

ETHICS INCORPORATED:
HOW AMERICA'S CORPORATIONS ARE INSTITUTIONALIZING MORAL VALUES

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Imagine that one day someone in your organization walks in with a copy of your chief competitor's bid on a big contract. He swears he got it legally, but you aren't sure. And whether he did or didn't, it's still proprietary information. Are you going to use it in developing your bid?

Or what if someone in sales is up against some very tough quarterly objectives, but she can make them by concealing from a customer that the product he's interested in will be made obsolete by a new line in six months. Should she do it?

Suppose the man who heads your most productive department regularly favors white males. Or what if you hear that another very productive manager fired a fairly decent worker and replaced him with the inexperienced son of a friend? Is this within these executives' "managerial prerogatives"?

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These cases have two things in common: how they're handled can dramatically help or hurt your organization; and they're ethical issues. But how would you want the people in your company to handle these situations? What have you done to let them know what they should do? What have you done to help them?

If you're like 3 out of 4 of the nation's major corporations, you have a code of conduct that might give your employees help with some of these situations. If you're like 1 out of 3, you also offer ethics training in your company which probably helps employees work through some difficult cases. If you require this of all of your employees you're in a distinct minority--about 15%. The more of these you offer, the better prepared your employees will be to handle ethical dilemmas. If you have none of these, you may be asking for trouble.

Ethical problems are inevitable at all levels of a business and this means that it's simply good sense for companies to take seriously the task of institutionalizing ethics in their organizations.

Accordingly, an important segment of corporate America has begun relying on such tools as: statements of corporate values, codes of conduct, ethics workshops, hotlines, even corporate ethics offices and board level ethics committees. In short, they are setting up corporate ethics programs.

Formal ethics programs are relatively new to the world of American business. Although a handful of companies have had them for twenty to thirty years, the majority of ethics programs are no more than a few years old and some have been around for only a few months. Nonetheless, their number is growing as their usefulness becomes evident.

What does an ethics program look like? What does it do? Most importantly, what should you do--and not do--if you want to set one up?

WHY ETHICS? THE VIEW FROM THE TOP

When one looks at corporations with a strong commitment to ethics, the first thing one notices is that the leaders of these organizations are the strongest advocates of corporate integrity. CEOs and Chairmen of such companies are clear and vocal, forcefully charging everyone in the company to look at not only how profitable their actions are but how ethical. To the skeptics who think that ethics and business go together as well as oil and water, their message is little short of heresy.

But how can the heads of these companies really mean what they say? How does a CEO see dollars in ethics? Why does a businessman responsible for the profitable use of billions of dollars of assets think that a corporation should expend large amounts of time and money on ethics? How does this make good business sense? How can ethics be anything but a financial black hole?

Despite the fact that most people probably think that there are no financial benefits to doing business ethically, some senior managers argue there's a direct connection between ethics and the bottom line. For example, Andrew Sigler, Chairman and CEO of Champion International asserts, "I don't believe that ethical behavior is an impairment to profitability. I cannot remember situations where if I do the bad thing we'll make a lot of money, but if I do the right thing we'll suffer." "Lots of responsible decisions," he explains, "aren't just ethically sound. They're damn smart and very smart business."

The heads of corporations are also quick to point out the long term financial costs of doing business unethically. "If I do something unethical for some short term gain," explains Jerry R. Junkins, President and CEO of Texas Instruments, "somebody else is going to get hurt, and they're not going to forget it. You're clearly trading a short term gain for something that's inevitably going to be worse down the road--you'll eventually lose business."

When most CEOs explain the value of ethics, however, they generally refer to something less tangible than dollars. In the view of some, it's their company's reputation. "Texas Instruments' reputation for integrity," explains its CEO, "dates back to the founders of the company. And we consider that reputation to be a priceless asset." Walter Klein, CEO of the Bunge Corporation for 27

years and currently Chairman, sees it similarly, "The company gains if it's ethical because that will preserve its reputation."

