

Codes of Conduct Are Good for NGOs Too

ANTHONY ADAIR

Those who seek improvement in others should remember that sauce for the goose is sauce for the gander.

THE defensive nature of the response in the *Melbourne Age* (18 August 1998) by the Executive Director of the Australian Council for Overseas Aid (ACFOA) to my article about Codes of Conduct for Non-Government Organizations (*IPA Review*, May 1998) suggests that a sensitive nerve was struck.

When the integrity and credibility of an organization are under challenge, the organization has to *demonstrate by its actions* that it continues to be worthy of public support. It is not enough to proclaim your innocence and your virtue.

NGOs, no less than commercial enterprises, have to earn their role in society.

THE CREDIBILITY GAP FOR NGOS

In recent years, NGOs have carved out for themselves an increasingly prominent role in the formulation of public policy at both the national and international level. Perhaps the most notable has been their role in efforts by the United Nations to establish global responses to perceived environmental problems such as global warming, hazardous waste disposal and the use of dangerous chemicals. They see themselves as champions of the public good, with a mission to reverse much of the physical, environmental and social harm done in the world because of the failings of governments, corporations and the professions.

Much of the domestic legislation in Western democratic countries regulating the conduct of business has come about as a result of political campaigns by well-organized, energetic, clever and well-funded private organizations which claim to represent the wider public interest. While many have questioned both the scientific validity and the long-term consequences of the problems identified and the solutions proposed by

such groups, few have questioned their motivation or their desire to bring about what they regard as worthwhile solutions to potentially serious problems.

In today's politics, however, the key mantra is 'consultation with stakeholders'. The word stakeholder originally meant those with a *direct* interest in the subject under discussion e.g. the owners, employees, customers and neighbours of an industrial plant. Today the word is very loosely defined as any person or organization which claims to have an interest, no matter how remote.

Therefore in a world of 'stakeholder power'—where media coverage is often the principal way to raise political

Skilful, well-organized NGOs are well placed to have a powerful role in determining public policy and influencing political decision-making

awareness and invite action—skilful, well-organized NGOs are well placed to have a powerful role in determining public policy and influencing political decision-making.

Inevitably, as a reaction to the perceived power of NGOs, their opponents or 'victims' will respond by placing these organizations under intense scrutiny, searching for any flaws or weakness in their structures and behaviour in order to limit or damage their credibility.

At the same time, legitimate concerns have been raised about the secrecy, sources and application of funds, man-

agement procedures and practices, corporate governance and lack of democratic processes within some prominent NGOs. Public concern at the exaggerated—often apocalyptic—tone of public statements; serious doubts about the integrity and honesty of some of the scientific and technical claims made by some NGOs; increasing alarm at some of the more high-risk stunts undertaken to attract media publicity; all these combine to leave such organizations with a growing credibility problem. Governments take less seriously those NGOs that misunderstand science or fabricate data in efforts to support their case. The public is less inclined to give money and other forms of support to organizations that prove to have many of the same failings that they accuse their opponents of having.

These concerns can be expected to intensify as NGOs—like other special interest groups—seek to become more and more involved in the political and decision-making processes which determine the outcome of development applications, business investment, environmental, health and safety standards and other matters in which they seek to influence the outcome.

CODES OF CONDUCT—PRECEDENTS

Codes of Conduct are increasingly widespread among commercial, professional and government organizations but only a handful of NGOs—predominantly groups involved in the provision of humanitarian aid—have taken the initiative to establish their own Codes.

The obvious question to ask is: why have so many organizations found it necessary or desirable to have Codes of Conduct when so few NGOs have done likewise? Are there important differences between the structure and behaviour of NGOs, and that of other groups in society, to make such Codes unnecessary for NGOs?

