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Two-pronged Approach to Imbedding Values in Organizations

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Introduction

The purpose for this paper is to argue that in order to successfully implement values and develop an ethically conscious or morally intelligent organizations, a two-pronged strategy must be adopted. A two-pronged strategy is an approach that seeks to imbed ethical values at both the organizational level – which, in this case includes the organization’s leadership, and empowering employees at the individual level to do what Mary Gentile (2010) describes in her book, as giving voice to values. Empowering employees to speak their minds when they know what is right is an avenue that enables employees to imbed ethical values into an organization regardless of what their status and position in the organization is. This, as will be explained in the paper, does not just mean that employees are only allowed and encouraged to speak their minds when they witness unethical, illegal and immoral behavior, it also means and assumes that there is such thing as ethical, principled and values-driven employees who want to do what is right and it is important that these principled and ethically conscious employees are equipped with the skills and the knowledge to know how to respond when confronted with the common rationalizations for unethical behavior. The paper is therefore divided into three major sections.

The first section will explain the two-pronged approach. In this section, terms will be defined, highlighting how those terms are used in explaining the two-pronged strategy. The second section will revisit the past and examine some ethically questionable behaviors in organizations and explain how the two-pronged approach could possibly mitigate and help. This section has organizations like Enron, WorldCom and Tyco as it outlines the reasons why the two-pronged approach should be implemented into organizations. This second section will also highlight the fact that in every organizational scandal from the 1950’s price-fixing, to the loans and savings crisis in the 1980’s, all the way to the unraveling corporate accounting scandals of
late 1990’s and the early 2000’s, to the global economic crisis of 2008-2009 that was triggered by subprime mortgage lending, all have one thing in common. And that common theme is that there were ethically conscious employees working in these organizations who were swept into these scandals knowing that what they were taking part in unethical, irresponsible and illegal behavior. The problem is that these employees unfortunately could not resist the pressure because they were unprepared to counter the rationalizations given for these unethical actions within these organizations.

This will lead into the third and final section of the paper where it will be argued that a two-pronged approach encourages moral organizational leadership in addition to other organizational efforts to create an ethically conscious and morally intelligent organization, but it also argues that the strength and the viability of an organization’s ethical culture is fostered and reinforced when employees are not only ethically conscious, but they are skilled and equipped with the ability to respond to the common rationalizations for unethical behavior.

1. **The Two-pronged Approach Explained**

1.1. **What is the Two-pronged Approach**

The two-pronged approach is a strategy that seeks to imbed ethical values into a firm at both organizational and individual level. It is a way of increasing the organization’s moral intelligence and ethical consciousness by engaging both the organization in general, and at the individual level by empowering and encouraging employees to not only speak their minds when they see unethical, immoral or illegal behavior and conduct, but also equip them with the skills and abilities to imbed ethical values within the organization.
1.2. Explanation

Before delving further into why the two-pronged approach to imbedding ethics into an organization is likely to be more effective than just focusing on the organization in general or just the leadership, it will be helpful to explain what some of the terms like “ethically conscious,” “moral intelligent” and “imbedding values” mean.

The word “ethics” deals with questions of right and wrong, the English derivative of the word comes from Greek “ethikos” and “ethos.” Both of these words point to things and issues that have to do with “customs” and “character.” Consciousness has to do with being intentionally and deliberately perceptive, aware, concerned and considerate about a particular issue or situation. When these two terms are taken together in the context of imbedding values into an organization, one comes away with an understanding that an ethically conscious organization is an organization that is deliberate, perceptive, concerned and considerate of creating working environments in which both the individuals within the organization, and the general disposition of the organization itself behave in a manner that is consistent with the right customs and character. Ethics have to do with complying with external standards. It means that the organization might for example, have a code of ethics by which employees are expected to follow and abide by. What makes an organization conscious is the fact that those codes are not perceived as suggestions, but as ways of conducting business. The Ethisphere Institute (2015) makes ethical consciousness a serious endeavor by annually recognizing the World’s Most Ethical (WME) companies (Smith, 2013). These are companies that not only abide by the codes of ethics, but they also have demonstrated their commitment by complying to the regulatory standards, implementing sustainable business practices and improving corporate citizenship. The
Institute has taken global leadership in reinforcing the value of corporate character by advancing ethical business practices and trust in the market and business relationships.