Yet another issue cited is the effect of unethical conduct by the corporation on its employees. Bunge's Walter Klein claims, "If the company is unethical, that company is going to be cheated by its own employees." Taking something as seemingly harmless as lying to help the company, David Clare, former President of Johnson & Johnson, explains, "What you may perceive as a simple lie or a simple misstatement that doesn't hurt anybody and protects the company, sooner or later will come back to bite you. It'll bite you with people in your organization who know it's a lie. If you can't be open and honest at all times, you're sending a signal to the organization that you will let them get away with lying occasionally. And that includes lying to you."

More than anything else, however, the view from the top is that ethics is critically important for the health of the organization. CEO's of ethically committed corporations believe that no matter how large the financial gain may be from doing something unethical, there's a cost somewhere else in the business. Characteristic of this view is TI's Jerry Junkins claim that if employees are directed to do something unethical for the company or even if they simply witness dishonesty by their superiors, this inevitably leads to a "rotting of the organization." "And there's no way," points out Junkins, "that you're going to be able to rebuild credibility with those people when you're trying to energize an organization to go do something else. You've created a permanent problem in terms of how people view you as an individual and how they view the management of the organization."

Ultimately, the corporate leadership stresses that the activities of a business are simply the interactions of ordinary people. And how these people deal with each other now sets the tone for how (and if) they'll do business in the future. Texas Instruments' CEO asserts, "I don't do business with 'companies,' I do business with individuals--peers, engineers, team members, customers and vendors. If you recognize this, it's very easy to understand why one person wouldn't take unethical treatment from another for very long if they had any choice. And you can draw the same parallel as to interactions between corporations."

In sum, then, CEO's who have committed their corporations to ethics have done so in the name of maximizing long term profits and fostering the health of their organizations.

ETHICS--HOW TO DO IT

If commitment from the top is the first characteristic of companies strong on ethics, the existence of a formal and visible ethics program is generally the second.

Ethics programs--what are they?

Corporate ethics programs are fairly new to American business (most are less than a few years old), but their number is growing. They usually consist of a variety of elements aimed at: communicating the corporation's values, describing what constitutes acceptable behavior in problem areas, providing resources for employees with questions or accusations about wrongdoing, and establishing a mechanism for oversight and enforcement. The most extensive ethics programs, generally found in the defense industry, include: statements of corporate values, codes of conduct, ethics workshops, hotlines, even corporate ethics offices and board level ethics committees.

A good example is the program at General Dynamics. This was established in 1985 following the decision by the Secretary of the Navy to suspend contracts with two of the company's divisions because of investigations suggesting problems with the corporation's integrity. General Dynamics responded to the government's concerns by establishing an especially full corporate ethics program which aims to integrate and maintain ethical standards in the daily business affairs of the corporation.

The program is structured so that it spans every level of the company. It starts with a Board Committee on Corporate Responsibility. This is made up entirely of outside directors and is responsible for overseeing the ethics program. Next comes the Corporate Ethics Steering Group, which consists of the heads of major departments within the corporation, and directs the ethics program's policies and general administration. (There are similar steering groups at some of General Dynamics' divisions.) There's a Corporate Ethics Program Director at corporate headquarters who reports to the Chairman and CEO. And there are also Ethics Program Directors for each division. The Program Directors work with the company's general managers in implementing the program and serve as ombudsmen when necessary. Finally, line management is given the responsibility for overseeing the implementation of proper standards among the company's employees.

At the heart of the program is a set of standards which defines acceptable behavior in a variety of areas: conflicts of interest; selling and marketing; antitrust; pricing, billing and contracting; time card reporting; suppliers and consultants; quality and testing; expense reports; company and consumer resources; security; political contributions; environmental actions; and international business. Violations of these standards carry mandatory sanctions which range from warnings, demotions, and temporary suspensions to discharge and referral for criminal prosecution.

