 (2002), available at <<http://www.questia.com>>, accessed June 7, 2003.

<sup>2</sup> These questions are developed in detail in Chapters 2 and 4.

<sup>3</sup> See discussion in Chapters 4 and 10.

<sup>4</sup> “Corporate Recruiters Face the ‘Enron Effect,’” available at <<http://www.epolitix.com/data/companies/images/Companies/Work-Foundation/191202.htm>>, accessed April 16, 2003.

<sup>5</sup> An example is the Better Banana Project of the Rainforest Coalition and Chiquita Brands: Rainforest Alliance, “Profiles in Sustainable Development Partnerships: Chiquita Reaps Better Bananas,” available at <<http://www.rainforest-alliance.org/programs/profiles/ag-chiquita-profile-11-14-02horizon.pdf>>, accessed May 23, 2003.

<sup>6</sup> Jon Entine, “Shell, Greenpeace and Brent Spar: The Politics of Dialogue,” in *Case Histories in Business Ethics*, edited by Chris Megone and Simon J. Robinson (London and New York: Routledge, 2002), pp. 59–95. This well-documented case study includes this quotation from a national Environmental Research Council report.

<sup>7</sup> British Broadcasting, “World: Europe Brent Spar Gets Chop,” available at <<http://news.bbc.co.uk/1/hi/world/europe/221508.stm>>, accessed May 23, 2003.

<sup>8</sup> British America Tobacco, “Corporate Social Responsibility,” available at <[http://www.bat.com/oneweb/sites/uk\\_3mnfen.nsf/vwPagesWebLive/DO52AD7G?opendocument&TMP=>](http://www.bat.com/oneweb/sites/uk_3mnfen.nsf/vwPagesWebLive/DO52AD7G?opendocument&TMP=>)>, accessed at May 23, 2003.

<sup>9</sup> These standard data collection devices are described in Chapter 10.

<sup>10</sup> Expected program outcomes are discussed in Chapters 4 and 10.

<sup>11</sup> Global Reporting Initiative, available at <<http://www.globalreporting.org/>>, accessed May 23, 2003. AA1000, developed by AccountAbility in the United Kingdom, is available at <<http://www.accountability.org.uk>>, accessed May 23, 2003.

<sup>12</sup> For European Union considerations, see Lori Tansey Martens and William Miller. “Ethics and Compliance: European Update,” *Ethikos* (July/August 1999): 4–6. For U.S. considerations, see American Electric Power Co., Decisions of the National Labor Relations Board, 302 NLRB No. 161 (1991).

<sup>13</sup> Michael J. Marquardt, *Action Learning in Action: Transforming Problems and People for World-Class Organizational Learning* (Palo Alto, Calif.: Davies-Black, 1999), pp. 57–67.

<sup>14</sup> See, for example, Michael MacDonald, “A Framework for Ethical Decision-Making,” available at <<http://www.ethics.ubc.ca/mcdonald/decisions.html>>, accessed May 23, 2003; Josephson Institute of Ethics, “The Seven Step Path to Ethical Decisions,” available at <<http://www.josephsoninstitute.org/MED/MED-4sevenstepath.htm>>, accessed May 23, 2003; and Kenneth W. Johnson, “An Ethics and Policy Decision Making Tool,” available at <[http://www.Ethics-Policy.net/ethical\\_decisions.html](http://www.Ethics-Policy.net/ethical_decisions.html)>, accessed May 23, 2003.

<sup>15</sup> “Primary Sources,” *Atlantic Monthly* 290, no. 4: 46, citing the Brookings Institution: “The Bigger They Are, the Harder They Fall: An Estimate of the Costs of the Crisis in Corporate Governance,” available at <<http://www.brookings.edu/views/papers/graham/20020722.htm>>, accessed July 9, 2003.

<sup>16</sup> Lori Tansey Martens, “Transatlantic Perspectives on Business Ethics Training,” International Business Ethics Institute unpublished working paper, accessed April 22, 2003.

<sup>17</sup> Several ethics games are described in Linda K. Treviño and Katherine A. Nelson, *Managing Business Ethics*, 2nd ed. (New York: John Wiley & Sons, 1999), pp. 265–67.

