

A Thesis
entitled

Efficacy of Codes of Ethics in Nonprofit Organizations

by
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Submitted to the Graduate Faculty as partial fulfillment of the
requirements for the Master of Liberal Studies

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August 2010

An Abstract of
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Studies on ethics and codes of ethics exist in great numbers. However, the research on ethics is lacking in the nonprofit sector. One year ago, a study was conducted that dealt with codes of ethics in a nonprofit organization. Most of the employees did not know their organization had a code of ethics. This thesis expands that study and analyzes ethical conduct and codes within the literature on nonprofit organizations and ethical conduct and codes within five nonprofit agencies in the Northwest Ohio/Southeast Michigan region. Unlike the original investigation, all individuals interviewed were well aware of their organizations' codes of ethics. The participants also showed great interest in becoming more involved in the creation and updating of their codes of ethics. However, 44 percent of the participants have witnessed a breach in ethics at their agency. Annual training and encouragement of staff to take part in updating the agencies' codes of ethics could decrease the unethical misconduct that is apparent within these ventures.

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Chapter 1

Introduction

Many believe that ethics for nonprofit and profit entities are generally the same. Both usually generate codes of ethics and mission statements as well as practice values, hire full-time employees, and produce some form of a product. Although the two share some similarities, ethical challenges in the business world and among nonprofit organizations differ. Generally, corporations are driven by self-interest and profit, while a shared cause, usually to better humanity, motivates nonprofit-sector employees and volunteers. Due to these differences, one might conclude that ethics for profit and nonprofit organizations have been equally studied, reviewed, and published. This is not the case. In fact, documentation describing ethical challenges specific to nonprofit organizations is lacking. According to the National Center for Charitable Statistics, 1,515,679 nonprofit organizations in the United States alone have registered, and yet researchers have ignored studying these agencies for decades.¹ Due to the lack of academic research on nonprofit organizations, much of the information on this sector can only be found in current media, such as newspapers, magazines, and Internet resources.

¹ “Number of Registered Nonprofit Organizations by State, 2008,” *National Center for Charitable Statistics*, 2008; available from National Center for Charitable Statistics, <http://nccsdataweb.urban.org/PubApps/reports.php?rid=2> (14 December 2009).

Despite the frequent and shocking scandals in the nonprofit sector, researchers have continued to ignore these ethical lapses and therefore have not conducted studies in this field.

An example of such a scandal occurred in Hingham, Massachusetts, at the beginning of 2009. A charitable organization named “Our American Veterans” phoned the people of Hingham asking for donations. Many believed the money raised would stay within their community. However, the organization actually operates from Georgia. Unfortunately, only \$2,000 of the \$70,278 raised in Massachusetts was given back to the community. Our American Veterans raised a total of \$340,288 in 2006. The organization’s tax records showed the majority (86 percent or \$297,550) of the funds was spent on “fundraising” and another 9 percent, or \$29,934 on “program services.”² The director of Veterans Services in Hingham said the organization clearly misrepresented itself and he was very disappointed when he learned the money was not being used locally or to aid veterans.³

Another scandal arose in 2008 when two organizations were ousted for misappropriating funds, Acorn⁴ and the Points of Light Institute.⁵ Acorn discovered that

² Allison Manning, “Veterans Charity’s Claim ‘Misrepresentation,’” *Quincy Patriot Ledger*, 30 January 2009. [Database online]; available from <http://www.patriotledger.com/homepage/x912463395/Veterans-charity-s-claims-termed-misrepresentation>.

³ Ibid.

⁴ Acorn is one of the country’s largest community groups. The organization may be better known for their activities during the 2008 Presidential Campaign; they were accused of misappropriating money and illegally influencing voters.

⁵ The Points of Light Institute is a nonprofit organization that encourages people to volunteer and become civic activists.

Dale Rathke, the brother of the organization's founder, had embezzled almost \$1 million and chosen to "deal" with the matter internally without involving the board. So far, the Rathke family has paid \$210,000 back to Acorn. A private donor paid the remaining balance due.⁶ The Points of Light faced a similar situation when an employee was caught auctioning bogus vacation packages on the eBay store, which the director shut down immediately. Points of Light representatives promised that the organization would reimburse individuals who had purchased the trips.⁷

Although the incidents described above are outrageous, the total funds nonprofit organizations lose to fraud is even more alarming. A recent report discovered all for-profit, nonprofit, and government agencies lose an average 6 percent of their revenues to fraud annually. In the nonprofit world, that equals about \$40 billion. Those responsible for finances commit most of the frauds.⁸ "Ethical behavior in non-profit organizations is an issue demanding attention of social scientists." Satish P. Deshpande pointed out.⁹ Due to the frequent and widely broadcast unethical behavior of nonprofit employees, the

⁶ Stephanie Strom, "Funds Misappropriated at 2 Nonprofit Groups," *The New York Times*, 9 July 2008. [Database online]; available from <http://www.nytimes.com/2008/07/09/us/09embezzle.html>.

⁷ Ibid.

⁸ Stephanie Strom, "Report Sketches Crime Coasting Billions: Theft from Charities," *The New York Times*, 29 March 2008. [Database online]; available from <http://nytimes.com/2008/03/29/us/29fraud.html>.

⁹ Sarah P. Deshpande, "Ethical Climate and the Link between Success and Ethical Behavior: An Empirical Investigation of a Nonprofit organization," *Journal of Business Ethics*, 15 (1996): 315.

public has lost trust in charities, she explained. This rampant dishonesty is forcing nonprofits to look closely at the ethics within their community.¹⁰

During a case study on ethics in a nonprofit organization that the author of this thesis did earlier, she made a shocking discovery. Out of the six people interviewed, only two realized that their organization subscribes to a code of ethics. Moreover, only one of them thought coworkers knew where to find it. Although the other employees did not know about the code of ethics, they did believe that everybody understands the basic guidelines since the organization is Christian. Another interesting finding was that no one really knew where to find the written code of ethics, even the few who knew it existed. One employee suggested: “Ethics get more formalized as the organization grows. As it grows and more people are involved, [ethics] becomes something that needs to be addressed. That’s where we are now. It’s a good thing; it shows progress.”¹¹ The assumption that people behave morally automatically because of the religious affiliation of the agency may explain why the workers overlooked the official standards of conduct. Many believe that standards for ethics in nonprofit and profit entities are generally the same.

The interview analyses also revealed three other common ethical challenges: misrepresenting hours, using funds specified for one purpose for other things, and failing to develop whistle-blower policies. Some scholars and journalists have also touched on

¹⁰ Ibid.

¹¹ Staff member, Organization X, interview by Brittney Lytle, Organization X’s office, 26 March 2009.

these trouble spots. In fact, the literature as well as my prior investigation suggests that the most astounding challenge is the employees' ignorance about the organization's code of ethics. For example, Nicole Andreoli and Joel Lefkowitz examined organization misconduct within the nonprofit sector and concluded that creating and using a code of ethics, among other suggestions, could eliminate unethical behavior within the agency.¹² Ignorance of an organization's code of ethics is the one issue that ties all of the others together. Implementing codes of ethics could potentially eliminate the ethical problems a nonprofit organization may confront.

Due to these unexpected findings regarding the invisibility of codes of ethics in charities, this study will expand the original inquiry by interviewing employees from an additional five nonprofit organizations and focusing more interview questions directly on each agency's code of ethics. This investigation may also serve as a stepping-stone through adding crucial research to this otherwise understudied field.

¹² Nicole Andreoli and Joel Lefkowitz, "Individual and Organizational Antecedents of Misconduct in Organizations," *Journal of Business Ethics* 85 (2008): 309-332. Although Standard English does not recognize "nonprofits" as a noun, it is widely used in the literature, and so the researcher followed the lead of the authors and practitioners in these charities.

Chapter 2

Literature Review

The literature on nonprofit ethics identified these ethical issues: financial fraud, conflict of interest, and the general lack of code of ethics, as well as other recognized problems, like whistle-blowing.¹³ The most documented challenge facing nonprofits is financial fraud. According to a survey recently conducted by the Ethics Resource Center, financial fraud in nonprofit organizations is occurring more often than in profit-centered enterprises.¹⁴ Moreover, the Alliance for Nonprofit Management pointed out these organizations confront more financial fraud than both profit-driven operations and/or the government.¹⁵ (Articles reveal that organizations, such as the National Heritage Foundation, Red Cross, Nature Conservatory, and the Smithsonian Institution, have all

¹³ “Ethics Resource Center’s National Nonprofit Ethics Survey: An Inside View of Nonprofit Sector Ethics,” *Ethics Resource Center*, 2007 [database online]; available from http://www.ethics.org/files/u5/ERC_s_National_Nonprofit_Ethics_Survey.pdf (15 October 2009).