Every member of the corporation receives a copy of these standards and also attends an "ethics awareness workshop." These training sessions explain the aims of the ethics program and include exercises that let people practice using the standards. Participants are also told how to get help from the ethics office with resolving ethical problems and how to report infractions. A critical part of the program is a hotline.

ETHICS PROGRAMS--WHAT MAKES THEM WORK?

In light of the experience of companies that have such programs, however, what do you need in order to implement one? What makes them work? And where are the pitfalls?

Management support

Companies with effective ethics programs unanimously agree that if an ethics program is going to work, the first and most basic requirement is strong and visible support from senior management. As Champion's Sigler explains, "Commitment from the top is very important on this because this is what sets the tone of the company." Furthermore, he warns that if the commitment by top management isn't genuine, then an ethics program will not succeed. "If there's the slightest indication of cynicism on the part of top management," he cautions, "then it's all over."

General goals

Another essential but basic element is setting appropriate-- and positive--goals. The general aims of a successful ethics program are straightforward and unsurprising--to help employees avoid doing something wrong and, if that fails, to uncover the wrongdoing.

More than anything else the best ethics programs aim at helping, not trapping people. According to Kent Druyvesteyn, Head of General Dynamics' Corporate Ethics program, "The purpose of a good ethics program is positive--to assist and support employees, not to catch them. A program should build on the values the well-intentioned employees already bring to the workplace and to help them steer through the complexities, uncertainties and pressures that they face in their daily business activities."

One of the best and simplest descriptions of the aims of ethics programs comes from Champion's CEO, Andrew Sigler, who says that "a good program gives people the courage to do what they want to do." An excellent example of what Sigler is talking about comes out of Texas Instruments--a

company that is a little known pioneer in the business ethics movement. They've had a strong tradition of doing business ethically since the early days of the company and this is reflected by the fact that their first company ethics booklet was issued in 1961. The head of TI's ethics office tells the story of more than one manager who left the company for a better opportunity only to return within a few years because of the company's ethical environment. "They say," explains Carl Skooglund, "that they never realized how easy it was to make an ethical decision at TI and not to feel uncomfortable about it."

One of the most important reasons for formulating appropriate objectives, however, is that they then become the standard against which to measure a program's success. As Druyvesteyn explains, "I'm sometimes asked how many people we catch--as though that determines if the program's working. But since our first objective is to help employees, we assess the success of our program not by the 200 sanctions we might impose in a year, but the 7500 people who asked questions about what was right before they acted."

IMPLEMENTATION

As important as establishing appropriate goals is, this is unquestionably easier than achieving them. How, then, do these companies implement ethics programs?

Structure

One of the first steps most companies take in initiating an ethics program is to devise a formal structure that underscores its commitment to ethics, extends throughout the company and keeps the process honest by providing oversight at a variety of levels. The most complete programs include a combination of a board level oversight committee, a corporate steering group, and a corporate ethics office.

Martin Marietta's program, for example, starts with a Corporate Ethics Office. The head of this office, the Director of Corporate Ethics, reports to the Corporate Ethics Committee, which is made up of the President of the corporation and five representatives of the company's operating elements. And this committee in turn reports to the Board's Audit and Ethics Committee. Each company of the corporation also has an ethics representative who serves as a contact person for the Corporate Ethics Office. (For a more elaborate structure, see the description of General Dynamics' program above.)

As far as the composition of oversight committees go, there are two trends. First, a number of companies pattern their board ethics committees after their audit committees. In fact, some just expand the function of their audit committees. This means that they have only outside directors on the committee. Second, corporate steering groups increasingly consist of representatives from different parts of the company. For example, Martin Marietta's Corporate Ethics Committee is made up of the president of the corporation, the executive vice-president, the vice-president and general counsel, vice-president of personnel, vice-president for audit and the head of the ethics office. Similarly, General Dynamics relies on senior people from human resources, corporate security, internal audit and corporate counsel. They do this in order to keep the ethics program from being dominated by the viewpoint, outlook or values of one part of the company.

