

## CPT Announces 2011 Being a Difference Award Winners

Each year, the NASBA Center for the Public Trust honors individuals who demonstrate ethics in action, best practices, leadership and corporate citizenship. The annual Being a Difference Awards recognizes those individuals who practice high standards of social responsibility and ethical leadership.

We received more nominations this year than we have in any other year thus far. The Being a Difference Awards subcommittee carefully reviewed all the nominations before making their final decision. We are proud to announce this year's Being a Difference Award honorees.



Malissia Clinton serves as the Senior Vice President, General Counsel and Secretary of The Aerospace Corporation in El Segundo, California. Ms. Clinton is a proponent of ethics education at all levels across the company and has developed educational processes including on boarding new Board members. According to Dr. Wanda M. Austin, President and CEO, "Ms. Clinton walks the talk of ethical principals in both her personal conduct and in the standards she sets for the organization."



Kathleen Edmond is the Chief Ethics Officer for the entire Best Buy global enterprise based in Richfield, Minnesota. Ms. Edmond is known for her head-on approach to dealing with ethical dilemmas both on a personal level and at the corporate level. Ms. Edmond has a blog in which she posts issues that arise within her company and asks questions of what others have done in similar situations. Patrick Hagen, HR Communications Manager says of Ms. Edmond, "Kathleen's ongoing effort to bring transparency to the discipline of business ethics is truly revolutionary...she is blazing a trail that few of her peers have had the courage to follow."



Stephen Epstein, CPA is an ethics educator for the Michigan Association of Certified Public Accountants in West Bloomfield, Michigan. Peggy A. Dzierzawski, President and CEO of Michigan Association of CPAs told us that Mr. Epstein's "sustained dedication to the highest professional standards, his passion for ethics, his commitment to the CPA profession and his lasting legacy for the future of the profession make him an outstanding candidate for the Being a Difference Award." Mr. Epstein has a history of developing education and personally educating CPA professionals even after retiring as a partner with PricewaterhouseCoopers.

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## Good News

### UAE Embassy Donates \$500,000 to Joplin High School

In the wake of the deadly tornado that struck Joplin, Missouri, on May 22, 2011, claiming 160 lives and destroying 30 percent of Joplin, many donations have been aimed at helping Joplin's tornado ravaged school district. The tornado completely destroyed the high school and two other schools and damaged half of all school buildings. A \$500,000 gift from the United Arab Emirates is the latest donation to help meet a goal of providing all 2,200 Joplin High School students with a personal laptop. In addition, the Embassy issued a challenge to match, dollar for dollar, any funds donated up to an additional \$500,000, to bring the total UAE Embassy grant to \$1,000,000. Laptops will enable students to access educational resources online, such as textbooks. "It's overwhelming," said Melanie Dolloff, a volunteer helping coordinate fund-raising. "We have had people reaching out from all over the world."

### Good Deeds – Good Business

The Ritz-Carlton has long emphasized corporate social responsibility (CSR), and the movement is spreading among hotel companies. During a recent Ritz-Carlton luxury summit, instead of engaging in an afternoon panel discussion, the participants split up into teams in a meeting room to

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## Vice President's Voice

I read recently that happier employees work harder. Clearly, many of us would not count that as an “aha” moment, but what was interesting in the article was how important employee happiness can be. Unhappy employees tend to become disengaged with their work which ultimately affects the success of the organization. A 2010 study by James K. Harter and colleagues indicated that low job satisfaction predicted poorer bottom-line performance.

Furthermore, Gallup has estimated the cost of this “disengagement crises” at an astounding \$300 billion in lost productivity annually. The good news is that the fix is fairly easy and free. Have your managers work a little harder at engaging staff. The article suggested leaders “better articulate meaning in the work for everyone across the organization.” Again, nothing new—what was interesting is the authors suggested that promoting workers’ well being as an ethical activity. Look for the article on our website.

The 2011 class of Being a Difference Award winners is our most august and diverse, to date. I’m sure you will agree that their leadership skills are impressive. The reprint article in this issue tries to answer why people behave unethically. It doesn’t provide all of the answers, but does give us some reasons to be optimistic.

