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Project Title: Designing Ethics into ERM Programs

This article defines important ethical principles common to societies and cultures in the global economy, and describes a comprehensive management program to integrate these principles into the reporting, compliance, and operational components of ERM.

This paper focuses on the ethical principles of Personal Virtue, Legal Compliance, Economic Efficiency, Distributive Justice, and Procedural Justice. After defining these ethical categories, we then offer a comprehensive and pragmatic explanation of their application to the components of ERM.

To illustrate the role of ethics in management practice, the paper describes the experiences of businesses that either succeeded or failed to formulate and implement ERM programs based on these principles. The most important contribution of this paper will be its well-developed series of best practice recommendations to design these ethical principles into ERM.

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Project Title: A Strategic Fit Approach to Design Ethics into ERM Programs

This article examines differences in important dimensions of the strategic setting that influence the ethical principles underlying the reporting, compliance, and operational components of ERM.

The two important dimensions of the strategic setting examined in this paper are the intensity of the regulatory environment and the level of interdependence with external stakeholders. For example, publicly owned firms are more rigorously regulated than privately owned firms; and firms are increasingly more interdependent as they increase the number and magnitude of their cooperative relationships or competitive actions.

As in a musical concert, the "acoustics" of the strategic setting influence the instrumentality and appropriate intensity of effort assigned to the ethical principles driving the components of ERM. We first describe the ethical principles of Personal Virtue, Character, Legal Compliance, Economic Efficiency, Distributive Justice, and Procedural Justice; we then explain how these principles influence the design of ERM components.

Throughout the paper, we examine rich "mini-cases" describing actual businesses to illustrate how ethical principles are mechanisms to design strategic fit into ERM programs.

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Project Title: Communication as Risk Response: The Role of Ethics in the Message and the Messenger

In the event of a loss incident, it is necessary to evaluate the cost vs. benefit of potential responses, and the degree to which a response will reduce the incident impact. Communication is one of the eight components of the ERM framework. In the event of a loss incident, the communication function often is delegated to public relations professionals.

The Public Relations Society of America notes in their code of ethics that their members' primary obligation is to use "values, principles, standards of conduct, and commitment ... to build and maintain the framework for public dialogue that deserves the public's trust... and to accurately define what public relations activities can accomplish." Unfortunately, there is an important gap in our understanding of how ethical principles interact with communication content and processes to influence the cost vs. benefit of potential responses.

This paper describes alternative designs of communications programs intended to be responses to loss incidents. It then illustrates the strengths and weaknesses of the cost-benefit approach to evaluate the communication component's effectiveness to build trust, an important mechanism to reduce incident impact. Throughout the paper, we examine rich "mini-cases" describing actual business experiences to illustrate the structure and use of communication as Risk Response.