An especially important part of the formal structure, however, is the person selected to head the corporate ethics office. And there is an emerging consensus about who does and doesn't work in such a post.

The most effective ethics directors set a positive tone to the program, communicate this effectively, relate well with every constituency of the company and are equally comfortable functioning as a counselor and as an investigator. In particular, they work especially well with line managers. An ethics director's background or functional area seems to be relatively unimportant. For example, the head of Texas Instrument's ethics office came from operations, and another ethics officer has a background in public relations.

The only caution to be offered on this matter is that there is an emerging consensus among ethics officers that attorneys are usually not the best people for ethics programs. "The basic problem with attorneys," explains Major General Winant Sidle (ret.), former head of Martin Marietta's ethics program, "is that when acting as ombudsmen they face a conflict of interest. The ombudsman is basically supposed to represent the employee bringing the complaint. But a corporate attorney already represents the corporation. And since in many cases the employee is making a complaint against the corporation, an attorney has a conflict of interest that he may not be able to get around. When we started our program, 6 of our 10 ethics representatives were attorneys; now we're down to 1. We're moving away from attorneys because they have trouble wearing two hats."

Standards

Probably the most important part of implementing an ethics program, however, is devising statements describing a company's standards. The most thorough ethics programs have two--a code of conduct and a corporate philosophy statement.

Codes of conduct are generally short, specific and easy to understand. They lay out specific do's and don'ts about particular problem areas, stating clearly and simply what counts as unacceptable conduct. Depending on a corporation's industry, codes talk about: conflict of interest, proprietary information, gifts and entertainment, record keeping, securities regulations, inside information and the like. Basically, the codes proscribe two types of activities. The first are clearly illegal-- violating securities regulations, cheating on government contracts, and the like. The second are legal, but either unethical or able to influence someone's judgment so that they might compromise their responsibilities--using a company's buying power to coerce a supplier, conflicts of interest, accepting or giving excessive gifts or entertainment. Codes of conduct usually limit themselves to the most important and most obvious areas where employees will face ethical dilemmas. They don't try to cover everything since it's impossible to imagine every conceivable problem.

The only caution ethics directors offer about codes has to do with who should write them and echoes their advice about who should be in charge of ethics offices. Accordingly, the consensus seems to be that, in particular, attorneys should not be put in charge of developing a code of conduct. As Gary Edwards Executive Director of the Ethics Resource Center, himself an attorney, explains it, "Codes should be developed by managers. You want them to be responsive to the real issues that people face day to day trying to do the job in that company in that industry. And the lawyers aren't managers and they certainly aren't line managers." Codes developed by attorneys are generally long, detailed, talk almost exclusively about laws and regulations and often rely heavily on legal style and terminology. The head of one ethics program explained, "One of the problems we had when our attorneys drew up the code was that they didn't want to have their words changed even though nobody really understood what they wrote."

Sanctions, of course, are the flip side of a code of conduct, and just as necessary. While cautioning against regarding ethics programs as simply enforcement programs, ethics directors nonetheless underscore the necessity of sanctions. "Investigations and sanctions are a very important part of a program," points out General Dynamics' Kent Druyvesteyn, "because if you don't have them, a lot of people will think the program is nonsense." Bunge's Chairman, Walter Klein concurs, "If you've got a policy, you've got to enforce it. Otherwise everyone will say it's just a sham."

What a code of conduct doesn't cover, a corporate philosophy statement will. Such a statement expresses the company's general values and thereby sets the tone and overall standards for a company's entire operation. For example, Johnson & Johnson has a one page document, "Our Credo," which outlines the company's responsibilities to its customers, employees, communities and stockholders. Champion International has something similar called "The Champion Way Statement." This states the company's general objectives (industry leadership and profitable growth) and the

principles it will live by in trying to achieve them (employee participation, commitment to excellence, fair and thoughtful treatment of employees, commitment to its employees' communities, candor and truthfulness, and responsibility in dealing with the environment). The heart of the Champion Way is a positive conception of how people should treat one another.

