Business Ethics
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Lecture - 21
Organizing for business ethics

Now, we will discuss about Organizing for Business Ethics. We have discussed in this business ethics management, what is business ethics management, what are the different ways of managing in which we have discussed how we are dealing with the stakeholders relations with this stakeholders, we have discussed about the codes of ethics formulated with organization. We have also discussed about how the organization tries to access like how it is performing as a part of social performance.

However, it is required like if you are discussing organizational efforts to manage business ethics then it has to be organized properly within the organization through various actions, activities, programs taken, either formally or informally the way it is the how the environment is designed. So, that the people get a feeling of like this is the way to be behaves ethically in the organization or this is what the expectations of the organization or this is how we feel like the organization deals with its stakeholders. So, organizing for business ethics is very important. And organizing for business ethics can be done both formally and informally. Here we are trying to look into both the aspects of organizing for ethics - business ethics.

In the formal ethics programmes that are done by the organization. There are four ways of dealing with business of four ways for organizing for business ethics management. What are these four ways? It can be compliance orientation, it can be values orientation, it can be external orientation, it can be protection orientation. So, what is compliance orientation, it focuses on compliance means I am following complying with the legal requirements as documented by the law. I am complying with the various standards as we discussed earlier.

The different standards of social accounting given, all leading to as sure as standards given, we trying to comply with the expectations of the various standards given, and the legal expectations by taking measures which as mentioned in the documents we need to do. So, it is compliance orientation. And we are trying to follow that in our practices, and the way that we do our business and we are training our employees also for the same.

Values orientation is where the organization has certain values and believes, and about what is right and what is wrong, and how it needs to interact with the society at large, how it needs to interact basic principles which guides it how it interacting with its different stakeholders. And they take of measures to propagate these values and in grain this in the minds of their employees, who will be practicing these values in the organization through various training and development programs.

The external orientation is when the organization oriented towards answering to the demands of the stakeholders, who are external to the organization, and organization takes efforts through its various social services done, study is done, researches sponsor researches done, to find out what are the expectations of the society on the other stakeholders from the organization. And what should be done in a proper way to answer to these expectations. So, when we are talking of external orientation, so audit then entering into discussion with the stakeholders, stakeholder participation, these becomes important steps of our important programs, where the organization starts interacting with the stakeholders to know about their expectations, and find out mutually agreed ways to meet these expectations.

Protection orientation are again where the top people of the organization wants to protect themselves from the fact like they are not caught for or booked for not following ethical practices in the process of doing business in the organization or in the interactions with the different stakeholders. So, here the focus is also on the legal aspects and economic aspects, and of course, the ethics codes of ethics has determined by the organization, these are followed very extensively, so in details so that the it gives a protective shield to the management. And they can be should lie that if they are following this processes correctly then they are not doing any harm to the stakeholders at large.

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Informal ethics management: ethical culture and climate

Organizations can and should proactively develop an ethical organizational culture... organizations with 'ethics problems' should take a culture change approach to solving them" (Treviño and Nelson, 2007: 256)

- **Culture change** approach (very problematic)
  - Improvements in ethical decision-making have been widely argued to require a managed transformation of the organization's values in order to create a 'more ethical' culture
- **Cultural learning** approach (promotes moral imagination)
  - Focus on smaller subcultural groups within the firm
  - Factionalism and dissent in order to promote learning (Starkey 1998)

Now, we will be focusing into the informal ways of business ethics management. After the formal ways of business ethics management, we understand the formal ways of business ethics management can function well only when the informal system, which is their in place in the organization, hence it or facilitate it to function. In the informal ways of business ethics management, what we try to study is the ethical culture and climate of the organization. Organizations should try to proactively develop and organizational culture, so that it promotes ethics within the organization.

So, organizations with problems of ethics issues if I say organization which are facing issues of ethical problems should take up a culture change approach to solving them. What is a culture change approach, which is improving ethical decision making have widely been argued to require a managed transformation in the organizations values in order to create a more ethical climate.

However, a point of caution here is that if the organization is trying to promote only one single set of prominent values as these are right and this is wrong for the organization it may so happen that it will appear like the organization is trying to make everyone purposefully follow that system of right and wrong. What the organization is thinking to be the right and wrong only. And it is trying to block the moral imagination, the moral autonomy of the individuals to that show their ways of ethical thinking, and try to discriminate between what is right and wrong and then take a proper decision regarding it.

So, to overcome this issue of cultural change, what is more desirable as techniques of informal organize ways of managing ethics through organizational culture is to promote cultural learning. Where the focus is on smaller sub cultural groups within the firm who may have different setup values who may have different ways of interpreting right and wrong about a particular issue at hand; and the decent which is their among the different groups in the organization has to be not showed has to be promoted. So, that they can express their views prominently, and then it promotes the holistic learning by learning from the best steps take in best ways put forward by the different groups based on their own understanding of what is right and what is wrong. There is if we can try to correlate with we will find like this is like using an ethical prism.

So, if we are following the culture change approach, we are following one lens of right and wrong which is the lens with given by the maybe the top management bosses of the organization based on their own personal values of what they understand to be right and wrong or how they want to be in the linking it with the formal practices, protective mode or compliance mode or value orientation mode, which ever you have seen in the formal management ethics management techniques. So, it only propagates that view, and the employees may feel at distancing of their own self because they are not able to connect with the views; prominent views that has been stated by the organization. And what really they feel like that should be done in a proper way and this is where how it should decision should be taken.