¹⁴ Patricia J. Harned, “Ethics Today: The ROI on Ethical Culture,” *Ethics Resource Center*, 30 April 2008; available from Ethics Resource Center, <http://www.ethics.org/ethics-today/0408/pat-column.asp> (4 April 2009).

¹⁵ “Nonprofits’ Ethics Edge Closer to Levels of Business & Government, ERC Survey Shows,” *PR Newswire*, 27 March 2008 [database online]; available from Lexisnexis, <http://www.lexisnexis.com>, <http://newsblaze.com/story/2008032707230400005.pnw/topstory.html> (28 March 2009).

recently experienced financial abuse.)¹⁶ In the Smithsonian Institution case, an employee had allegedly solicited gifts, lavishly travelled, and misused an expense account.¹⁷ When employees at such well-known organizations engage in financial fraud, they erode public trust. Therefore, individuals feel less inclined to give money to or volunteer their time for these institutions.¹⁸

Literature about the lack of codes of ethics in the philanthropic arena suggests that failing to post and enforce standards leads to other ethical breaches. The Smithsonian case offers a good example of what happens when workers do not “buy into” a code of ethics and instead place their selfish needs above the nonprofit organization’s altruistic goals. One study showed that 24 percent of employees have either themselves pursued personal objectives or witnessed others seek gain, at the expense of the nonprofit agency.¹⁹ Self-interest includes unethical behavior, such as misrepresenting work hours, calling in sick when not ill, taking two to three hour lunch breaks, or not actually working

¹⁶ Debra E. Blum. “Va. Charity Ordered to Pay \$6.5-Million in Damages,” *Chronicle of Philanthropy* 21 (2008); [journal online]; available from Ohio Link, <http://0-galenet.galegroup.com.carlson.utoledo.edu/servlet/BCRC?p3=20081030&issn=1040-676X&locID=ohlk130&srcht=pub&c=30&p0=Chronicle+of+Philanthropy+&ste=110&p4=+Oct+30%2C+2008%3B+Vol.+21%2C++Issue+2&tab=2&tbst=tsPB&p2=2008&docNum=A188079276&bConts=2> (18 March 2009). ; Harned, “Ethics Today: The ROI on Ethical Culture,” 30 April 2008. ; Elizabeth Schmidt, “How Ethical is your Nonprofit Organization?” *GuideStar*, November 2004; available from GuideStar, <http://www2.guidestar.org/rxa/news/articles/2004/how-ethical-is-your-nonprofit-organization.aspx> (24 April, 2009).

¹⁷ Harned, “Ethics Today,” 30 April 2008.

¹⁸ Pam Kidlow. “Ethics and Nonprofit Organizations,” *Connect!*, Spring 2005 [database online]; available from <http://padm.memphis.edu/connect/Connect05Spring.pdf> (28 March 2009).

¹⁹ “Nonprofit Ethics Deteriorating,” *Philanthropy Journal*, April 2008 [database online]; available from *Philanthropy Journal*, <http://www.philanthropyjournal.org/news/nonprofit-ethics-seen-deteriorating> (1 April 2009).

while being paid to do so.²⁰ Self-interest also involved the unethical practice of administrators rewarding employees who raised the most money for the nonprofit venture.²¹ “Fundraisers in the philanthropic sector should be motivated by the missions of their organization, not for self gain.”²²

An additional ethical issue that deals with greed involves accepting “tainted money” donated by companies or individuals who oppose the values of the nonprofit organization.²³ For example, a lung cancer benefit should not accept funds from a cigarette campaign, and a well-known anti-drug campaign should reject contributions from companies or individuals who sell drugs illegally. Case in point, the University of Texas was receiving donations from a tobacco parent company for its student activities. In 2008, the university began refusing all funds from tobacco companies. The administrators believed the money was “tainted” since it was coming from a product that

²⁰ Holly Hall and Peter Panepento, “Half of Charity Employees Report Seeing Ethical Lapses,” *Chronicle of Philanthropy* 20:3 (2008); [journal online]; available from <http://web.ebscohost.com.proxy.ohiolink.edu:9099/ehost/detail?vid=2&hid=8&sid=de98e8b6-5614-4254-b65ccca477f273b7%40sessionmgr13&bdata=JnNpdGU9ZWhvc3QtG12ZQ%3d%3d#db=a9h&AN=31721223> (18 March 2009); Frank Navran, “Non-Profit Fraud: The Ethical Failures of our Boards,” *Alliance for Nonprofit Management*, available from Alliance for Nonprofit Management; http://74.125.95.132/search?q=cache:PAky0GCBXhsJ:www.allianceonline.org/ARC/change_agents.res+Non-profit+fraud%3B+the+ethical+failures+of+our+boards&cd=1&hl=en&ct=clnk&gl=us (1 April 2009).

²¹ Abny Santicola, “Seven Ethical Challenges for Nonprofits,” *Fundraising Success*, 12 September 2006, available from http://www.fundraisingsuccessmag.com/article/seven-ethical-challenges-nonprofits-36563_1.html (1 April 2009).

²² Ibid.

²³ Santicola, “Seven Ethical Challenges for Nonprofits,” no page number available.

significantly harms people.²⁴ Accepting tainted money not only is unethical, but could erode public trust therein, precipitating, a loss of public donations.

The most observed ethical problems within nonprofits arise from conflicts of interest.²⁵ Most of the time, a conflict of interest occurs when “board members do business with an organization they serve on the board of.”²⁶ For example, a lawyer who sits on the board cannot offer legal services to that entity. Since similar conflicts of interests emerge frequently in nonprofit ventures, many states have passed laws that prohibit members from accepting loans or payments from their affiliated nonprofit organization.²⁷ This ethical challenge will always be apparent in the nonprofit community due to the nature of its philanthropic operations.

A common ethical challenge that both profit and nonprofit organizations face is whistle-blowing, which refers to exposing wrongdoing in one’s workplace hoping to stop it. The Ethics Resource Center survey found in 2005 that 64 percent of nonprofit employees feared retaliation for reporting inappropriate conduct; fortunately, that number had dropped to 42 percent by 2007.²⁸ The question remains: Why are many nonprofit employees concerned about negative ramifications if they report an incident to a

²⁴ Alan Findler, “Some Campuses Decide Tobacco Money is ‘Tainted,’” *New York Times*, 4 February 2008, available from <http://www.nytimes.com/2008/02/04/education/04tobacco.html> (21 April 2010).

²⁵ Harned, “Ethics Today,” 30, April 2008.

²⁶ Santicola, “Seven Ethical Challenges for Nonprofits,” no page number available.

²⁷ Schmidt, “How Ethical is your Nonprofit Organization?” no page number available.

²⁸ “Nonprofit Ethics Deteriorating,” no page number available.

superior? Largely, it is because the laws protecting whistle-blowers are narrow and only include the government and profit sectors.²⁹ This legal reality means nonprofit organizations are left to create their own policy on whistle-blowing, and unfortunately many nonprofits do not adopt stringent standards. Another issue for whistle-blowers in nonprofit groups is the lack of anonymity that results from working in a fishbowl milieu where the few employees naturally witness and/or hear about everything that happens. On the other hand, in large corporations or businesses, only one or two individuals know about the complaint concerning the unethical action.³⁰ In addition, employees may not blow the whistle because they do not know enough about the company's ethics or laws to recognize immoral practices.³¹

The authors of articles and books about ethical lapses also mentioned these problems in the nonprofit sector: the alteration of documents, lying to stake holders and employees, stewardship lapses, as well as privacy issues concerning employee information, donors, recipients of donations, and sexual harassment.³²

²⁹ Scott Harshbarger and Amy Crafts, "The Whistle-Blower: Policy Challenges for Nonprofits," *The Nonprofit Quarterly*, [journal online] available at <http://www.nonprofitquarterly.org/Past-Issues/Nonprofit-Behaviors-and-Misbehaviors/the-whistle-blower-policy-challenges-for-nonprofits.html> (24 April 2009).

³⁰ Harshbarger and Crafts, "The Whistle-Blower," no page number available.

³¹ Ibid.

³² Navran, "Non-Profit Fraud: The Ethical Failures of our Boards," (1 April 2009); Santicola, "Seven Ethical Challenges for Nonprofits," no page number available; Schmidt, "How Ethical is your Nonprofit Organization?" no page number available.

Finally, many nonprofit organizations lack codes of ethics or have not updated them in years.³³ The failure to maintain viable standards may explain why scandals within their communities recently have bombarded philanthropic agencies. According to Gary M. Grobman, “Today’s professional association is likely to be much more diverse, and its members not as likely to share a common moral philosophy. Thus the code is a strategy that serves the purpose of laying out the common values to which the group aspires.”³⁴ He also noted that people create a code of ethics to guide organizations through moral dilemmas.³⁵ A few studies conducted recently deal directly with a nonprofit’s code of ethics. For instance, in 2007, the Ethics Resource Center discovered unethical employee misconduct was increasing; moreover, organizations with well-implemented ethics programs faced least employee misconduct.³⁶ Another study conducted in 2007 concluded that an applied code of ethics can improve communication on ethics, as well as prevent unethical actions within the organization.³⁷

Researchers have also examined the content of a code of ethics. Indeed, Gary M. Grobman focused on these common topics covered in nonprofit codes of ethics: fairness,

³³ “Nonprofits’ Ethics Edge Closer to Levels of Business & Government, ERC Survey Shows,” *PR Newswire*, 27 March 2008.