As important as codes of conduct are, corporate philosophy statements are probably even more important. First, philosophy statements more effectively set a positive tone about ethics. They say what a company stands for, not against. Second, a code's usefulness is inversely proportional to its length and complexity. Since short and simple can cover only a fairly small number of situations, that means that employees also need a more general standard to use the rest of the time-- especially in emergencies.

For example, in handling the Tylenol crisis, hundreds of Johnson & Johnson employees had to make independent decisions about how to respond. And the Credo was used as the standard in making such decisions throughout the emergency. Describing the atmosphere in the company, David Clare, President of the company during the crisis, recounts, "There were literally thousands of decisions that had to be made by on the fly every single day by hundreds of people around the organization. And we give great credit to the Credo in helping them make the right decisions because they knew basically what was expected of them. We said, 'You make the decision--whatever it is, whatever it costs us--on the basis of whatever our responsibility is.' And it worked."

Something similar, but less dramatic, happened at one of Champion International's mills in North Carolina. A construction accident accidentally turned the wrong valve and let out a puff of chlorine gas, knocking out 35 people. Since this was shortly after Bhopal, TV crews were on the scene within minutes asking the mill manager for details. Acting on his own initiative, the manager openly told the whole story. And his telling the truth effectively calmed the fears of the people in the local community. When asked by Andrew Sigler, his CEO, how he decided what to do, the mill manager said, "The only thing I could think of was that the Champion Way says we're supposed to be open and honest." (He was right. The statement reads, "Champion wants to be known as an open, truthful company.")

And on still another scale, Sigler believes that the Champion Way Statement played an important role in how their acquisition of St. Regis Paper was handled.

Publicizing the commitment

Nonetheless, as important as it is to have a set of standards and a firm commitment to doing business ethically, these are useless unless they've known throughout the company. Accordingly, another one of the most important facets of existing ethics programs are activities aimed at

publicizing the standards and sanctions and at letting people know how to get advice or report violations.

Currently, a favorite way that many companies have of bringing a new commitment to ethics to the attention of all employees is to distribute a code of conduct or statement of company values and ask their people to sign a card or form. Many firms now make signing the card a condition of employment for new hires and consultants. What people sign varies greatly. Martin Marietta's statement says simply, "I certify that I have received a copy of Martin Marietta Corporation Code of Ethics and Standards of Conduct." At General Dynamics employees must also say that they've read the standards and understand that it's company policy. And still more rigorous is Goodyear's requirement that employees explain if they're doing anything not in compliance with the company's policies. Managers additionally have to state that they've taken steps to make sure that the people reporting to them understand and are complying with the policies.

By and large, however, companies have employees sign not so much to extract a formal agreement to avoid wrongdoing, but to let them know that the company takes ethics seriously, that there are standards everyone is expected to follow, and that there are ways they can get help when they face ethical dilemmas.

A number of companies are also relying on films or videos to communicate something about the company's overall values or commitment to ethical conduct. Focusing on the concept of meeting one's responsibilities, Tracor Aerospace has produced a short film that shows the consequences of "cutting corners." (The presentation revolves around a factory that produces cubes. A disembodied voice confronts employees in different departments with a defective cube--one with a corner cut off--and hears a variety of excuses about why the cube is damaged. The film then contrasts this with making cubes without "cutting corners.")

General Dynamics uses a film entitled "Your Values Are Our Values" which encourages individual integrity. It explains that the corporation's values are simply an outgrowth of the values of the individuals who work for the company.