On the contrary, if the cultural learning view is promoted then it acts as a prism, where not only the top management views the prominent view of the organization is there. But all the sub cultures may have used different lens of ethics as we have seen in (Refer Time: 13:27) prospective, egoism prospective, duty prospective, rights prospective, justice prospective, disclosure ethics, feminist ethics, post modern ethics, virtue ethics. And we have been moved like various constraints or may have analyzed the situational constraints in different way to arrive at a particular decision right and wrong that they feel is justified for that particular situation.

So, if this dialogue is promoted, if this functional conflict between the some groups is promoted within the organization, we get to know various alternatives of dealing with a particular problem. And then we can assimilate then and we can put them together at a common point, and find out the best ways out to answer to an ethical problem. And in that way, it will promote learning within the organization.

One of the major rolled played by the leader in the management of business ethics. So, in the last part of the discussion, we will be focusing on business ethics and leadership. So, leaders are often sent to set the ethical tones of the business. Here we have to differentiate between managers and leaders, because leaders are people who are mainly responsible for sensing for the change, awareness of change, introducing change, implementing change and then dealing with the change processes, and move with the change, move the change process forward. So, when we are talking of ethics management, the role of leaders really become very important for the organization.

So, leaders are said to set the ethical tone in the organizations. Leadership is value laden if it walking of transformational leaders also. They are the leaders who try to see the values guiding the organization try to see the values, which nurtured will help the organization to function in an ethical way. And they have taken approach which will help the organization to transform from its present state to its future state. So, let us see what are the role of leaders in the two change approaches that we have taken to introduce related to culture. When it is a culture change approach, so leaders role is to articulate and to personify the values that the organization aspires to develop and propagate within the organization. And they should be inspiring the followers motivate the employees to follow their lead.

So, they will personify the values, they will articulate about the values and they will motivate employees to follow their lead and the values as they have personify and try to lead with the example. So, that it creates replica of the same values we did in the employees mind set also, and their employees also start behaving in the same way as the leaders are doing and as thought desirable by the organization.

In the cultural learning prospective, they role of a leader is to promote participation and empowerment within the subgroups, so that they can talk with each other, they can debate with each other to give them. The role of leader is to give them an environment of open environment of trust and comfort, so that they can talk openly about the ethical issues and problems without fear of getting punished, they can ethically deal with the issues they can criticize about each other viewpoints, also critically analyze each other viewpoints also and debate about each other view points. And then come to conclusion about what is right and wrong as per that given situation. So, this will poster moral imagination and autonomy of the employees, and help them to think in an ethical way.

If this is promoted within the organization, it nurtures in the employees and ability to think in an ethical way, so that given in future any situation comes which is that of an ethical dilemma, the employee develops the competency to analyze, what is right and wrong in that particular context and then take a proper judgment about it. Even though, the guidelines may or may not be returned in the codes of ethics as given by the organization. If there is any ambiguity in the codes of ethics given, these training that the employee receives through the cultural learning environment helps them to take a proper decision when phased with the dilemma ethical dilemma situations in the processes of they doing their work.

So, what we can say like ethical behavior is not to be promoted simply through promulgation of specific beliefs, and principles, but the leader has to play a facilitator a role to promote personal moral engagement, dialogue, and choice of the alternative. And these is the right choice for these ethical dilemma, this is the right choice of answer for this ethical dilemma as this is if done is ethically right. And if the other thing is done, it is ethically not right.

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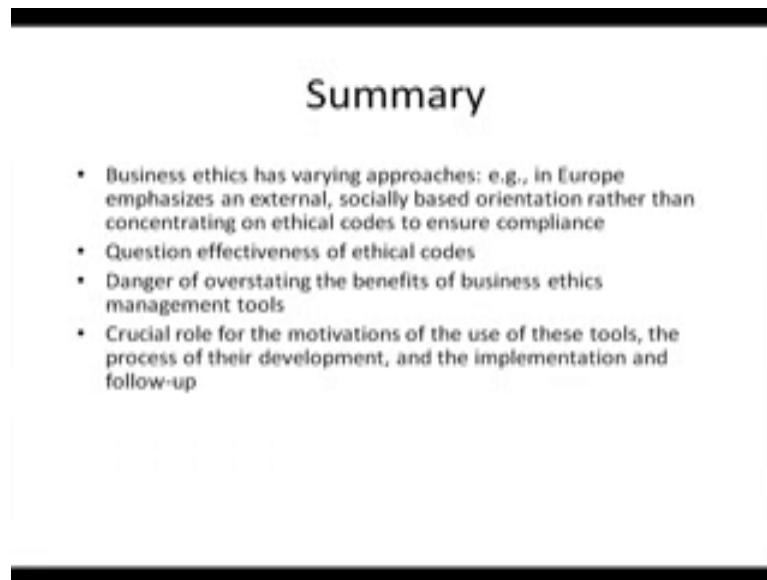
So, what we have learnt in this particular discussion is we have learnt about business ethics management principles, the practices followed. We have questioned also the effectiveness of ethical codes and how to balance between the ambiguous and well-written codes. So, let us start it also understanding the crucial roles of using these tools and the process of the development, and the implementation, and the follow up.

And though how to say the standards how to go for stakeholder's management, and how to access and organize, the business management, ethics management processes policies and programs within the organization.

Thank you.