³⁴ Gary Grobman, “An Analysis of Codes of Ethics of Nonprofit, Tax-Exempt Membership Associations,” *Public Integrity*, 9:3, (2007): 247.

³⁵ *Ibid.*

³⁶ “Ethics Resource Center’s National Nonprofit Ethics Survey: An Inside View of Nonprofit Sector Ethics,” *Ethics Resource Center*, 2007; available from Ethics Resource Center at www.ethics.org/files/.../ERC_s_National_Nonprofit_Ethics_Survey.pdf (16 October 2009).

³⁷ Roger A. Lohmann, “Charity, Philanthropy, Public Service, or Enterprise: What Are the Big Questions of Nonprofit Management Today?” *Public Administration Review*, 67:3 (2007); [journal online] available from <http://www.rri.wvu.edu/pdffiles/lohmann2.pdf> (Accessed on 14 September 2009).

respect for the law, antidiscrimination, integrity, proficiency, enforcement, sexual misconduct, and improper gifting.³⁸ Abny Santicola wrote in “Seven Ethical Challenges for Nonprofits” that codes of ethics cannot succeed without attention to these details:

[Codes of Ethics] matter very little if they only hang on the walls and do not determine action--are not worth the paper they are written on if they are platitudinous, verbose, unmemorable, or indistinguishable from an organization’s other statements--are stunningly irrelevant unless they provide real-time guidance to decision making in the tough world of philanthropic choices.³⁹

Codes of ethics within nonprofit organizations have only begun to be studied. Most of the research described above was all published within the last three years. Hopefully, this study will begin to fill some of the holes in the research.

³⁸ Grobman, “Codes of Ethics of Nonprofit, Tax-Exempt Membership Associations,” no page number available.

³⁹ Santicola, “Seven Ethical Challenges for Nonprofits,” no page number available.

Chapter 3

Methodology

For this study, I began searching for nonprofit organizations in the Northeast Ohio/Southeast Michigan area. Of those found, twelve were selected that work with various aspects of aiding the homeless and/or the needy. *Merriam-Webster Dictionary* defines “needy” as “poverty stricken.”⁴⁰ The U.S. Census Bureau measures poverty in terms of household income factoring in the composition and size of the household. For example, in 2008, one person earning less than \$10,999 and a family of four making less than \$22,025 were classified as poor under U.S. federal regulations.⁴¹ In this thesis, both the general and specific delineations of “needy” and “poverty” pertain. The agencies that were contacted work with individuals or families in the Toledo area who need assistance and probably fit the dictionary and/or government specifications. These definitions are helpful because words, like “needy” and “poverty” appear in many diverse contexts.

⁴⁰ “Needy,” In *Merriam-Webster Online Dictionary*, 2010, Retrieved from <http://www.merriam-webster.com/dictionary/needy> (10 April 2010). [The spacing was off. I removed a space between *Dictionary*, and 2010,]

⁴¹ “How the Census Bureau Measures Poverty,” *U.S. Census Bureau*, 29 September 2009, Retrieved from <http://www.census.gov/hhes/www/poverty/povdef.html> (Accessed on 10 April 2010).

The university research protocols required me to obtain acceptances on letterhead stationery, and so only five of my original dozen organizations participated. The others correspond through e-mail mostly. Each organization's director asked for volunteers to participate in the study. The number of people who participated at each organization varied (largely due to the size of the charity) from one to six. Consent forms from each individual participating in this study.

Some of the studies described in the literature review used surveys to analyze nonprofits' ethics; interviews will provide more detail than a survey and allow interviewees to elaborate on their thoughts. In addition, the original inquiry conducted last fall utilized interviews, and this study is meant as an extension to it. The questions posed to the charities' employees are the same that were used in the first inquiry but with additional questions that deal with codes of ethics, such as if the individual refers to the code of ethics or wishes to be involved in the creation and/or updating of the codes. Because many organizations either consult a code of conduct or a code of ethics and not both, they are considered parallel in this study since both refer to ethical behaviors and actions. To view the full list of interview questions please refer to the Appendix B.

This paper is written using Chicago style since it is the standard method for qualitative research. This citation technique allows readers to focus on the ideas being presented and not the technical/scientific details. In addition, the format offers opportunity to comment on the text and allows the writer to compare sources that would otherwise be tedious if listed parenthetically in the text.

All of the interviews were conducted at the organizations' offices within a three-week span with the exception of the original agency mentioned in the introduction. A tape recorder was utilized with the interviewees' consents. Confidentiality has also been given to all participants and their organizations in order to protect their identities.

As mentioned earlier, IRB protocol strictly limited the scope of the research to protect the participants. The IRB Board required letters of agreement on letterhead stationery from each organization that participated. To save money and time, many nonprofits utilize e-mail over traditional mail or are too small to invest in letterhead. In addition, some of the organizations are also overwhelmed with requests from university students and do not have time to participate in every study. The protocols specified complete anonymity as well. No personal information could be included in this study including demographics, names, detailed descriptions of the participants' title/job, and names of the organizations (except for the list given below within this chapter). Due to the general small size of nonprofit agencies, giving that information might reveal the participants' identity.

Due to the strict confidentiality agreement, this paper is using codes for each one in my later chapters. It also will not include information about specific nonprofits because in some organizations only a few people were hired or more likely volunteered to run the operation; therein, references to particular agencies later in this thesis would jeopardize the participants' anonymity. Below the target nonprofit organizations are described in alphabetical order to complete the overview of the process followed to

conduct this investigation. (In the subsequent analyses of the findings, the order of participants will not coincide to the list below.)

- Cherry Street Mission Ministries- Jesse J. Fleck founded Cherry Street Mission Ministries (CSMM) on June 14, 1947. CSMM serves the homeless and low-income individuals in downtown Toledo. They provide food, clothing, shelter, and other services including, literacy and vocational training, resource networking and job readiness assistance. In 2008 CSMM served 240,309 meals and sheltered an average of 203 men and women every night. They also assisted nearly 300 people in their Education and Career Center and distributed clothing to 4,510 men, women, and children.⁴²
- Farmers and Hunters Feeding the Hungry – Rick Wilson established Farmers and Hunters Feeding the Hungry in 1997. Farmers and Hunters deliver harvested, surplus deer and other big game to participating meat processors. Churches, clubs, businesses, and individuals pay the costs of processing, packaging, and freezing the donated meat. The meat is then delivered to hundreds of community agencies (including church pantries, the Salvation Army, food banks, emergency assistance programs, rescue missions, and children’s homes) that feed the hungry. The website explains, “Farmers and Hunters Feeding the World (FHFH) is an outreach

⁴²About Us, “History,” *Cherry Street Mission Ministries*. Retrieved from <http://www.cherrystreetmission.org/history.htm> (Accessed on 15 March 2010).

ministry of the people of God called upon to feed venison to the hungry among us.” It coordinates efforts to fight malnutrition in Canada as well as in the United States. This organization is run almost completely by volunteers.⁴³

- Feed Lucas County Children- Executive Director Tony Siebeneck and a small group of his friends in 2002 “used their own money to get things rolling and that first summer served 7,000 meals” to hungry kids, thus, launching Feed Lucas County Children (FLCC).⁴⁴ FLCC offers free meals to children whose family income falls below the poverty level in Toledo, Maumee, Oregon, and near the state line. They operate one of the largest summer food programs in Ohio to end hunger. FLCC serves about 230,000 meals at 70 different locations including 20 schools, three community centers, 13 Parks, 12 non-profit organizations and 22 churches, annually.⁴⁵
- Meals on Wheels- Meals on Wheels (MOW) - one of the oldest organizations in the United States that offer meals to the hungry. MOW was founded in 1976 and keeps between 800,000 and 1.2 million employees and volunteers busy nationwide. They are a national

⁴³ About FHFH, “About,” *Farmers and Hunters Feeding the Hungry*. Retrieved from <http://www.fhfh.org/About.asp> (Accessed on 15 March 2010).

⁴⁴ “Feed Lucas County Children Bridges Hunger Gap,” *Toledo Free Press*, 5 October 2008, p. 16.