And taking yet another approach, Texas Instruments tries to communicate its corporate values by using a videotape of a statement by its CEO. "Let there be no mistake," intones Jerry Junkins, "We will not let the pursuit of sales, billings or profits distort our ethical principles. We always have, and we always will place integrity before shipping, before billings, before profits, before anything. If it comes down to a choice between making a desired profit and doing it right," TI's CEO explains, "you don't have a choice. You'll do it right."

Communication

A major part of what's involved in implementing an ethics program, then, is communication. In fact, the head of Texas Instrument's ethics office explains their whole program in this light. Says Carl Skooglund, "the primary purpose of our ethics office is simply to provide better communication of what we require and what our values are as well as a mechanism for employees to get in touch with us if they have questions or concerns."

Setting up mechanisms for communication, then, is an important aspect of implementation. For getting advice about the standards, all that's needed is a phone line with someone on the other end who knows the answer. But most ethics programs use more than that. Many companies now have hotlines--even operate 24 hours a day. Mailboxes outside the corporate mail system are also common. Texas Instruments even has a special telex terminal that goes just to desk of the ethics director. (Security on the system is such that no one can trace where it came from and even the machine that sent it loses all knowledge of having done so.)

However, most companies with ethics programs are also careful to provide for opportunities for communicating face to face since a surprising number of serious allegations are made in person, not over the phone or by mail. (In Martin Marietta's experience, more than one half of the reports of violations are made by people who simply walk in to the office.) Some companies handle this by having an ethics representative at each one of their facilities, some have the head of their ethics office spend time throughout the organization, and some do both.

Training

Closely connected with the process of communicating with the company's employees about the importance of ethics is yet another critical part of implementing an ethics program--training. The aim of most corporate ethics programs is to expose everyone in the company to ethics training appropriate to their situation. People are introduced to the company's values, the details of the code and what they should do when they need help, have questions or want to report violations.

In particular, training sessions introduce employees to the ethical problems that they're going to face in their specific part of the business, be it marketing, purchasing, sales or whatever. This seems to be best done with actual cases. Texas Instruments started using some hypothetical cases presented on video tape that an outside organization produced, but as Carl Skooglund explains it, "one request we kept getting from our employees was `please individualize the material, make it something usable so that when I go back to my job tomorrow morning I don't have just a bunch of high level principles but some tools, something to use in the day to day dilemmas that I

encounter." As a result, TI is developing supplementary printed material geared to about half a dozen different areas of the business. Using a question and answer format, the material will constitute what Skooglund calls "rifle shot training" keyed to the specific problems faced by, for example, sales representatives out meeting customers or procurement people dealing with suppliers.

In the same vein, Martin Marietta developed a set of cases from within the company. They asked people from different parts of the organization to describe ethical problems they've faced, and they use these cases in their workshops along with some generic cases developed by groups working in line with the Defense Industry Initiative. Martin Marietta also does separate workshops for every major function in the company: contracts, marketing, accounting, finance, procurement, quality control and manufacturing operations.

SPECIAL CHALLENGES

As well developed as a number of ethics programs are, however, there are still some important problems that no one has been able to solve.

Rewards

As any manager knows, incentives and rewards play an important role in motivating employees to accomplish corporate goals. Logically, a company committed to doing business ethically would want to reward its people for that. But the matter of rewarding employees for ethical behavior is the least well developed part of current ethics programs.

As General Dynamics' Druyvesteyn describes the problem, "Everyone says it's a nice idea to reward people for ethical conduct, but reward them for what? Telling the truth? Presumably that's expected. Telling on someone who doesn't tell the truth? That suggests a 'fink of the month' or 'rat of the year' award or even bounties. In ethics programs we have a hard time thinking about how we show our support and gratitude for right conduct."

So far, the only way this problem has been approached is that some companies are making a concern with ethics a regular part of a manager's responsibilities. General Dynamics has adopted the policy that managers and supervisors have special leadership responsibilities for implementing the ethics standards and will be measured in how well they carry out those responsibilities.

However, they haven't yet figured out how to do that. Martin Marietta has gotten more specific and made it a responsibility of their supervisors to talk to their employees about ethics at least once a year.