<sup>18</sup> See, for example, “Boeing Ethics Challenge,” available at <<http://active.boeing.com/companyoffices/ethicschallenge/cfm/initial.cfm>>, accessed May 23, 2003.

<sup>19</sup> See, for example, Martens, “Transatlantic Perspectives on Business Ethics Training.”

<sup>20</sup> Joshua Joseph, *National Business Ethics Survey 2000* (Washington, D.C.: Ethics Resource Center, 2001), pp. 22–23. See also Lori Tansey Martens and Amber Crowell, “Whistleblowing: A Global Perspective” (Part I), *Ethikos* (May/June 2002): 6–8.

<sup>21</sup> Christine A. Wardell and Jacqueline P. Minor, “Protecting Whistleblowers from Retaliation: The Corporate Ombuds Office,” in *Compliance Programs and the Corporate Sentencing Guidelines: Preventing Criminal and Civil Liability*, edited by Jeffrey M. Kaplan, Joseph E. Murphy, and Winthrop M. Swenson (Deerfield, Ill., New York, and Rochester, N.Y.: Clark Boardman Callaghan, 1993–2002), Chapter 13, § 13.1.

<sup>22</sup> Joshua Joseph, *National Business Ethics Survey 2003* (Washington, D.C.: Ethics Resource Center, 2003), p. 42. The four elements used to differentiate among business ethics programs are discussed in Joseph, *National Business Ethics Survey*, Chapter 2. These positive associations between having a business ethics program and expected program outcomes held true for the following program outcomes as well: less feeling of pressure to compromise standards, more satisfaction with management’s response to reported concerns, more sense that managers and supervisors are held accountable, and more satisfaction with the enterprise as a whole.

<sup>23</sup> Guy Dehn, cited in Lori Tansey Martens and Amber Crowell, “Whistleblowing: A Global Perspective (Part II),” *Ethikos* (July/August 2002): 9–12, at p. 10.

<sup>24</sup> Joseph, *National Business Ethics Survey 2000*, pp. 23–24.

<sup>25</sup> For a discussion of global approaches to protecting whistleblowers, see Martens and Crowell, “Whistleblowing: A Global Perspective (Part II).”

<sup>26</sup> See, for example, Kenneth W. Johnson, “Confidentiality, Privilege, and an Effective Ethics Program,” available at <[http://www.Ethics-Policy.net/confidentiality\\_Privilege.html](http://www.Ethics-Policy.net/confidentiality_Privilege.html)>, accessed June 4, 2003.

<sup>27</sup> For more information about the organizational ombudsman, visit the Ombudsman Association Web site at <[http://www.ombuds-toa.org/all\\_about\\_toa.htm](http://www.ombuds-toa.org/all_about_toa.htm)>, accessed May 27, 2003.

<sup>28</sup> Anita Roddick, “A Third Way for Business, Too,” *New Statesman* 3 (April 1998), available at <<http://www.questia.com>>, accessed June 6, 2003.

## CHAPTER 8 NOTES

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<sup>1</sup> See, for example, Larry Bossidy and Ram Charan, *Execution: The Discipline of Getting Things Done* (New York: Crown Business, 2002); James C. Collins and Jerry I. Porras, *Built to Last: Successful Habits of Visionary Companies* (New York: HarperBusiness, 2002), pp. 201–18; Joshua Joseph, *National Business Ethics Survey 2000* (Washington, D.C.: Ethics Resource Center, 2001); and Linda K. Treviño, et al., “Managing Ethics and Legal Compliance: What Works and What Hurts,” *California Management Review* 41 (Winter 1999): 131–51, at pp. 141–44.

<sup>2</sup> These questions are developed in detail in Chapters 2 and 4.

<sup>3</sup> Treviño, et al., “Managing Ethics and Legal Compliance,” pp. 141–42.

<sup>4</sup> Joshua Joseph, *National Business Ethics Survey 2003* (Washington, D.C.: Ethics Resource Center, 2003), p. 31. The elements used to differentiate among ethical actions of top management, supervisors, and co-workers are discussed in Joseph, *National Business Ethics Survey 2003*, Chapter 3.