⁴⁵ Our Background, “Background,” *Feed Lucas County Children*. Retrieved from <http://feedlucaschildren.org/Background.aspx> (Accessed on 15 March 2010).

organization that delivers food and provides nutritional services to over 1 million senior citizens every day.⁴⁶

- Mobile Meals of Toledo – Mobile Meals of Toledo (MMOT) was founded in 1967. MMOT has around 1,000 volunteers and about 10 paid employees that work year round. They deliver food to the elderly, ill, disabled, homebound, the convalescing and anyone else in need of food assistance. MMOT serves over 600 clients daily and delivers over 500,000 meals annually.⁴⁷ At the national level, Meals on Wheels was patterned after British canteens in World War I and open in the United States in the 1950s to take hot, nutritious meals to Philadelphia shut-ins. On September 1, 2009, the board of directors of the Meals on Wheels Association of America pledged to end senior hunger by 2020. They estimate that malnutrition currently threatens 6 million seniors.

⁴⁶ About, “Our History,” *Meals on Wheels*, retrieved from <http://www.mowaa.org/Page.aspx?pid=225> (Accessed on 15 March 2010).

⁴⁷ About Mobile Meals, “History of Mobile Meals of Toledo,” *Mobile Meals of Toledo*, retrieved from http://www.mobilemeals.org/about_us.htm (Accessed on 15 March 2010).

Chapter 4

In-House Assessment of Each Organization's Ethical Problems

This chapter focuses on the individual assessment of each organization that participated in the study and examines the responses to various questions posed about the agencies codes of ethics, ethical challenges, breaches in ethics, and opinions on ethics within nonprofit organizations. The chapter on combined findings contains the detailed analysis of the combined results. The next few pages present the answers employees and volunteers gave to the research questions. These interviews transpired between March 1 and March 20, 2010, primarily at each organization's office. The organizations and employees' names are not revealed due to confidentiality agreements. Unlike many studies featuring a large number of respondents, this investigation involved at every site no more than six individuals who all knew each other and their supervisors well, which increased the problems of maintaining anonymity and precluded collecting demographic information. However, each organization is described in the Methodology section.

4.1 Organization A Assessment

Organization A consists of two full-time volunteers, and due to scheduling conflicts only one of them could be interviewed. The participant indicated that this particular nonprofit faces three ethical challenges, two of which could be considered as external problems.⁴⁸

The only internal ethical issue the respondent mentioned was that Organization A did not possess a written code of ethics for the agency. The interviewee said the agency's mission morally guided the two employees and a code of ethics was not necessary. Nevertheless, the respondent thought volunteers would benefit from creating a code of ethics and said, "Yes, they would be more grounded to [the agency's] moral values."⁴⁹ These two responses seem rather contradictory because if the organization does not need a code of ethics, then one would assume that the volunteers are already in tune with its moral values.

The respondent said that although Organization A did not encounter any breaches of ethics within the office, however, it had faced two external ethical problems in dealing with the distribution of food. The interviewee explained that "A" had used food banks to distribute the provisions to various food pantries and soup kitchens in the past. Then a supervisor discovered that a food bank was charging nonprofit organizations and the needy for the goods. Even though the food bank was charging significantly less than one

⁴⁸ Staff member, interview by Brittney Lytle, Organization A's office, 3 March 2010.

⁴⁹ Ibid.

would pay at a grocery store, the fees were unethical because the food was meant to be given to the needy, not sold. The food bank used these profits to pay operational costs, such as utilities and rent. Although the interviewee understood why the food bank needed the income, it did not change the fact that selling the food was wrong. Once Organization A discovered that the agency had been playing store, A's staff changed the way they distributed donations and now directly deliver the food to soup kitchens and food pantries.⁵⁰

An additional external ethical problem the interviewee mentioned involved churches that received food from Organization A for free community lunches and dinners. Some of the churches would also use the food for their own personal gain, such as serving it during church dinners or Boy Scout events. Again the issue was that the food was not always being given to those who needed it most. The interviewee said because of this misuse they no longer give food to churches.⁵¹

4.2 Organization B Assessment

Four of Organization B's ten full-time employees participated in the interviews. The interviewees expressed very different perspectives on ethics and mentioned only one breach within the agency.

⁵⁰ Staff member, interview by Brittney Lytle, Organization A's office, 3 March 2010.

⁵¹ Ibid.

This organization provided a written code of ethics within the employee handbook. All of the respondents have discussed the code with other employees or referred to it when unsure about how to handle an ethical challenge.⁵² They began to express different opinions when pondering if they would have liked to have been included in the creation of the code of ethics. One out of the four said no; another said maybe, and two said yes.⁵³ An individual recommended writing the code in a more positive manor. For example, instead of emphasizing what staff members shouldn't do, the code should delineate ideal behavior.⁵⁴ Another employee said the existing code is mostly directed towards the clients. This respondent would like to see norms added that deal with staff and staff interactions.⁵⁵

The only breach of ethics Organization B's subjects mentioned was when two different employees stole from the agency. These individuals cashed donation or payment checks and took the money. B's check-and-balance system didn't catch the thefts for four months. Both thieves were let go, and the supervisors implemented a new monitoring system.⁵⁶ Many of the subjects mentioned how difficult it is to trust new employees because of these events.⁵⁷

⁵² Staff member, interview by Brittney Lytle, Organization B's office, 10 March 2010.

⁵³ Ibid.

⁵⁴ Ibid.

⁵⁵ Ibid.

⁵⁶ Staff member, interview by Brittney Lytle, Organization B's office, 10 March 2010.

⁵⁷ Ibid.

4.3 Organization C Assessment

Five employees from Organization C consented to being interviewed. Unfortunately, these individuals were not as open as the respondents from other organizations, and they only mentioned one breach of ethics, but no one was willing to discuss what the wrongdoing included. They did, however, offer specific examples of challenges their organization has dealt with in the past.

Several mentioned the difficult challenge of determining which prospective clients should receive additional support. Applicants who meet predetermined criteria are allowed to apply for openings in these programs. Sadly, many are equally qualified, and all of them need the extra help. Thus, the employees struggle to choose which deserving person to assist.⁵⁸ Another challenge Organization C has handled involves clients who do not meet the criteria but need the additional assistance. The plight of the poor who do not satisfy program requirements can cause staff members to overstep their boundaries and unintentionally enable these clients to continue depending on the organization rather than finding a better solution that leads toward financial stability.⁵⁹

This agency also provides a code of ethics in their employee handbook. However, the staff's opinion on the code differs. Most employees have read it, but when the staff envisioned participating in creating and updating the standards, they responded in surprising ways. One concluded, "If they need to be told what is right, they aren't the

⁵⁸ Staff member, interview by Brittney Lytle, Organization C's office, 11 March 2010.

⁵⁹ Staff member, interview by Brittney Lytle, Organization C's office, 11 March 2010.

right people.”⁶⁰ The issue here arises because although individuals follow a personal code of conduct that varies from nearly all other personal compasses, most written codes hold everybody to the same standards. Another staff member said including everybody was not a good idea because opinions on ethics differ so greatly that the combined code would be “all over the place” and hold little value.⁶¹ On the other hand, the rest of the employees thought staff members would follow the codes more closely if they were included in creating and updating them.⁶²

4.4 Organization D Assessment

Organization D allowed me to interview six of their employees, who included part-time and full-time workers. Like most of the other agencies, this one had a code of ethics. Many staff members were required to complete continual training on their organization’s code a few days before I interviewed them. No one who was interviewed reported witnessing a breach of ethics, and the participants mentioned only two ethical challenges.

The first challenge dealt with clientele privacy. Many volunteers wish to help Organization D’s clients outside what the agency can provide. Or the client may move, and volunteers who were close to that person may wish to visit or continue to provide

⁶⁰ Ibid.

⁶¹ Ibid.

⁶² Ibid.

support. Legally, Organization D is not permitted to give out certain information or allow volunteers to provide additional aid to the clients. The issue arises because the volunteers who want to provide additional aid, accidentally or intentionally could harm a client. The volunteers may also provide inappropriate aid or purposely tarnish Organization D's name. For example, if a volunteer is helping a client outside of the organization, that volunteer could provide cheeseburgers and fries every day as meal. Over the course of time, eating cheeseburgers daily would cause serious health problems for the clients. Although the client needs food, the meals provided must be healthy. Staff members are constantly bombarded with volunteers wanting to help too much.⁶³

The second challenge for Organization D is treating all clients the same. Staff members and volunteers may form bonds with certain clients and unintentionally favor them over others.⁶⁴ One participant also mentioned discrimination noting, "We help clients from all walks of life and have witnessed discrimination towards our clients."⁶⁵ Unfortunately, some volunteers are uncomfortable assisting clients of a different race or who are disabled. The respondent pointed out that besides decency the agency's policies require employees to treat all clients equally and enforce equal treatment from their volunteers as well. Moreover, state and federal laws protect all American citizens from discrimination.

⁶³ Staff member, interview by Brittney Lytle, Organization D's office, 18 March 2010.

⁶⁴ Ibid.

⁶⁵ Ibid.