Corporate objectives

The matter of rewards, however, brings us full circle and back to the issue of "cheating for the company" which opened this article. After all, what employees are rewarded for is one of the main factors that determines how strong the temptation will be for them to bend or break the rules--or even the law. The more that employees are rewarded simply for meeting quarterly objectives, the stronger that temptation will be. "Employees learn very quickly what they really get stroked for," points out TI's Skooglund, "and if the rewards come solely from shipping product or making financial forecasts, then that's the drumbeat they're going to march to. And that's a tough problem for any company's ethics."

However, the greatest ethical danger occurs when raises, bonuses and promotions depend on unrealistic objectives. As Gary Edwards of the Ethics Resource Center explains, "When objectives are set improperly--too aggressively or without respect for a particular unit's inability to meet a goal that may be reasonable for the corporation overall--all kinds of unethical conduct can be generated." Another major challenge in incorporating ethical values into an organization, then, is to set objectives which stretch employees to the full extent of their capacities but do not push them to the point where they'll be tempted to meet them by wrongdoing.

Supervisors

What this discussion of rewards and objectives ultimately points to is the critical role that supervisors play in determining the ethical character of a company. In a survey of more than 300 managers by the National Institute of Business Management, the behavior of an employee's superiors was ranked as the second most important factor in influencing decision making. This was surpassed only by a personal code, and outstripped the behavior of one's peers, formal company policy and the ethical climate in the industry.

As a result, another major challenge in institutionalizing ethics in a business is to be particularly sensitive to the danger of supervisors exerting the wrong kind of pressure. TI's Skooglund observes that "If you're going to have the kind of pressure that'll make decent people go wrong, you'll find it in the employee-supervisor relationship." Relating this issue directly to other major challenges just

mentioned, Skooglund notes that "there are two ways that the employee-supervisor relationship can really go wrong: 1) if you set goals that realistically cannot be met, and 2) if you have an environment where the employee is made to feel that failure is totally unacceptable." When the cost of failure is too high, people feel enormous pressure to compromise both their own values and the company's stated standards. And for all practical purposes, it's an employee's supervisor who determines the cost of failure.

Other problems

Finally, there is the need to guard against two particular problems that threaten to undermine any ethics program. As Kent Druyvesteyn of General Dynamics explains, "We have found that we have to pay very careful attention to two things: reprisals against someone for using the ethics program, and someone using the program to hurt somebody." Reprisals can be direct, indirect, obvious or subtle, ranging from being fired or demoted to being ostracized. "We take this matter extremely seriously," observed another ethics director. "We require all of our employees to report actual or suspected unethical conduct, and we promise that they won't be retaliated against for doing so. But I have to spend a good bit of time making sure nothing does happen."

False accusations can be similarly wide ranging and serious. In one instance, one employee alleged to the ethics office that another employee was stealing from the company. Investigation revealed, however, not only that there was no theft, but that the accuser had bragged to other employees before making the charge that he would find some way of getting the other employee fired. "Because of the danger of abuse," emphasizes Druyvesteyn, "it's imperative to conduct investigations on the basis of facts, not rumor or innuendo."

A FINAL WORD

Incorporating ethics into the life of a corporation, then, is an involved process. It requires commitment, resources and patience. Patience is particularly necessary because establishing a strong ethical environment in a corporation simply takes time. As Dennis Merrick, Senior Vice-President and Director of Human Resources for the First Atlanta Corporation, points out, "The ethical standards of a company are part of the corporate culture. They become established over a long period of time as a result of hundreds and thousands of individual, day to day decisions. They are the cumulative result of these decisions that become in fact the corporate standard of ethics."

Companies that have committed themselves to this path, however, see themselves stronger because of it. As Andrew Sigler, Champion's CEO puts it, "an ethical company will in the short run and in the long term be a better institution. . . . Ethical behavior is simply good business."