We are in the midst of planning some of our most exciting events—the second CPT Silent Auction on October 24 and the 6th Annual Ensuring Integrity in Auditing Conference to be held in New York on December 1. Hope to see you there.

*Lisa Axisa*  
Executive Director/Vice President

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Thomas A. Hill is CEO and Chairman of the Board of Kimray, Inc. and Founder and President of Character First! located in Oklahoma City, Oklahoma. Mr. Hill is renowned locally for his staff-centered leadership and is a well-known public speaker on character and ethics in business. Shannon Warren of OK Ethics states, “Mr. Hill has dedicated his life to helping other business leaders realize the importance of promoting integrity in the workplace.” Through Character First!, Mr. Hill developed a curriculum for training families, schools, businesses and other organizations interested in building good character. This program is now available in 27 languages and used world-wide.



Robbie Narcisse is Vice President of Global Ethics and Business Practices at Pitney Bowes, Inc, in Stamford Connecticut. Ms. Narcisse educates, counsels, coaches and trains business leaders, managers and employees of the company. She keeps her finger on the company’s pulse to asses risk and communicates potential issues and works toward solutions. Johnna Torsonone of Pitney Bowes explains that, “In her role, Ms. Narcisse provides guidance and engenders trust and confidence as she helps her various constituencies do the right thing for employees, shareholders, customers and communities on a daily basis.”

Over the next few months, the NASBA CPT will present these dedicated individuals with a reception and award in their honor. These receptions are tailored to each guest of honor to create an event that is special to the recipients and their guests.

Look for future reports in this newsletter and on our website for highlights of the award ceremonies.

# How Environmental Perceptions Affect Our Commitment to Act Ethically

By Julie Ragatz

In a recently released working paper, Lisa Shu and her fellow researchers at the Harvard Business School conducted studies that revealed that the instances of honest attestations improved when subjects were asked to sign a document at the beginning rather than at the conclusion of a report. The team's hypothesis is that signing at the beginning of the document increases ethical salience by framing the reporting exercise as having ethical implications at the outset. Signing at the end of a report does not have the same effect since individuals who have acted dishonestly by falsely attesting have already rationalized their behavior.

This rationalization is necessary since most individuals have a great deal invested in an image of themselves as ethical persons. When an individual's actions fail to live up to their self-image, the result is "cognitive dissonance." This can be described as a tension that occurs when individuals recognize the contradiction of their preferred self-image and their behavior. At this point, one of two things can happen: People can adjust their actions so they become better aligned with their ethical self-image, or they "reframe" their perceptions of the situation so their conduct does not violate their moral principles.

People can adjust their actions so they become better aligned with their ethical self-image, or they "reframe" their perceptions of the situation so their conduct does not violate their moral principles.

Shu's work contributes to a wide body of research that establishes that people are influenced in important ways by their external environment and, perhaps more importantly, by the way in which they perceive their external environment. It is well-documented that all of us labor under cognitive biases that distort the information we receive and the weight this information is given in our decision making process. This indicates an important truth: When it comes to ethics, more is required than simply good intentions. Let me provide three examples of the way in which our perception of our environment can get in the way of our commitment to act ethically.

## 3 Ways Our Perception Can Get In the Way of Acting Ethically

**Self-serving bias** allows individuals to interpret information in a way that reflects their perceived self-interest. In other words, people often believe what they want to believe. Outsiders are befuddled by the accounts of former Madoff investors and have difficulty believing sophisticated hedge fund

managers would have been taken in by a scheme that refused to provide electronic trading statements, shunned the services of major accounting firms in favor of a small firm located in a strip mall, and continued to generate consistent returns in bleak markets. But many lost their life savings by refusing to consider the possibility that the evidence pointed to a different conclusion than the one they wanted to believe.

**Motivated blindness** enables people who often turn a "blind eye" when it is in their interest to do so. Out of the all the scandals that have recently plagued college athletics, perhaps few were as surprising as the downfall of Jim Tressel, the coach of the Ohio State Buckeyes football team. Tressel resigned from Ohio State after a scandal involving inappropriate gifts to players and his attempts to cover up these violations. After his resignation was announced, the media was buzzing about how someone so smart could have made such poor decisions.