4.5 Organization E Assessment

Lastly, two staff members from Organization E were interviewed, and E provided the most extensive employee training in codes of ethics at the five agencies included in this study. The founder trains the agency's staff on ethics, and they continuously update their codes as a staff. The two respondents agreed that this organization's staff members are completely open with each other and do not feel micromanaged.

The representatives from Organization E mentioned only one type of ethical breach that happens on a yearly basis largely due to the clients who seek assistance. Some of the volunteers (who may be in need of assistance but do not qualify and yet want to help the community) steal food and supplies from the agency out of desperation. Many of the helpers sincerely wish to donate their time and skills, but the temptation to take what they need may be too great since they cannot afford to buy provisions for themselves.⁶⁶ When this pilfering happens, the staff members try to recommend other nonprofit organizations that assist the individuals whose income often falls below the poverty line.

⁶⁶ Staff member, interview by Brittney Lytle, Organization E's office, 12 March 2010.

Chapter 5

The Combined Analysis of All Personnel Assessment of Ethical Problems

On the topic of ethics, the majority of participants believed that the same ethical standards apply at home as at work. Many of them mentioned how some people could view norms differently since the office and the home are two different environments. One person's comment summed up the conclusion that many respondents drew, "You are either ethical or you are not."⁶⁷ The individuals who did say they believed ethical expectations were different at home and work suggested that the environment might determine what is accepted as appropriate behavior. For example, one participant noted that an employee must follow the ethics of the organization, which may differ from an employee's personal ethics, thus making ethics at home different from at work. There was no correlation found between witnessing breaches of ethics and viewing ethics differently at work than at home. One person who said standards were different has witnessed a breach of ethics and the other has not.

⁶⁷ Staff member, interview by Brittney Lytle, Organization B's office, 10 March 2010.

Table 5.1: The following table describes the combined individual analysis for this study.

Questions posed	Number of participants	Percent of total participants (18)
Participants who consider ethical standards to be the same at work as they are at home	16	88
Participants who consider ethical standards to be different at work than they are at home	2	11
Individuals who have discussed the organization's code of ethics with other volunteers and/or employees	5	28
Individuals who refer to the agency's code of ethics	9	50
Individuals who would like to be involved in the creating and/or updating of the organization's code of ethics	9	50
Individuals who believe employees and volunteers would benefit from being involved in the creation and/or updating of the agency's code of ethics	14	78
Individuals who discuss ethical challenges with other volunteers and/or employees	14	78
Individuals who have witnessed a breach of ethics	8	44

Table 5.2: The following table describes the combined organization analysis

Posed Questions	Number of Organizations out of the Total of Five	Percent of total organizations interviewed
Organizations have a code of ethics	4	80
Organizations who involve their staff in the creation/updating of their code of ethics	3	60

Another interesting discovery is four out of the five participating organizations have developed a code of ethics. The positive aspect of this number is that only one organization does not keep a code of ethics. The four with codes adhere to some type of ethical standards and provide training for their employees and staff members. Having a code of ethics in place is the number-one step in decreasing moral breaches and inappropriate employee behavior.⁶⁸ The Ethics Resource Center's 2007 survey found that organizations with codes of ethics faced the lowest amount of employee misconduct.⁶⁹ Therefore, one organization without a code of ethics is one too many.

In addition, of the organizations that follow a code of ethics, 60 percent of them include their employees in the creation or updating their codes. The combined analysis also shows 50 percent of participants want to be included in the creation and/or updating of their organization's codes of ethics. Moreover 78 percent believe staff and volunteers would benefit positively if they were involved.

The participants mentioned quite a few benefits they believed employees would gain if they were involved in implementing ethical policies: gaining a different perspective, learning appropriate behavior, taking responsibility for personal actions, firmly understanding the codes, and feeling a stronger connection with their organization. Moreover, employees may follow the codes more closely. Since most employees not only wanted to be involved in the discussion but also suggested many potential benefits,

⁶⁸ "Ethics Resource Center's National Nonprofit Ethics Survey," *Ethics Resource Center*, 2007 (Accessed on 16 October 2009).

⁶⁹ Ibid.

clearly organizations need to include their employees and volunteers in creating and updating the code of ethics.

Furthermore, the statistics from this study reveal that half of participants refer to their organization's code of ethics and 78 percent of them discuss ethical challenges with other volunteers and employees. Employees who feel they can discuss ethical challenges openly with other staff members, therein, receive help determining if their potential actions will comply with the agency's code of ethics. If employees cannot discuss ethical challenges, the potential for more breaches in ethics increases. Even though employees and volunteers said they are discussing ethical challenges, 44 percent of them reported witnessing a breach of ethics. This high percentage of wrongdoing eyewitnesses recalled seeing may be due to the organizations' lack of training in or not placing enough emphasis on the codes of ethics.

Eight people had witnessed a breach of ethics within their organizations. The most popular violation was theft. In some organizations food was stolen, in others funds and money. In all cases, the unwanted activity was reported to management and appropriate measures were taken. This zero-tolerance of misconduct includes Organization C. However, its respondents were unwilling to discuss the wrongdoing that took place within their organization but confirmed that management was notified and disciplinary actions were taken. This response from the eyewitness shows that communication is open for employees and volunteers to report breaches of ethics, at least, within their nonprofit agency.

The most common ethical challenge for all five organizations was overstepping procedural rules to further help clients. This problem was very difficult for participants since most joined a nonprofit agency in order to help people. Generally, the guidelines to prevent employees from exceeding appropriate boundaries are there for good reason. Clients may depend on the organization so completely that they never strive to become self-sufficient, or staff members may become too attached to clients, which may inhibit attention to their other clients. Unfortunately, avoiding the pitfall of ignoring rules that limit aid to needy clients is a common challenge within nonprofits because of the nature of the work.

Overstepping boundaries also ties into the second largest ethical challenge respondents described, clientele privacy. Many participants noted how privacy issues both for clients and employees can be difficult to judge due to wanting to help clients too much. If organizations tackled privacy policies so that everybody clearly understood the agency's expectations and took steps to provide additional help to clients who have complied with those policies, the number of participants who break the rules for helping applicants might decrease.

Chapter 6

Recommendations and Strategies for Resolving the Ethical Problems

The interviews with respondents at five Northeastern Ohio/Southeastern Michigan area charitable organizations and researching the literature about ethics in the nonprofit and profit-based workplace inspired the recommendations listed below. Each appears in a concise bullet point to facilitate implementation. Here are some guidelines for resolving ethical lapses in nonprofit organizations:

- Write, maintain, and distribute a code of ethics.
- Post the organization's code of ethics where all employees can access it.
- Create a code of conduct.
- Be transparent with all funding and spending.
- Make employees, board members, and volunteers aware of possible ramifications when the code of ethics is breached and follow through with those sanctions.
- Provide whistleblower protection for nonprofit organizations.
- Mandate continuous training in ethical behaviors and dilemmas.

The most important recommendation is to create a code of ethics, or in many cases, update it. For eighty-eight years, the Ethics Resource Center (ERC) has provided guidance about moral issues for professionals in business, government, and the nonprofit sector as well as students, policy makers, and the general public. The ERC website contains links to numerous resources and services. A recent ERC survey showed, “Levels of misconduct dropped to nearly zero percent where ethical programs and cultures were in place.”⁷⁰ A code of ethics should reflect these goals:

[Codes must] define an organization’s shared moral values in succinct, nonspecialist language. Those values typically bear close resemblance to the five shared values – respect, responsibility, honesty, fairness, and compassion – that the Institute for Global Ethics finds are in common to cultures everywhere around the world.⁷¹

A code of ethics that is not communicated to the organization’s employees, donors, and volunteers is invisible and, therein, cannot inspire sterling behavior.⁷² Of course, ethical standards must start with the organization’s board or leaders. If the board members are unethical, then there is little hope for the employees and volunteers to behave ethically.⁷³

Rushworth M. Kidder, the author of *How Good People Make Tough Choices: Resolving*

⁷⁰ Harned, “Ethics Today,” no page number given.

⁷¹ Rushworth Kidder. “Foundation Codes of Ethics: Why do they matter, what are they and how are they relevant to philanthropy,” *New Directions for Philanthropic Fundraising*, 2004 (45), 80-81.

⁷² Ibid.