<sup>5</sup> *Ibid.*, p. 31. These associations between manager and supervisor ethics-related actions and expected program outcomes held true for feeling pressure to compromise standards (p. 37), being satisfied with management’s response to reported concerns (p. 48), a sense that managers and supervisors are held accountable (p. 54), and employee satisfaction with the enterprise (p. 57).

<sup>6</sup> James C. Collins, *Good to Great: Why Some Companies Make the Leap . . . and Others Don’t* (New York: HarperBusiness, 2001), p. 50.

<sup>7</sup> *Channel stuffing* is colluding with or offering improper incentives to clients to order products or services they would not ordinarily purchase at that time.

<sup>8</sup> Treviño and others, “Managing Ethics and Legal Compliance,” p. 155.

<sup>9</sup> Joseph, *National Business Ethics Survey 2000*, pp. 22–23.

<sup>10</sup> Treviño, et al., “Managing Ethics and Legal Compliance,” pp. 136–39. Most harmful, according to the authors’ research, is an organizational culture of unquestioning obedience to authority. See pp. 136–37 and 143–44.

<sup>11</sup> Joseph L. Badaracco Jr., *Leading Quietly: An Unorthodox Guide to Doing the Right Thing* (Boston: Harvard Business School Press, 2002), p. 11.

<sup>12</sup> Anton R. Valukas and Robert R. Stauffer, “Investigation and Disclosure of Violations,” in *Compliance Programs and the Corporate Sentencing Guidelines: Preventing Criminal and Civil Liability*, edited by Jeffrey M. Kaplan, Joseph E. Murphy, and Winthrop M. Swenson (Deerfield, Ill., New York, and Rochester, N.Y.: Clark Boardman Callaghan, 1993–2003), § 14.16.

<sup>13</sup> Lynn Sharp Paine, “Managing for Organizational Integrity,” *Harvard Business Review*, (March/April 1994): 106–117, at p. 109.

<sup>14</sup> A link to its credo is prominently set on Johnson & Johnson’s home page, and is accessible by national language from Argentina to Zimbabwe. Available at <<http://www.jnj.com>>, accessed May 23, 2003.

<sup>15</sup> Paine, “Managing for Organizational Integrity,” p. 109.

## CHAPTER 9 NOTES

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<sup>1</sup> U.S. Department of State, “Recognizing and Making Anticorruption Issues Part of the Business–Government Dialogue,” in *Fighting Global Corruption: Business Risk Management*, available at <<http://www.state.gov/g/inl/rls/rpt/fgcrpt/2001>>, accessed June 3, 2003.

<sup>2</sup> Joel S. Hellman and others, “Measuring Governance, Corruption, and State Capture: How Firms and Bureaucrats Shape the Business Environment in Transition Economies,” Policy Research Working Paper 2312 (Washington, D.C.: World Bank, 2000), p. 36. Available at <<http://www.worldbank.org/wbi/governance/pdf/measure.pdf>>, accessed June 4, 2003.

<sup>3</sup> Legal services were also provided to several businesses whose rights were abused. In Azerbaijan, several business associations, including the Entrepreneurship Development Foundation and the Confederation of Entrepreneurs (Employees), lobbied for limitation of the number of licensed types of activities. As of Jan. 1, 2003, the number of such activities was reduced from 240 (including wild plant and berry picking) to 30.

<sup>4</sup> See, for example, Juliette Bennett, “Multinational Corporations, Social Responsibility, and Conflict,” *Journal of International Affairs* 55, no. 2 (2002), available at <<http://www.questia.com>>, accessed June 7, 2003.

<sup>5</sup> Joel Hellman and Daniel Kaufmann, “Confronting the Challenge of State Capture in Transition Economies,” *Finance & Development* (September 2001): 31.

