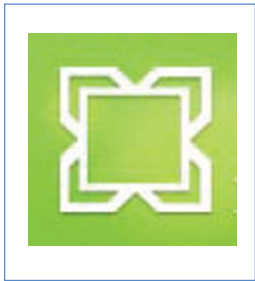


GOOD GOVERNANCE

DBP urges LGUs to practice good governance



The Development Bank of the Philippines (DBP) is encouraging local government units (LGUs) to adhere to sound governance

practices and establish financial credibility in order to get better access to the bank's various financing facilities.

DBP president and chief executive officer **Reynaldo G. David** said the bank puts premium on LGUs that have viable development projects, pro-

duce quality cash flows and efficiently run as a result of good governance.

The Bank has P47.6 billion in available funds that can support the various development thrusts of LGUs which adhere to the ethical standards and good corporate values of fairness, accountability and transparency in their own operations.

David stressed that the bank specifically focuses on assisting projects in education, health care, infrastructure and environmental protection.

David highlighted how good governance has worked for DBP, which has earned local and international recognitions and posted robust financial growth due to its sound corporate governance practices.

BOARD OF DIRECTORS FOR NON PROFIT

Tips for effective use of board committees

Board committees are effective when used properly. Below are some tips from <http://www.boarddevelopment.org>:

- 1. Use ad hoc committees where possible:**
This allows people to do useful work and be recognized for a valuable contribution, then move on in other directions. There is nothing which leads to the "lack of interest" syndrome faster than serving on a committee which isn't really doing anything. Short-term commitments often appeal to busy people with special skills or to

people who are testing out their involvement and may get "hooked" into becoming full board members at a later date.

- 2. Have other people besides board members on a committee:**
The chairman should be a member of the board, but staff, clients, professionals, interested local citizens, parents, and other organization members can provide valuable input into decision-making and the carrying out of programs through work with committees. This creates a

Please see continuation at the back...

BUSINESS ETHICS

Nine benefits of managing ethics in the workplace

Many people are used to reading or hearing of the moral benefits of attention to business ethics. However, there are other types of benefits, as well. The following list describes various types of benefits from managing ethics in the workplace.

- Attention to business ethics has substantially improved society.
- Ethics programs help maintain a moral course in turbulent times.
- Ethics programs cultivate strong teamwork and productivity.
- Ethics programs support employee growth and meaning.
- Ethics programs are an insurance policy — they help ensure that policies are legal.
- Ethics programs help avoid criminal acts "of omission" and can lower fines.
- Ethics programs help manage values associated with quality management, strategic planning and diversity management — this benefit needs far more attention.
- Ethics programs promote a strong public image.
- Last - and most — formal attention to ethics in the workplace is the right thing to do.

Source: <http://www.managementhelp.org/ethics/ethxgde.htm#anchor29959>

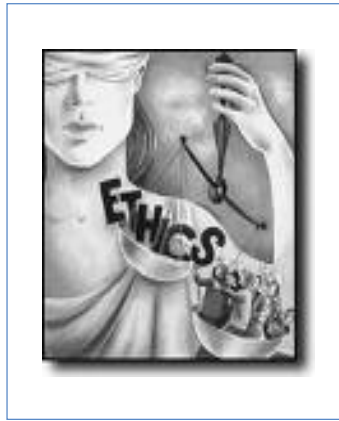
"If you build that foundation, both the moral and the ethical foundation, as well as the business foundation, and the experience foundation, then the building won't crumble."

--Henry Kravis

What is “Business Ethics”?

The concept has come to mean various things to various people, but generally it's coming to know what is right or wrong in the workplace and doing what's right — this is in regard to effects of products/services and in relationships with stakeholders. Wallace and Pekel explain that attention to business ethics is critical during times of fundamental change — times much like those faced now by businesses, both nonprofit or for-profit. In times of fundamental change, values that were previously taken for granted are now strongly questioned. Many of these values are no longer followed. Consequently, there is no clear moral compass to guide leaders through complex dilemmas about what is right or wrong. Attention to ethics in the workplace sensitizes leaders and staff to how they should act. Perhaps most important, attention to ethics in the workplaces helps ensure that when leaders and managers are struggling in times of crises and confusion, they retain a strong moral compass. However, attention to business ethics provides numerous other benefits, as well.

Note that many people react that business ethics, with its continuing attention to “doing the right thing,” only asserts the obvious (“be good,” “don't lie,” etc.), and so these people don't take business ethics seriously. For many



of us, these principles of the obvious can go right out the door during times of stress. Consequently, business ethics can be strong preventative medicine.

Two broad areas of business ethics

1. Managerial mischief. Madsen and Shafritz, in their book “Essentials of Business

Ethics” further explain that “managerial mischief” includes “illegal, unethical, or questionable practices of individual managers or organizations, as well as the causes of such behaviors and remedies to eradicate them.” There has been a great deal written about managerial mischief, leading many to believe that business ethics is merely a matter of preaching the basics of what is right and wrong. More often, though, business ethics is a matter of dealing with dilemmas that have no clear indication of what is right or wrong.

2. Moral mazes. The other broad area of business ethics is “moral mazes of management” and includes the numerous ethical problems that managers must deal with on a daily basis, such as potential conflicts of interest, wrongful use of resources, mismanagement of contracts and agreements, etc.

<http://www.managementhelp.org>

continuation, Tips for effective...

real feeling of teamwork; and again, permits individuals to make personal contributions at their own level and allows them to grow within the organization.

3. Develop a committee only for a specific reason:

Design a committee to fill your needs and to help your organization realize its goals in an exciting and dynamic way. If you don't need the committee, get rid of it!

4. Be sure that a committee has written terms of reference (a clear description of the purpose, the time frame, the authority and responsibilities).

5. Require regular reports to the board so you are up to date on the committee's work .

Boards should be staffed primarily with the expertise needed to establish and achieve current strategic goals (this is functional staffing). Others believe that staffing should also achieve a wide diversity of values and perspectives among members on the Board (diversification staffing). In nonprofits, members are also sought who have strong passion for the mission (passion-driven staffing). We're learning, though, that passion alone is not enough — Board members also must have the time and energy to actively participate in the Board. Yet another perspective is to get members who represent the major constituents of the organization (representative staffing).

Ironically, many people perceive for-profit Boards as being more established and effective. Yet nonprofit Boards very often have highly involved members who take a very strong role in establishing strategic plans and in ensuring that those plans are achieved. Board members of for-profit and nonprofit organizations have much to learn from each other.

Source: <http://www.managementhelp.org>

BOARD OF DIRECTORS

Board staffing

One of the most important aspects of Board operations is Board staffing. Just like the careful staffing that is usually done with employees, Board members should be carefully selected, trained and evaluated, as well. In for-profits, Board members and leaders must appreciate the strong value that Boards can bring, rather than tolerating Boards as if they are some necessary evil to be avoided at all costs. In nonprofits, Board members

and leaders should not approach recruitment and selection as if they are somehow lucky just to get Board members who will show up at Board meetings. Board members and leaders in those organizations must act as if they deserve a very dedicated and participative Board — that attitude alone can make a huge difference in achieving highly effective Boards.

There are different perspectives on staffing. Some people believe that

“Governance” is a quarterly publication of the Association of Development Financing Institutions in Asia and the Pacific (ADFIAP). It highlights ideas, best practices and trends in good corporate governance. Copyright, 2008, ADFIAP. Article contributions can be sent to robertj@adfiap.org