⁷³ “Nonprofits’ Ethics Edge Closer to Levels of Business & Government, ERC Survey Shows,” *PR Newswire*, March 2008.

the Dilemmas of Ethical Living, began giving motivational speeches and writing books about ethics thirty years ago. He is the president and founder of the Institute for Global Ethics. Dr. Kidder suggests keeping these ideas in mind when creating and maintaining a code of ethics:

- The best code is a brief code.
- A code of ethics should articulate general principals, without trying to cover every exigency that might arise.
- It provides broad guidelines, not narrow regulations.
- It should be positive, not negative.
- It should not be a statement of organizational strategy.
- A code of conduct is a useful adjunct to a code of ethics because it specifies appropriate behavior and agency expectations.
- Building a code is more important than having a code. A code of ethics requires revisiting so that new staff and trustees feel as passionate about it as those who put it together.
- An effective code should be user friendly internally and appealing externally. The test of a good code is that it changes behavior inside the organization.⁷⁴

Posting an ethics code where no one can find it doesn't do anyone any good. Since many donors and volunteers also would like to view the code of ethics, posting it

⁷⁴ Kidder, "Foundation Codes of Ethics, 82.

on the organization's Website is an excellent idea. The code of ethics should also be posted in the office, handbook, and in the main board meeting room. Some organizations even choose to include the code in contracts that employees must sign.⁷⁵

Instead of relying on just one or the other, which at the moment is standard practice, organizations should create both a code of ethics and a code of conduct. Creating a code of conduct that co-exists with the code of ethics could solve many problems these organizations are facing. In this case, the conduct code should include policies that deal with conflicts of interests, client selection, transparency of funds, and employee and client privacy. The code should also limit the amount of help that the organization can provide to clients to prevent enabling unproductive behavior.⁷⁶ Just like a code of ethics, a code of conduct needs to be revisited and updated by employees. Personal involvement will encourage employees to stand by it and follow it. Moreover, many employees want to be involved.

Being transparent with funds is a big issue in nonprofits. People want to know where their money is going before and after they donate. Organizations could include their donations and government aids on their Websites, updating the page daily, and describing where funds are invested or dispensed. If donors cannot access the web site, the agency could create a short handout featuring a detailed account of income and expenditures. Letting the donors know that the organization is lawfully obligated to only

⁷⁵ Santicola, "Seven Ethical Challenges for Nonprofits," no page number available.

⁷⁶ Ibid.

use funds that are designated for specific intentions for those purposes could also help increase public awareness and trust.

In addition, keeping track of funding for the donors may also prevent theft within the organizations. This transparency with the benefactors would make more employees aware of the flow of money and will hopefully allow for a faster realization if or when an employee or volunteer tries to steal than is possible via annual audits.

The toughest policy in the code of conduct may focus on how to delineate limiting the amount of help the organization can provide. Since most of the nonprofits embrace the common goal to help people, many go to extravagant lengths to do so. In many cases, these efforts create negative situations where clients become dependent on the agencies for help and funds. This enabling behavior may also lead to employees breaking their organization's code of ethics or code of conduct. Training should encompass handling challenging circumstances, like when volunteers form bonds with clients and wish to help them outside the organization, or when employees falsify forms to receive more aid for needy souls. Training exercises will hopefully give staff and volunteers tools to overcome these situations; these sessions will also provide a refresher course on the agencies' codes of ethics and conduct.

Organizations then need to make employees, board members, and volunteers aware of possible ramifications when the code of ethics or code of conduct is not followed and impose sanctions appropriate to the consequences the misbehavior caused. A warning method may work well in this case. If the transgression is minor and it is the

first offense, an employee who breaches one of the rules is warned. If the wrongdoing reflects a major lapse of judgment, such as stealing from the agency or taking off too many sick days without a doctor's notification, then a more severe punishment should be inflicted. The main issue is to make the outcome relevant. If a manager or director allows employees to breach the code of conduct or ethics without consequences, then the employees may take advantage of the organization.

Nonprofit agencies also need to create a whistle-blower protection policy for those who do report a breach of ethics. Because nonprofits lack anonymity and are not covered by most whistle-blowing protection laws, organizations need to implement their own measures. The Nonprofit Panel Guide has created whistle-blowing protection policies that most nonprofit organizations can easily adapt. The issue of anonymity will not be solved by implementing a policy or a law. However, this doesn't mean that there aren't ways to find a solution. Many nonprofit organizations have opted to adopt an independent system for reporting ethical lapses. Employees who witness moral problems or illegal activity can utilize a law firm or another third party to report such issues. It is then up to the third party to report them to management. This process allows the employees to remain unknown.⁷⁷

Providing annual training for employees within nonprofit organizations is a great way to maintain ethical policies and procedures. These training programs can include role

⁷⁷ Scott Harshbarger and Amy Crafts. "The Whistle-blower: Policy Challenges for Nonprofits," *The Nonprofit Quarterly*. [journal online]; available at <http://www.nonprofitquarterly.org/Past-Issues/Nonprofit-Behaviors-and-Misbehaviors/the-whistle-blower-policy-challenges-for-nonprofits.html> (24, April 2009).

playing ethical dilemmas, reviewing and updating the code of ethics, making sure everyone is aware of the code of ethics and of conduct, as well as practicing what employees should do when an ethical lapse occurs. As mentioned earlier in this section, a code of ethics doesn't do the organization any good if it is not viewed and practiced.⁷⁸

Updating the mission statement and the code of ethics together may also work in nonprofit organizations. Mission statements may be outdated and could limit the types of people an organization can help. Updating them makes it less likely that deserving candidates would slip through the cracks but rather would receive the help they need.⁷⁹ A study conducted in 2007 found that those organizations with a clear and motivating mission had a better chance to succeed and become more innovative.⁸⁰ This impact of knowing the agency's purpose is another example of how well-implemented standards positively affect the employees and future of the organization.

⁷⁸ Santicola. "Seven Ethical Challenges for Nonprofits," no page number available.

⁷⁹ Ibid.

⁸⁰ Roger McDonald, "An Investigation in Nonprofit Organizations: the Role of Organizational Mission," *Nonprofit and Voluntary Sector Quarterly*, 36:2 (2007): 256-281.

Chapter 7

Conclusion

In conclusion, having a code of ethics in place is the number-one step in decreasing moral breaches and inappropriate employee behavior. Although only one of the five organizations did not have a code of ethics, it is highly suggested by the literature and findings of this study that the agency in question create one.

Furthermore, organizations need to include their employees and volunteers in creating and updating the code of ethics. Employees want to be involved in this process and mentioned many benefits including gaining a different perspective, learning appropriate behavior, taking responsibility for personal actions, firmly understanding the codes, and feeling a stronger connection with their organization.

A positive finding is that communication about ethics and morals transpires within all of the organizations. Many of them have asked other employees about a moral challenge or have discussed the codes of ethics. Unfortunately, 44 percent of participants reported witnessing a breach of ethics. If nonprofit organizations implement the strategies described in the prior chapter, they will most likely see a decrease in wrongdoing, more meaningful communication between employees, and more discussion about ethics and on moral challenges. The employees and volunteers who participated in this investigation

expressed enthusiasm in taking a greater role in exploring how to improve the ethics of their organizations. During the interviews, many said they hadn't thought to post their codes of ethics anywhere besides the handbook or to include staff in the creation and updating of their moral standards. The interviews conducted to write this thesis, if nothing else, made staff members and volunteers seriously think about their agency's code of ethics.

It is very clear that more studies need to be conducted on ethics in nonprofit organizations. As mentioned in the introduction and literature review, this focus on charitable agencies is still a very new field of study, but it needs to be researched. One promising inquiry could investigate if organizations that include employees in the creation and updating of their codes of ethics confront fewer transgressions than those agencies that do not make their staffs partners in seeking moral conduct. Depending on the findings, this could be hugely influential on how nonprofits view their code of ethics. Another study could see if individuals who view ethics differently in the workplace than at home and rates of organizational misconduct are correlated.

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Appendix A

Interview Questions from Previous Study

Name:

Position:

Contact Information:

How long have you worked for (organization)?

How would you define ethics?

Are ethics the same at home as they are at work? Y or N Why?

Does (organization) provide a code of ethics?

Is it posted?

Do workers know where it is or where to find it?

Do they refer to it or discuss it among themselves or with management?

What kinds of ethical may challenges arise?

Have you ever witnessed a breach of ethics? (explain)

Was it brought to the attention of management?

Can you give an example of an ethical challenge specific to a nonprofit organization?

Specific to this organization?

Anything else you would like to add about ethics in non-profit organizations?

Appendix B

Interview Questions for this Study

Name:

Position:

Contact Information:

How long have you worked for (organization)?

How would you define ethics?

Are ethics the same at home as they are at work? Y or N Why?

Does (Organization) provide a code of ethics?

Is it posted?

Do employees know where it is or where to find it?

Do they refer to it or discuss it amongst themselves or with management?

Do you refer to the code of ethics? Why and how often?

Is the staff involved the creation of codes of ethics? How? Would you like to be?

Do you feel employees would gain anything from being involved in this process?

Do you discuss potential ethical problems with other employees?

What improvements would you like to see in your company's code of ethics?

Have you ever witnessed a breach of ethics? (explain)

Was it brought to the attention of management?

Can you give any other example of an ethical challenge for a non-profit organization?

Specific to (organization)?

Anything else you would like to add about ethics in non-profit organizations?