<sup>6</sup> See, for example, Joel Hellman, Geraint Jones, and Daniel Kaufmann, “Seize the State, Seize the Day,” Policy Research Working Paper 2444 (Washington, D.C.: World Bank Institute, 2000), available at <<http://www.worldbank.org/wbi/governance/pdf/seize.pdf>>, accessed May 23, 2003; Joel Hellman, Geraint Jones, Daniel Kaufmann, and Mark Schankerman, “Measuring Governance and State Capture: The Role of Bureaucrats and Firms in Shaping the Business Environment,” World Bank Working Paper 2312 (Washington, D.C.: World Bank Institute, 2000); and Hellman and Kaufmann, “Confronting the Challenge of State Capture in Transition Economies.” In general, see <<http://www.worldbank.org/wbi/governance>>, accessed May 23, 2003.

<sup>7</sup> Barry Z. Posner and Warren H. Schmidt, “The Values of Business and Federal Government Executives: More Different Than Alike,” *Public Personnel Management* 25, no. 3 (1996), available at <<http://www.questia.com>>, accessed June 7, 2003.

<sup>8</sup> Ion Anton, “From Entrepreneurship Education to Policy Advocacy,” available at <<http://www.cipe.org/publications/fs/ert/e30/antoe30.htm>>, May 23, 2003.

<sup>9</sup> Michael H. Wiehen, “Citizens against Corruption: Calling Government to Account,” in *No Longer Business as Usual: Fighting Bribery and Corruption* (Paris: OECD Publications, 2000), pp. 199–213.

<sup>10</sup> *Ibid.*, pp. 199–200.

<sup>11</sup> World Bank, “World Bank Procurement Policy,” available at <<http://www.worldbank.org/html/opr/propage.html>>, accessed June 6, 2003. See also European Investment Bank, “Guide to

Procurements,” available at <[http://www.eib.org/Attachments/thematic/procure\\_en.pdf](http://www.eib.org/Attachments/thematic/procure_en.pdf)>, accessed July 21, 2003.

<sup>12</sup> The GPA can be found at <[http://www.wto.org/english/docs\\_e/legal\\_e/grp-94.pdf](http://www.wto.org/english/docs_e/legal_e/grp-94.pdf)>, accessed June 6, 2003.

<sup>13</sup> For a more detailed treatment of the integrity pact, see Wiehen, “Citizens against Corruption,” pp. 206–8.

<sup>14</sup> For more information about the integrity pact, see “The Integrity Pact: The Concept, the Model, and the Present Applications—As of 31 December 2002,” at <[http://www.transparency.org/building\\_coalitions/integrity\\_pact/i\\_pact.pdf](http://www.transparency.org/building_coalitions/integrity_pact/i_pact.pdf)>, accessed May 23, 2003.

<sup>15</sup> See, for example, “A New Development Agenda: Outlining the Challenges to Development in the 21st Century,” A Conversation with Louise Fréchette, *Harvard International Review* (Spring 2003): 40–41, at p. 40.

<sup>16</sup> Vijay Pothukuchi, et al., “National and Organizational Culture Differences and International Joint Venture Performance,” *Journal of International Business Studies* 33, no. 2 (2002), available at <<http://www.questia.com>>, accessed June 7, 2003.

<sup>17</sup> Financial Action Task Force on Money Laundering, “Basic Facts about Money Laundering,” available at <[http://www1.oecd.org/fatf/MLaundering\\_en.htm#How%20does%20money%20laundering%20affect%20business?>](http://www1.oecd.org/fatf/MLaundering_en.htm#How%20does%20money%20laundering%20affect%20business?>)>, accessed June 6, 2003.

<sup>18</sup> See Todd Doyle, “Cleaning Up Anti-Money Laundering Strategies: Current FATF Tactics Needlessly Violate International Law,” *Houston Journal of International Law* 24, no. 2 (2002), available at <<http://www.questia.com>>, accessed June 6, 2003.

<sup>19</sup> Lyuba Zarsky, “Havens, Halos, and Spaghetti: Untangling the Evidence about Foreign Direct Investment and the Environment,” Nautilus Institute for Security and Sustainable Development, available at <[http://www.nautilus.org/papers/enviro/zarsky\\_oecd.html](http://www.nautilus.org/papers/enviro/zarsky_oecd.html)>, accessed May 23, 2003.

## CHAPTER 10 NOTES

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<sup>1</sup> Peter M. Senge, *The Fifth Discipline: The Art and Practice of the Learning Organization* (New York: Doubleday/Currency, 1990), p. 14.

