

American red cross ethical struggles essay sample

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Whether you open a business or a nonprofit organization one has to have a vision and mission for that organization. An organizational mission is the goals one is aiming towards. The mission of the American Red Cross (ARC) is to “ prevent and alleviate human suffering in the face of emergencies by mobilizing the power of volunteers and the generosity of donors” (American Red Cross, 2014). However, there are documented and undocumented times when an organization does not abide by the values and goals they have published. The misalignment between promoted values and endorsed values will affect the understanding of the American Red Cross. The American Red Cross is the nation’s top humanitarian organization. The American Red Cross was created to help other in needs thought the United States and all other countries. The survival of the organization depends on donations of time, blood, and money from the public in order to continue saving lives through services and programs (American Red Cross, 2014).

Clara Barton established the American Red Cross in 1881 in Dansville, New York. However, the home and/or headquarters of the American Red Cross is now Washington D. C., with a nationwide network of over 700 chapters (Ferrell, 327-336, 2011). The vision of the ARC is to “ turn compassion into action” so when disaster happens people they will receive shelter, care and a sense of hope. The American Red Cross is supposed to ensure our communities that we are ready and prepared for any disasters for the people of the United States. Determine the impact of this event on ARC’s “ benefit of business ethics” (employee commitment, investor loyalty, customer satisfaction, and bottom line). When you think of a non-profit charitable organization with a mission of providing blood, goods and services to those

in need, nine times out of ten The American Red Cross will come to mind. They play an important role in society by demonstrating that human life is more important than profit.

By using a number of volunteers, a network of donors, and employees throughout the world to help relieve pain & suffering by services such as: blood donations, disaster relief, shelter, health and safety services, and hands-on plus monetary support through international humanitarian services. Even though the ARC is a not-for-profit enterprise, business ethics are still necessary for the success of the organization. The ARC has received the highest ethical performance reviews from the public, the employees, and the volunteers, because they have a responsibility to the world (American Red Cross, 2011). Nine-eleven a date that no one in the United States will ever forget, because terrorist attacked the World Trade Center and The Pentagon.

An astonishing total of about 3, 000 people lost their lives and 6, 000+ were injured and in in need of care. The people of the united States came together and donated more than \$543 million dollars to the ARC in response to the 9/11 attacks. The problems began when only \$154 million dollars was distributed to the aid of 9/11 victims and their families. So where did the money go? At that time the President of the ARC Bernadine Healy claimed that the majority of the money that was donated went into the company's corporate governance and/or future catastrophe preparation (Ferrell, 2011). Not to mention, the American Red Cross encouraged people to donate blood

when blood was not needed at that time. This caused the ARC to be The American Red Cross (ARC)

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Determine the impact of this event on ARC's "benefit of business ethics" (employee commitment, investor loyalty, customer satisfaction, and bottom line).

The American Red Cross is classified as a not-for-profit charitable organization whose mission is dedicated to providing services to those in need. It plays important roles in society by placing public service above profit. They use a network of donors, volunteers and employees around the world to relieve suffering by servicing five areas: disaster relief, blood donations, providing support for American military families, providing health and safety services and giving support through international humanitarian services. Although they exist as a not-for-profit enterprise, business ethics are still essential to the success of any organization. The American Red Cross has received the highest ethical performance from its employees and volunteers because they give a responsible to the society (American Red Cross, 2011).

In September of 2011 terrorists attacked the World Trade Center and The Pentagon. Almost 3, 000 people die and more than 6, 000 were injured and

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in need of help. The American Red Cross raised more than 500 million dollars in response to the 9/11 attacks. There was a problem because they only distributed 154 million dollars in aid. The question then became where the money went. The American Red Cross claimed the money that was donated went into a big pool of money that was distributed by the company's corporate governance (The Socialist Worker, 2005). In addition, The American Red Cross urged people to donate blood even though the blood was not needed at that time and a good amount of it was destroyed. In the end, The American Red Cross was criticized by the government for not distributing the money to the victims and their families, then the people of the United States, and/or the donors. Determine and discuss the role that ARC's stakeholder orientation played in this scenario.

Throughout the 9/11, Hurricane Katrina, & Rita ordeal The American Red Cross did not demonstrate good communication skills with the government, the American people and/or victims. Even though, they claim to aim for direct communication with stakeholders so that there is a clear understanding on how the organization functions, no one could explain where the additional donations went. In my opinion The ARC cannot have a clear plan for communication without the American people without having a strong plan for internal communication. They do not have good communication with their stakeholders, because the people still don't know where most of the money went and/or how it was spent. This case study, clearly demonstrates financial misconduct by an organization financially preparing for the worst but not distributing finances help and support victims in need.