Appendix C

Sample Letter of Inquiry sent to Potential Agencies

Dear Nonprofit Director,

I am a graduate student at the University of Toledo, and I am studying ethics and communication in the workplace. My thesis focuses on the *Efficacy of Ethical Codes in Nonprofit Organizations*. To complete it I need to interview employees and volunteers at nonprofit organizations that serve the needy. During my research, I learned about (organization name) and think it ideally fits the profile for this study.

Please consider participating in this project. I need to conduct 20 minute interviews with six staff members. Upon request, I will maintain confidentiality. Your help in selecting interviewees would be greatly appreciated. Of course I will come to your offices to talk to people. The research office requires me to collect acceptance

letters on letterhead stationary from all nonprofit organizations included in my study. All information acquired will be used solely for my thesis.

If you have any questions or wish to discuss this venture with me, I can be reached at (information has been deleted). I appreciate your help and would welcome any suggestions. I look forward to hearing from you.

Sincerely,

Brittney Lytle

Appendix D

Sample Acceptance Letter from Participants

Brittney Lytle,

We received a letter from you requesting to participate in your Masters of Liberal Studies thesis. We accept the invitation and look forward to participating.

We understand that at any point we may terminate discussion with her. We do not expect to withdraw but appreciate knowing the option is there. We also understand that full confidentiality will be granted to all who participate in this study.

We look forward to hearing from you soon to make arrangements.

Sincerely,

(please sign)

Appendix E

Cherry Street Mission Ministry's Code of Ethical Conduct

Code Of Ethical Conduct

The following statement of corporate policies constitutes The Ministry's Code of Ethical Conduct. It reaffirms The Ministry's tradition of conducting business in accordance with the law and the highest standards of business ethics.

- A. The Ministry's policy is to comply with all applicable laws and regulations.
- B. The Ministry's policy is to maintain accurate and reliable corporate records, which disclose all disbursements and other transactions to which The Ministry is a party.
- C. The Ministry's policy is to require the undivided loyalty of its employees in the exercise of their Ministry responsibilities. Personal investments or other activities, which may create a conflict of interest, are prohibited and circumstances, which give the appearance of a conflict of interest, are to be avoided.

The Ministry relies on the good faith of its employees in the exercise of their responsibilities to the Ministry. All business judgments on behalf of the Ministry should be made by its employees on the basis of such trust and the exercise of independent judgment in the Ministry's best ethical and legal interests. The Ministry fully respects the employees' right to privacy in their personal affairs and financial activities. The purpose of this policy is to provide guidance to employees in avoiding situations in which their personal activities are, or appear to be, in conflict with their responsibilities to The Ministry.

Although it is impracticable to attempt to define every situation, which might be considered a conflict of interest, generally speaking a conflict exists when an employee's personal interests or activities may influence the exercise of independent judgment in the performance of duty to the Ministry. There may be cases where such conflicts are more theoretical than real, but an employee concerned about a possible conflict should review and disclose the situation in light of the following guidelines:

Possible Conflicts

- 1. Financial Interests.** A conflict may exist when an employee, or an immediate family member, directly or indirectly, (1) owns or otherwise engages in the same or similar kind of business in which the Ministry engages, or (2) owns a significant beneficial interest in a competitor or

concern which does concurrent or prospective business with the Ministry, if such employee is in a position to influence the business decision of the Ministry or the outside concern.

2. **Outside Activities.** A conflict may exist when an employee, or an immediate family member, serves as a director, officer, employee, or agent of an organization which is a competitor or which has a current or prospective business relationship with the Ministry. A conflict may also exist when an employee engages in a personal business venture which detracts from the employee's job performance or prevents the devotion of time and effort required by The Ministry. A conflict may also exist when an employee participates in a charitable or civic organization or serves in public office if the activities of any such organization or public body directly involve the business interests of the Ministry.
3. **Gifts.** Employees may not, without exception, accept a gift of cash. In the case of any non-cash gift, the following applies:
 - a. Employees may **not** accept gifts with a value exceeding \$50 from vendors, competitors, customers, or others having a business relationship with The Ministry, or lodging of one or more nights without approval of the Ministry President.
 - b. If the gift has a value of \$50 or less, the employee **must** review the propriety of the gift with their supervisor before acceptance thereof.

c. For purposes of the Code, “gifts” do not include articles of nominal value given as sales promotions or holiday remembrances. In all cases, it is best to disclose all gifts with the employee’s supervisor

4. Confidential Information. A conflict exists when an employee, or immediate family member, uses for personal gain or for the benefit of others, confidential information obtained during employment by the Ministry. Examples include the trading information such as unpublished merger discussions, or possible acquisitions.

5. Transactions Involving the Ministry. A conflict may exist when an employee, or immediate family member, (1) engages in the sale, rental, or purchase of any real estate or other property from the Ministry other than a routine sale of Ministry products through normal sales, or (2) benefits personally from any purchase or sale of properties of whatever nature by the Ministry, or derives personal gain from any transaction to which the Ministry is a party.

6. Business Opportunities. An employee shall not for himself/herself, or any other person or organization, take or use, any business or profit opportunity in which the Ministry has or might have an interest in that an employee acquires as a result of representing the Ministry.

Disclosure Procedure

Because it is not possible to list all situations or relationships, which might create conflicts of interest problems and because each situation must be evaluated on the facts, employees should promptly disclose to their supervisors or managers any circumstances, which might constitute violation of these guidelines.

1. The Ministry's policy is that employees should immediately report any known or suspected illegal or unethical conduct, connected with the business of the Ministry or its subsidiaries to their supervisor or the Ministry President. Because of the sensitive nature of such information, the anonymity of the person will be guarded by only involving persons with a valid need to know.
2. All employees are expected to adhere to the terms of the Code of Ethical Conduct; however, the President of the Ministry, for good cause shown, may grant exceptions where the circumstances warrant.

An employee who violates the Code of Ethical Conduct will be subject to sanctions, up to and including discharge. In appropriate cases, sanctions may include referral for criminal prosecution or civil action.

Appendix F

Farmers and Hunters Feeding the Hungry Mission Statement

Farmers and Hunters Feeding the Hungry (FHFH) is an outreach ministry of the people of God called upon to feed venison to the hungry among us nationwide.

Appendix G

Feed Lucas County Children Code of Ethical Conduct

Productive Work Environment

Covers all forms of harassment, including sexual, ethnic, racial, and disability harassment

Policy:

It is the policy of the company to promote a productive work environment and not to tolerate verbal or physical conduct by any employee that harasses, disrupts, or interferes with another's work performance or that creates an intimidating, offensive, or hostile environment.

Procedure:

Employees are expected to maintain a productive work environment that is free from harassing or disrupting activity. No form of harassment will be tolerated, including harassment for the following reasons: race, national origin, religion, disability,

pregnancy, age, military status, or sex. Special attention should be paid to the prohibition of sexual harassment.

Each director has a responsibility to keep the workplace free of any form of harassment, and in particular, sexual harassment. No director is to threaten or insinuate, explicitly or implicitly, that an employee's refusal or willingness to submit to sexual advances will affect the employee's terms or condition of employment.

Other sexually harassing or offensive conduct in the workplace, whether committed by supervisors, managers, nonsupervisory employees, or nonemployees, is also prohibited. This conduct includes:

- Unwanted physical contact or conduct of any kind, including sexual flirtations, touching, advances, or propositions
- Verbal harassment of sexual nature, such as lewd comments, sexual jokes or references, and offensive personal references
- Demeaning, insulting, intimidating, or sexually suggestive comments about an individual
- The display in the workplace of demeaning, insulting, intimidating, or sexually suggestive objects, pictures or photographs
- Demeaning, insulting, intimidating, or sexually suggestive written, recorded, or electronically transmitted messages (such as email, instant messaging, and internet materials). Any of the above conduct, or other offensive conduct, directed at individuals because of their race, sex,

national origin, religion, disability, pregnancy, age, or military status is also prohibited.

An employee who believes that a supervisor's, manager's, other employee's, or nonemployee's actions or words constitute unwelcome harassment has a responsibility to report or complain about the situation as soon as possible. The report or complaint should be made to the director; or to the board if the complaint involves the director.

Complaints of harassment will be handled and investigated unless special procedures are considered appropriate. All complaints of harassment will be investigated prompt and in as impartial and confidential a manner as possible. Employees are required to cooperate in any investigation. A timely resolution of each complaint should be reached and communicated to the parties involved.

Any employee, supervisor, or manager who is found to have violated the harassment policy will be subject to appropriate disciplinary action, up to and including termination. The company prohibits any form of retaliation against employees for bringing bona fide complaints or providing information about harassment.

Conflict of Interest – outside employment

Policy:

All paid employees within the organization will be required to sign a Conflict of Interest Form. Additionally, all real perceived conflicts of interest will be brought to the attention of the Director for consideration, resolution and direction.

The organization recognizes that it is common for employees to seek outside employment to supplement their income. However, if there exists a conflict of interest, the employee is required to discuss the propriety of the outside employment with the appropriate level of management.

