

reporting of the organization's accomplishments, failures, and opportunities for improvement in disaster response activities.

The ARC must also address the ethical risks specific to a disaster-relief organization. Clear and efficient communications with federal and local government agencies is a challenge. The ARC must develop strategic plans to better accomplish disaster response goals. These plans must include how to respond to organizational missteps and failures. Transparent, honest reporting of the ARC's goals, accomplishments, opportunities for improvement, and mistakes would go a long way toward restoring the country's trust in the organization.

In short, the American Red Cross has a stakeholder obligation to fulfill its charter's expectations effectively and efficiently. Charitable donations fund the nonprofit's operations, and volunteers comprise 95 percent of its workers. The ARC staff and volunteers need to be managed by capable directors and executives within ARC. Improvements to the ARC as an organization must begin with executive leadership and flow downward to every level of the group. Congressional oversight and interaction with federal, state, and local organizations must continue to be reviewed and modified to suit current needs.

Disaster relief cooperation in the form of partnering with private corporations to provide efficient and effective responses to victims of disasters should be continued. Joint marketing practices between the ARC and private businesses should also continue, as long as unethical interactions or associations do not compromise the mission of the ARC. The many stakeholders of the ARC, including donors, staff, volunteers, and society, must continue to monitor the American Red Cross in order to ensure its long-term success.

QUESTIONS

1. Explain the possible problems in the ethical culture of the Red Cross that created the issues discussed in this case.
2. Name some of the problems the ARC has encountered with handling donation money.
3. What are some of the reasons for the ARC's ethical dilemmas, and how can the organization guarantee that these problems will not recur in the future?
4. What effect do organizational structure and compensation have on ethical behavior among chief executives at ARC?

SOURCES

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