Unethical business practices has caused the American Red Cross to move away from its central values, while creating an organization that cannot demonstrate effective communication, consistent financial appropriations, and hopeful outcomes (Holguin, 2009). As stated earlier the ARC has 700 chapters, yet this report displayed the lack of communication between the various chapters, in turn demonstrates unethical business practices such as fraud, lack of trust between the chapters and/or stakeholders. As a result, people are not too quick to donate, nor do they donate as often donations are down, high organizational Presidents turnovers, & more government involvement. Determine and discuss the ways in which ARC's corporate governance failed to provide formalized responsibility to their stakeholders. Currently, the American Red Cross has to be led by a Board of Governors that have the powers and responsibility of directing, governing, overseeing the managerial affairs as well.

The ARC used to have a high standard for ethical values for its employees and volunteers, but it seems like those values disappear when more money is involved. Although they have tried to relieve themselves by firing its CEO after 9/11, in turn they now seem stronger as an organization (Holguin, 2009). The American Red Cross has handled a number of different issues that range from local chapter frauds to natural disaster (The American Red Cross, 2011). This took place when the governors of specific chapters did not know exactly where to distribute funds and aid, which caused misappropriation of funds from donor contributions that was not sent to donor specific relief funds. From there, the governance is attested to not spending all of the money donated to the American Red Cross for the specific

disaster fund it was donated too. This is proven when they received over \$543 million dollars for the after 9/11 relief or \$2 billion for the massive Hurricane Katrina & Rita relief but all of it was not used for their disaster efforts.

Therefore, the corporate governance of the American Red Cross failed to provide the sincere explanations to their stakeholders for not allotting the donated money specifically where the donors wanted it to go. Recommend steps that ARC could follow to improve their stakeholder perspective. In order for ARC to rebuild their trust with the American people, they will need to become more transparent. First they can The ARC improve their stakeholder perspective by developing polices, practices, and procedures that would improve the effectiveness of the governance, while incorporating business ethics and the social responsibility of their business mission. From there, as an organization they can become well versed in business ethics and be more responsible. Next they need to improve their programs for social responsibility by closing the gap between stakeholders and corporate governance.

The American Red Cross should reassess its overall mission, values, and ethical practices to see if they align with the implication of social responsibility. The organization has lost some of these important moral values that stakeholders feel is important. Another thing the American Red Cross can do to improve stakeholder perspective is to identify specific stakeholder groups and addressing their individual needs. This is crucial because if the stakeholder's concerns are not addressed, then the issues of

the consumer/donor groups lose trust and interest in the organization. The ARC is not just an organization it is a brand, so with conscience effort The American Red Cross has taken some steps to rectify how the company is ran. Unfortunately, in 2012 the American people were devastated by another natural disaster, Hurricane Sandy.

The damage caused by Hurricane Sandy took the lives of 253 people and caused damaged nearing a total of 65. 6 billion dollars. With this disaster The ARC raised 131 million dollars for relief and about 110 million dollars has been spent to help Sandy victims (The American Red Cross, 2011). The current ARC PR Patricia Billinger gave an interview to the The Huffington Post, stating that the organization is doing everything that it can to make sure victims of Sandy receive aid. PR Billinger also stated, “ the ARC is only required to supply food and shelters for people who need it and stated that everyone who needs help has not received it, but they are trying to get to every neighborhood as soon as possible to provide more help.” I would have to say that this is a great way to start rebuilding trust between the American People and the ARC. The more transparent you are, the more people will trust you and/or your organization. The American Red Cross (ARC)

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In September of 2011 terrorists attacked the World Trade Center and The Pentagon. Almost 3, 000 people die and more than 6, 000 were injured and in need of help. The American Red Cross raised more than 500 million dollars in response to the 9/11 attacks. There was a problem because they only distributed 154 million dollars in aid. The question than became where the money went. The American Red Cross claimed the money that was donated went into a big pool of money that was distributed by the company's corporate governance (The Socialist Worker, 2005). In addition, The American Red Cross urged people to donate blood even though the blood

was not needed at that time and a good amount of it was destroyed. In the end, The American Red Cross was criticized by donors and the government for not distributing the donated money directly to the 9/11 victims.

In 2010, Haiti was struck with a huge earthquake that killed over 300, 000 people, injured another 300, 000 people and left over 1 million people homeless (Wikipedia. org, 2010). Immediately after the earthquake, The Red Cross stated that they planned to start building homes, providing access to clean water and sanitation systems, deliver health care and educate communities how to not spread diseases. In response to the disaster, thousands of committed volunteers and employees rushed to Haiti's aid as well. Due to people's trust in The American Red Cross and their wanting to help, even after 9/11, they donated money again to The Red Cross. According to the Chronicle of Philanthropy, over 240 million dollars was privately donated to The Red Cross for Haiti relief.