Procedure:

- Individuals have a responsibility to bring real or perceived conflicts of interest to the attention of the level of authority necessary for resolution and the protection of everyone involved.
- The Conflict of Interest Form will be utilized by all board members, staff, etc

Appendix H

Meals on Wheels Code of Ethics

Volunteer Code of Ethics

Meals on Wheels Ministry recognizes the critical role of its volunteers, and is extremely grateful for their dedication, their time and their compassion. Meals on Wheels accepts the service of all volunteers with the understanding that such service is at the sole discretion of the agency.

Meals on Wheels asks you as a volunteer to:

- Perform your service to the best of your ability, maintaining the clients' interests as your primary focus.
- Maintain an environment free of harassment (physical, sexual, or verbal), discrimination, and unprofessional conduct.
- Refrain from false, misrepresented, or omitted information on a volunteer application form and understand that MOW cannot accept applications with such information.
- Observe, maintain and protect confidentiality regarding clients, and avoid sharing with anyone information that identifies clients.

- Treat proprietary or privileged information involving staff members or other volunteers as strictly confidential.
- Avoid activity construed as conflict of interest, i.e. neither accept loans or gifts of money or property from clients nor give gifts of money or property to clients, unless through an organized agency program.
- Refrain from offering medical, legal, or financial advice to clients.
- Respect the cultural, religious, and political views of clients and refrain from imposing your cultural, religious, and political views on clients.

Volunteer Driver Guidelines

Packaging Procedures

1. Arrive at the Meals on Wheels Ministry facility between 10:30 am and 12:00 pm.
If, for any reason, you will be later than 12:00 pm, please notify the Director of Volunteers. All meals must be delivered by 1:30 pm. We must know that you are coming to deliver your route. Our senior citizens depend on you!
2. Please sign in when you arrive to pick up the meals. The meals will be set up in numerical order on carts in the volunteer lounge. For each route, there should be 1 red meal container, 2 paper bags, and 1 milk box. Please check your route sheet for the number of meals and milks you will need and double-check the number you have in your container and bags before leaving the facility.
3. The route sheet is updated daily. Please always review the route sheet for changes. Never use an old route sheet to deliver meals!
4. You may choose to bring your own cooler and transfer your meals from the red containers belonging to Meals on Wheels. We ask that if you do choose to deliver the meals with the red container, please return it to our facility or Green Acres Baptist Church on the same day.

Meal Safety

- Handle the meals with care, as if you cooked the meal yourself. Keep the meals level when transporting during delivery. When meals are not level, spillage and leakage may occur.

- Follow the delivery procedures closely in order to keep hot foods hot and cold foods cold. Packing the food properly and uninterrupted delivery are essential to prevent bacteria from forming, causing food poisoning.
- During your route, be sure to close your container securely after taking out a meal. This helps to retain a safe temperature level.
- Strongly encourage your clients to put their meal in the refrigerator if they are not going to eat the meal immediately.

Delivery Procedures

1. If a client does not answer the door:

- Please be patient and give the client ample time to get to the door. You may try knocking at another door. If you find a note at the client's home to leave the meal on the porch, in the chair, between the door and screen, or the client has provided an insulated container – DO NOT LEAVE THE MEAL. The client may be away from the home longer than anticipated and there is danger of food spoilage.
- Attempt to call the client if the phone number is listed on the route sheet.
- If a client does not answer the door or phone, please call the Director of Homebound Meals so she can notify the emergency contact.

2. Most Clients will come to the door to receive the meal. In some cases, a clients may ask you to come in and place the mean inside of the home. If the person needs additional help, instructions will be on your route sheet.

Personal Safety

Personal Safety of all volunteers is very important. Please review the following precautions.

1. Dress comfortably. Leave valuables at home or locked in a secure place in your vehicle.
2. Always lock your car when getting out and check back seat and floor before getting back in the car. Have your keys ready when approaching your vehicle. Never leave your car running or the keys in your car while going to the door to deliver a meal.
3. Be alert at all times, even in familiar surroundings.
4. Report any hazards that occur during your delivery, such as dogs, etc.
5. Use your common sense. Do not walk into a bad situation.
6. If you find a client in a medical emergency, call 911 and notify Meals on Wheels immediately.

Meals on Wheels Ministry

Client Confidentiality Policy

In the course of the daily activities conducted by Meals on Wheels, employees and volunteers will be in personal contact with clients. This often necessitates the sharing of proprietary information concerning Meals on Wheels recipients.

All volunteers are required, as a caveat of volunteerism, to abide by the following policy concerning confidential information or activities in connection with the performance of each individual's service. This policy is binding to all volunteers.

All information concerning any client or applicant of Meals on Wheels is strictly confidential. This includes name, address, phone number, living condition/circumstance, income status, and physical condition. The services received by clients and other similar information, as determined by the Executive Staff, are also strictly confidential. All volunteers shall guarantee every person that receives the services of Meals on Wheels this right to his/her personal privacy.

Any volunteer that knowingly and deliberately reveals confidential client information to any unapproved source will be removed from their duties with Meals on Wheels Ministry.

Appendix I

Mobile Meals of Toledo, Inc. Code of Ethics

CODE OF ETHICS (Passport Code of Ethics)

As a Passport provider, Mobile Meals of Toledo has adopted a code of ethics that ensures ethical standards of care by requiring workers and volunteers to deliver services professionally, respectfully, legally and during the provisions of authorized services shall prohibit unprofessional, disrespectful or illegal behavior, included but not limited to:

1. Consuming the client's food and/or drink, or using the client's personal property without the clients consent.
2. Bringing children, pets, friends, relatives, or anyone else to the client's place of residence.
3. Taking the client to the employees or volunteers place of residence.
4. Consuming alcohol, medicine, drugs or other chemical substances not in accordance with the legal, valid, prescribed use and/or in any way that impairs the provider in the delivery of services to the client.
5. Discussing religion or politics with the client or others in the care setting.

6. Discussing personal issues with the client and others in the care setting.
7. Accepting, obtaining, or attempting to obtain money, or anything of value, including gifts or tips from the client, household members and family members of the client.
8. Engaging with the client in sexual conduct or in conduct that may reasonably be interpreted as sexual in nature, regardless of whether or not the contact is consensual.
9. Leaving the home for a purpose not related to the provision of services without notifying the supervisor, the clients emergency contact person, any identified caregiver, and/or the clients' case manager, or, for consumer-directed service providers, leaving the home without the consent and/or knowledge of the consumer.
10. Engaging in activities that distract the provider from service delivery, including but not limited to:
 - a. Watching television or playing computer or video games.
 - b. Making or receiving personal telephone calls.
 - c. Engaging in non-care related socialization with individuals other than the client.
 - d. Providing care to individuals other than the client.
 - e. Smoking without the consent of the consumer: and
 - f. Sleeping.

11. Engaging in behavior that causes or may cause physical, verbal, mental or emotional distress or abuse to the client.
12. Engaging in behavior that may reasonably be interpreted as inappropriate involvement in the clients personal relationships
13. Being designated to make decisions for the client in any capacity involving a declaration for mental health treatment, power of attorney, durable power of attorney, or guardianship.
14. Selling or purchasing from the client products or personal items. The only exception to this prohibition occurs when the client is a family member and the provider is not delivering services.
15. Engaging in behavior that constitutes a conflict of interest or takes advantage of or manipulates ODA-certified services resulting in an unintended advantage for personal gain that has detrimental results for the client, the client's family or caregivers, or another provider.

STANDARDS OF CONDUCT / PROGRESSIVE DISCIPLINE

Each employee has an obligation to observe and follow the Agency's policies and to maintain proper standards of conduct at all times. If an individual's behavior interferes with the orderly and efficient operation of a department or the Agency, corrective disciplinary measures will be taken.

Disciplinary action will generally include a verbal warning which will be documented in your personnel file, written warning, suspension (with or without pay) or

EAP counseling, and/or termination. The appropriate disciplinary action will be determined by management based upon the severity of the infraction.

By using progressive discipline, we hope that most employee problems can be corrected at an early stage, benefiting both the employee and the Agency.

The following is a sample of violations which may result in disciplinary action:

- violation of company policies or safety rules,
- insubordination or other disrespectful conduct,
- unsatisfactory attendance,
- unsatisfactory performance or conduct,
- theft or dishonesty,
- fighting or threatening violence in the workplace,
- boisterous or disruptive activity in the workplace,
- possession, distribution, sale, transfer, or use of alcohol or drugs (illegal or legal) on work premises or during working hours,
- possession, use or sale of dangerous weapons,
- physical, sexual or other unlawful harassment,
- disrespect toward fellow employees, visitors or other members of the public,
- negligence or deliberate destruction of company property or others property, and
- behavior that is offensive or undesirable.

These examples are not all inclusive. We emphasize that discipline will be determined based on the severity of the infraction and assessment of all relevant factors.