<sup>2</sup> Peter Kline and Bernard Saunders, *Ten Steps to a Learning Organization*, 2nd rev ed. (Arlington, Va.: Great Ocean Publishers, 1998), p. 23.

<sup>3</sup> This question is developed in detail in Chapters 2 and 4.

<sup>4</sup> See, for example, Michael J. Marquardt, *Action Learning in Action: Transforming Problems and People for World-Class Organizational Learning* (Palo Alto, Calif.: Davies-Black, 1999), and Richard P. Nielsen, *The Politics of Ethics: Methods for Acting, Learning, and Sometimes Fighting with Others in Addressing Ethics Problems in Organizational Life* (New York: Oxford University Press, 1996).

<sup>5</sup> Discussed in detail in Chapter 5.

<sup>6</sup> Discussed in detail in Chapters 6 and 7.

<sup>7</sup> Discussed in detail in Chapters 8 and 9.

<sup>8</sup> Richard R. Ellsworth, *Leading with Purpose: The New Corporate Realities* (Stanford, Calif.: Stanford University Press, 2002), p. 129.



<sup>9</sup> See Kline and Saunders, *Ten Steps to a Learning Organization*, p. 24.

<sup>10</sup> Simon Zadek, “The Era of Stakeholder Engagement,” *Ethical Corporation Magazine* (February 2003): 10–12.

<sup>11</sup> Jane Reisman and Richard Mockler, *A Field Guide to Outcome-Based Program Evaluation* (Seattle, Wash.: Evaluation Forum, 1994), p. 10. The approach we take to outcomes-based program evaluation is based on this work and its companion works, courtesy of the publisher. A source addressing the process of responsibility reporting is AccountAbility AA1000S, a stakeholder framework. See AA1000S, developed by AccountAbility in the United Kingdom, at <<http://www.accountability.org.uk>>, accessed May 23, 2003 © 1994 The Evaluation Forum.

<sup>12</sup> These topics are developed in Chapter 4.

<sup>13</sup> Linda K. Treviño, et al., “Managing Ethics and Legal Compliance: What Works and What Hurts,” *California Management Review* 41 (Winter 1999): 131–51, at p. 141.

<sup>14</sup> Global Reporting Initiative, available at <<http://www.globalreporting.org>>, accessed May 23, 2003.

<sup>15</sup> AccountAbility, AA1000S, available at <<http://www.accountability.org.uk>>, accessed May 23, 2003.

<sup>16</sup> Table 10.1 is adapted from Reisman and Mockler, *A Field Guide to Outcome-Based Program Evaluation*, p. 41, courtesy of the publisher.

<sup>17</sup> Box 10.4 is provided courtesy of Kenneth W. Johnson, Ethics & Policy Integration Centre.

<sup>18</sup> The Evaluation Forum, Seattle, Wash., has an excellent series on program evaluation: Reisman and Mockler, *A Field Guide to Outcome-Based Program Evaluation*; Jane Reisman and Judith Clegg, *Outcomes for Success* (Seattle, Wash.: Organizational Research Services and Clegg & Associates, 1999); and Marc Bolan, Kimberly Francis, and Jane Reisman, *How to Manage and Analyze Data for Outcome-Based Evaluation* (Seattle, Wash.: Organizational Research Services, 2000). See also Writing@CSU Web site, available at <<http://writing.colostate.edu/references/research/survey/index.cfm>>, accessed May 23, 2003.

<sup>19</sup> An excellent collection of corporate social responsibility reports can be found at the CSR Wire Web site, available at <<http://www.csrwire.com/csr/home.mpl>>, accessed May 23, 2003.

<sup>20</sup> Reisman and Mockler, *A Field Guide to Outcome-Based Program Evaluation*, adapted courtesy of the authors.

<sup>21</sup> Box 10.7 is adapted from Global Reporting Initiative, “Part C: Report Content,” in *Sustainability Reporting Guidelines 2002*, available at <[http://www.globalreporting.org/guidelines/2002/gri\\_2002\\_guidelines.pdf](http://www.globalreporting.org/guidelines/2002/gri_2002_guidelines.pdf)>.