Tressel's 2008 book *The Winners Manual: For The Game of Life* reflected a man who valued his deeply held ethical convictions. It is easy to be cynical and say that he was clearly willing to compromise his principles when the stakes were high enough, but I do not think it is that simple. My alternative hypothesis is that Coach Tressel, like most of us, was misled by his own desire not to see what was in front of him. In this case, he was "willfully blind" to the actions of some of his boosters and players. When the time came where he could not avoid the truth, he did what many people have done before him—he acted to cover up.

**Falling down the slippery slope:** As people become increasingly accustomed to unethical behavior (either their own or behaviors by others within their environment), they gradually lose the ability to recognize the unethical nature of their own actions. I recall a conversation I had with a financial advisor who ultimately stole tens of thousands of dollars from his clients over a period of years. He described being horrified after the first incident but related how he became increasingly nonchalant with each theft. This is consistent with the phenomena of cognitive dissonance we spoke about earlier. As one continues to pursue actions that violate a cherished belief, individuals justify their actions to themselves and become "numb" to the ethical implications.

## A Reason for Optimism?

You may be surprised to learn that even after all of this, I believe that there is good reason to be optimistic. Most people are committed to acting ethically and it may be possible to structure situations in a way that encourages and facilitates people doing the right thing. That's why the research project of Shu and her colleagues is so helpful. It reveals to us a way in which we can encourage others and ourselves to act ethically. But in order to

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# “Donate Now”

A Google search for the phrase “Donate Now” yields over 54 million hits. There are quite literally millions of worthy causes to which you can contribute your hard-earned dollars.

Here is why we ask you to donate to us. The NASBA Center for the Public Trust (CPT) is making a difference in the awareness of trustworthy and ethical business practices.

So far this year,

- ◆ Over 25 students from 10 different universities across the country spent time, effort and energy to create videos that portray what “Ethics in Action” means to them.
- ◆ More than 200 college students have been a part of their campus chapter of the Student Center for the Public Trust (SCPT). These students have networked with local professionals sharing ideas of what ethical business looks like from the classroom to the boardroom. While learning from others, many of these students have also touched the lives of middle school students by volunteering in character development education.
- ◆ Twenty-two university students received scholarships to attend the CPT’s first Student Leadership Conference where they were able to interact with NASBA professionals, learn more about themselves and gained insight on topics such as ethics, integrity, accountability, communications, personality traits and interviewing skills. They were introduced to a community of young future professionals, all energized and excited to become agents of change for the good of business. For some of the students, traveling to the conference marked their first time ever riding on an airplane.
- ◆ Several of the students who were afforded the opportunity to attend the student leadership conference are already giving back to the NASBA CPT by working to establish Student CPT Chapters on their campuses. This fall, the CPT anticipates more than doubling the number of students involved in Student Chapters across the country.
- ◆ We received more nominations than ever before to recognize professionals who are Being A Difference in their communities and workplaces through demonstrating high ethical standards and trustworthy behavior. By the end of this award season, the NASBA CPT will award five individuals with our Being a Difference Award.
- ◆ We launched The Ethics Network, a membership opportunity creating a community focused on influencing ethical decision-making and promoting an outstanding level of ethical practices and efforts. This group is already international with a member from China.

In a year that has been riddled with stories of Murdochs, Whistleblowers, Anti-Bribery Acts and mortgage fraud, the NASBA Center for the Public Trust is proud to showcase what is good and positive in the professional lives of others.

It’s fast and easy to donate on our website. Click the Donate Now button on our homepage and you’ll be given multiple giving options to choose from.

Thank you in advance for helping support our work with students, our efforts to showcase the differences professionals are making and our network of like-minded individuals who, like you, are working toward making today’s business environment a more trustworthy place to work.