In total, over 400 million dollars was raised by the Red Cross for Haiti relief. Out of that money, only 148. 5 million was spent in the first year towards the victims of the Haiti earthquake. Despite the promises of the Red Cross to distribute the money specifically to Haiti victims, two years after the earthquake they still have over 70% of the donated money in a bank and have not fully assisted the earthquake victims. While 300, 000 did benefit from clean drinking water and sanitation provided by The Red Cross, millions are still homeless and the country is still battling diseases that are preventable if proper health care was in place and donors still question where their donations went.

Determine and discuss the role that ARC's stakeholder orientation played in this scenario.

The American Red Cross states that it aims to communicate with stakeholders so that they understand how the company operates. The American Red Cross can't have strong communication with the public unless it has a strong sense of internal communication. They do not have good communication with their stakeholder because the public still does not know where most of the money went. " One of the motto's of the American Red Cross is to prepare for the worst while providing the best. In this case study, the American Red Cross has a track record of financially preparing for the worst but being unable to follow through by helping and supporting the victims in need. Unethical decision making has pulled the American Red Cross away from its central values and created an organization which lacks communication, consistency, and beneficial consequences" (Business Society, and Government 4, 2012). This report showed that the American Red Cross does not communicate to the different chapter, which leads to a lack of trust and ethics amongst stakeholders. As a result, donations are down and board members do not govern the company well.

Determine and discuss the ways in which ARC's corporate governance failed to provide formalized responsibility to their stakeholders.

The American Red Cross is led by a Board of Governors that have the powers and responsibilities of governing and directing, and of overseeing the management and affairs of the organization. The American Red Cross demands the highest ethical standards from its employees and volunteers.

The American Red Cross has handled issues, ranging from natural disasters to local chapter fraud (The American Red Cross, 2011). In one instance with 9/11, The American Red Cross had to fire its CEO and has now emerged a stronger organization (Epstein, K, 2009). First, the corporate governance failed to provide formalized responsibility to their stakeholders by not communicating properly with various chapters within the company. Since the governors of specific chapters did not know exactly where to distribute funds and aid, the donor's money was not sent to their specific relief that the donor wanted to help.

Secondly, the governance is accused of not spending all of the money donated to the American Red Cross for the specific disaster. This is seen when they received over 400 million dollars for the Haiti earthquake relief and only spent 148.5 million in Haiti. Finally, the corporate governance of the American Red Cross failed to provide formalized responsibility to their stakeholders by not distributing the donated money specifically where the donors wanted it to go. I became a victim of this because I also donated money to the American Red Cross for the Haiti earthquake relief fund. After I researched the American Red Cross scandals, I feel that my money did not get to help the specific victims that I wanted to help.

Recommend steps that ARC could follow to improve their stakeholder perspective.

The ARC could improve their stakeholder perspective by making policies that would improve the effectiveness of the corporate governance and incorporate business ethics and social responsibility in their business mission

so that stakeholders and donors will renew their trust in the American Red Cross. There are a few other things the ARC can do to improve their stakeholder perspective. They should have more responsibility and awareness of business ethics. The American Red Cross should improve social responsibility programs by closing the gap between the corporate governance and the stakeholders. The American Red Cross should reassess its overall mission, values, and ethical practices to see if they align with the implication of social responsibility. The organization has lost some of these important moral values that stakeholders feel is important. Another thing the American Red Cross can do to improve stakeholder perspective is to identify specific stakeholder groups and addressing their individual needs.

This is crucial because if the stakeholder's concerns are not addressed, then the issues of the consumer/donor groups lose trust and interest in the organization. The American Red Cross has taken some steps to change how the company is run. In 2012 America was hit with another natural disaster, Hurricane Sandy. The damage caused by Hurricane Sandy totaled nearly 65.6 billion dollars and killed 253 people in seven countries. This time The American Red Cross has raised 131 million dollars for Hurricane Sandy relief. Out of that, about 110 million dollars has been spent already to help Sandy victims (The American Red Cross, 2011). American Red Cross Spokeswoman Patricia Billinger told The Huffington Post the organization is doing everything that it can to make sure victims of Sandy receive aid. During the relief, spokeswoman Billinger also stated that the ARC is only supposed to supply food and run shelters for people who need it. She went further to state that " everyone who needs help has not received it, but they are trying

to get to every neighborhood as soon as possible to provide more help.” This is definitely a step in the right direction.

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