Codes of Conduct are essentially a response to the high level of public mistrust of institutions and of the individuals who run them. Business enterprises have found themselves under increasing public scrutiny and criticism bordering on hostility over a variety of environmental, safety, social, financial and economic failures. Consequently, business has become increasingly subject to Codes of Conduct that supplement national and international law. Such Codes are either general in their application—e.g. the OECD Guidelines for Multinationals—or of specific application to particular industries or types of companies—e.g. the Code of Conduct for companies selling infant formula food. Those business enterprises covered by Codes of Conduct are subject to intense public scrutiny over their compliance with the provisions of the Codes. Failure to comply can result in adverse criticism and hostile reaction from governments, shareholders, consumers and customers; all of which can affect the financial and operational performance of the company.

There are over 30 such Codes in existence today; some imposed on enterprises by international bodies while others were initiated by companies themselves.

Government agencies also face mistrust from a population that demands the highest standards of probity and performance across the range of human and other services provided by the agencies. The same applies to the professions—one of the oldest Codes of Conduct for any profession is the Hippocratic Oath for physicians, while other arms of the medical profession such as psychiatry and nursing have also seen the need for a code for themselves.

The ethical dilemmas in contemporary journalism are well known. The Australian Journalists' Association has had a Code of Ethics for over 50 years, and many news organizations have their own specific standards and principles which co-exist with the AJA Code.

Some NGOs working in the area of emergency response, humanitarian assistance and development aid have already developed Codes of Conduct. These include the International Red Cross, Catholic Relief Services and Oxfam, as well as the ACFOA Code mentioned in my previous article. Whatever the limitations of these Codes, these organizations have recognized the need to state clearly the underlying principles and the standards of behaviour under which they operate and

against which they are prepared to be judged.

WHY NGOS SHOULD ADOPT CODES OF CONDUCT

NGOs have claimed for themselves—and in many cases have been granted—recognition for their special experience, skills, knowledge and expertise in their fields of interest. This recognition is used to exert influence and pressure upon governments and the public policy making process. This pressure can be overt or covert; it can take the form of intel-

It is too easy for unscrupulous people to claim that their NGO has a large membership or that it represents the views of a large number of people

lectual persuasion or the threat of direct political action. In other words, NGOs seek to convert their reputations into power.

For organizations that exercise or seek to exercise power in democratic societies, a Code of Conduct should be seen at the very least as a necessary defence against some of the criticisms outlined above, namely, that they are secretive, undemocratic in their decision-making processes and have less than rigorous standards of governance. This is essentially a defensive argument but one that should be persuasive to those perceptive NGO leaders who recognize the validity of the public concern and are keen to respond.

Adherence to a public Code of Conduct would thus enable NGOs to answer the accusation of double standards and enable them to head off the imposition of compulsory Codes of Conduct by regional or national governments.

Their critics could no longer say that they were demanding standards of behaviour, accountability and transparency in business that they were unwilling to accept in their own organizations. This is especially true of those global, entrepreneurial NGOs that are effectively multinational enterprises with turnover running into millions of dol-

lars annually, large staffs that are well paid relative to their clients, and often with career paths and promotional prospects, international assignments and frequent travel as part of the normal conditions of employment.

More positively, a Code of Conduct establishing definite standards of ethical behaviour, corporate governance, democratic working systems and financial transparency would enable NGOs to build their support bases and give them greater credibility and authority in their activities.

At present, it is too easy for unscrupulous people to claim that their NGO has a large membership or that it represents the views of a large number of people.

It is too easy for unscrupulous people to make exaggerated, distorted or false claims about the scientific properties and implications of particular pharmaceuticals, chemicals, industrial processes or agricultural practices without credible and reliable verification from reputable professional or scientific bodies.

It is too easy for unscrupulous people to question the integrity, motivation, honesty and ethics of individuals involved in activities of which an NGO disapproves.

A Code of Conduct would enable NGOs to enhance their legitimacy by demonstrating their accountability, their openness to public scrutiny, their adherence to acceptable ethical standards of behaviour, and their commitment to a democratic approach to members and supporters.

The choice for NGOs then is quite simple: put your own house in order through self-regulation, or face the prospect that sufficient political pressure will be exerted upon governments to impose a Code of Conduct upon you.



Anthony Adair is Senior Associate with the Centre for Independent Studies

I P A