## CPT Welcomes Amy Walters

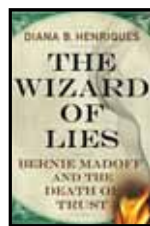
Please welcome Amy Walters as the new Manager of Programs for the NASBA Center for the Public Trust. Amy comes to us from within NASBA, having previously served as Executive Assistant to Alfonso Alexander, Chief Relationship Officer. She brings with her a wealth of professional and philanthropic experience. Amy has a passion for community service and philanthropy. She will be focussing on growing the Student Chapter program and looks forward to visiting the many campuses that have indicated an interest in launching a SCPT Chapter.

Amy can be contacted via email at [awalters@nasba.org](mailto:awalters@nasba.org) or via phone at (615) 564-2129. ☆



## Good Reads

Writing about yesterday's stock market picks is easy—like writing about yesterday's weather. Unless of course you bring Bernie Madoff into the equation. And, after 348 pages of Diane B. Henriques's engrossing tome, *The Wizard of Lies, Bernie Madoff and the Death of Trust*, you still don't have the easy answer you're looking for—why did he do it?



The book is indeed engrossing—I couldn't put it down. Henriques, a senior financial writer for the *New York Times*, chronicles Madoff's life and ponzi scheme with vivid detail. The story meanders a bit, but is fascinating, mostly because Madoff is such a cool customer throughout. No matter how close he is to getting caught, he never cracks. The SEC investigated him a number of times, but was usually looking for signs of front-running (the unethical practice of trading for one's own account using knowledge of clients' orders) and not a simple ponzi scheme, so he was left to continue his subversion. The fact that he was so involved within the profession e.g., he is one of the five broker-dealers most closely involved in developing the NASDAQ and served as its Chairman, just makes for a good story (truth is stranger than fiction).

Henriques also did a good job of describing how trustees, Irving H. Picard and David J. Sheehan, unraveled a bankruptcy case with more than four thousand active customer accounts. Some of these customers were almost destitute and others wealthy beyond comparison. Some clearly innocent and others possible accomplices. A fascinating twist in the plot was when Barbara Picower, widow of Jeffrey Picower, a Madoff investor, returned \$7.2 billion to be distributed to the victims. That amount represented the difference between the cash her husband had withdrawn from his Madoff accounts and the amount he invested. (Although she was still left an immensely wealthy woman.) So in the end, it is believed that most investors will recoup the amount of their initial investment (but not any of the money they thought they had earned). Henriques tries to end with a moral, but the fascinating part of the story is really the protagonist.

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## How Environmental Perceptions Affect Our Commitment to Act Ethically

benefit from the insights generated from this body of research, we have to admit that more is needed than our good intentions, that the line between ethical intention and ethical action is not a smooth and easy path.

### About the Author

Julie Ragatz is the director of the Center for Ethics in Financial Services at The American College where she holds the Charles Lamont Post Chair in Ethics and the Professions. For more information about ethics and financial services education, visit [TheAmericanCollege.edu](http://TheAmericanCollege.edu).

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Visit <http://www.corporatecomplianceinsights.com> for other articles of interest.

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## Good News

paint. The group worked on sections of a colorful, paint-by-number mural that was later hung on the walls of a local clinic that provides free health and dental care to the needy. This project is one of many the Ritz-Carlton has offered as part of its Community Footprints initiative. Running the gamut from building homes and feeding the homeless to rebuilding sand dunes for sea turtles, these programs enable guests to do volunteer work while they are on vacation or attending meetings. "What we are seeing is a real explosion of this whole concept throughout the industry," said Martha Honey, editor of *Travelers' Philanthropy Handbook* for the Center for Responsible Travel.

### Faith Hill Named "Tide Loads of Hope" Ambassador

Tide announced five-time Grammy Award winner Faith Hill as the new ambassador for its Tide Loads of Hope program. Following Hurricane Katrina's devastation in 2005, Tide was inspired to launch a mobile laundry service that provides clean clothes to families affected by disaster. For close to five years, Tide Loads of Hope has volunteered free laundry services to communities hit with major disasters like Hurricanes Katrina, Gustav, Ike, the California Wildfires, and the recent floods in Middle Tennessee and Pike County, Kentucky. For Faith Hill, who lives in Nashville but was born in Mississippi, the Tide Loads of Hope program is an example of what people and companies can do to provide basic services to individuals in need.



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