The word “moral” also has to do with questions of right and wrong and unlike ethics, which has Greek origins, the English word “morals” derives from Latin – *mores*, and it too in its literal meaning refers to something that has to do with character and customs. Ethics are externally driven while morals find their compass within. Intelligence refers to the capacity to acquire and apply knowledge. Combined, these two words are used to describe an organization that has the ability to acquire and apply the knowledge about right and wrong in its day to day business operations. To such an organization, corporate social responsibility is not something that is given lip service with no action, but it is an organization that walks the talk, where values are truly valued and given a voice to influence the way business is conducted on a daily basis. The words “moral intelligence” are borrowed from a book by the same title. The authors of *Moral Intelligence 2.0* define moral intelligence as the “our mental capacity to determine how universal human principles – like those embodied by the “golden rule” – should be applied to our personal values, goals, and actions” (Lennick, Kiel, & Jordan, 2011, p. 21). They explain that moral intelligence rests on four principles: integrity, responsibility, compassion and, forgiveness. A morally intelligent organization therefore is one which has at its core, adopted these principles as part of its imbedded values.

The next word is “value.” This is a notoriously elusive word because its definition is always determined by the context in which it is used. In business, value can mean both the monetary or material worth of something and a desirable virtue, principle, standard or quality. In the context of imbedding values into an organization, “values” refers to something that is not only desirable, but a treasured virtue that has as Gentile (2010) put it, “inherent worth and
quality.” Value then, in such context, is therefore used in the form of the latter definition. It is something that has inherent attraction of being desirable in disposition, conduct, influence and posture. Values can be described in terms of universally accepted virtues in business like honesty, for example.

Values are the glue that make business, especially in a capitalist economy, possible. Take values out of business and the whole business enterprise will collapse. No values, no business. This is a point that is insightfully articulated in a Harvard Business Review article by Charles Handy (2002), where after the early 2000’s corporate accounting scandals, Handy explains that markets rely on rules and laws – and those rules and laws depend on “truth” and “trust” (p. 55). He goes on to point out that, “Conceal truth or erode trust and the game becomes so unreliable that no one wants to play.” The whole capitalist economy depends on the ability of people to trust. A system robbed of that, becomes impossible to operate or run. An individual, organization, or even a system that does not have values is ethically and morally bankrupt and thus, untrustworthy and unreliable. An organization that does not have values will eventually collapse. The corporate scandals prove that Enrons and the WorldComs of the world always fail. A point that astutely expressed in Handy’s article.

This is why it is important to imbed values into an organization. When something is “imbedded” into something else, it means that it is firmly or snugly affixed to that other thing, that it becomes an integral part of the other. White, for instance is said to be snugly and firmly affixed to white rice. It is impossible to distinguish whiteness from the rice itself. In the context of an organization, imbedding values into an organization means that values are so firmly and snugly integrated into an organization’s psyche so that there is almost no distinction between the organization’s posture and its values.
The two-pronged approach to imbedding values into an organization means that the organization is creating an environment in which values come alive and dictate the way the organization does business and those organizations aim to make values so snugly imbedded in their business operations that the organization cannot be distinguished from its value – thus making its employees also behave in the same manner if they already do not have the same disposition.

1.3. What Values?

In his book *The World is Flat*, Thomas Friedman (2006) describes how the political, geographical, socio-economic and technological forces that once separated the world have for the most part been flattened and now in what he describes as Globalization 3.0. The Globalization 3.0 has “shrunk the world into a tiny size and leveled the playing field” so that individuals from all over the world can now “collaborate and compete globally” an an almost equal footing (p. 10). Friedman goes on to explain that there is increasing integration that allows people from all over the world in different cultures, different geographical locations globally and different political affiliations to interact and collaborate on projects like never before. It is in such a setting that imbedding values can raise a challenge of what values exactly should dictate the way business is conducted in one part of the world from the way it is conducted in the other part of the world. Do the same values in India also apply in Africa and the United States? Or are they different?

Given this increasing global interconnection and interaction, values may be thought to mean different things to different people. Research reveals however, that despite the variability that is observed from different parts of the world, there is convergence on values across the globe. The
Institute of Global Ethics (2015), which was founded by the late Rushworth Kidder, the author of *Moral Courage and How Good People Make Tough Choices*, states on its website that “values transcend background or nationality,” meaning that ethical values have a universal appeal, and almost everyone knows whether or not an individual, an organization or a decision is ethical. People know how important these values are to any individual or organization. In their cross-cultural studies, IGE suggests that the following values are universally embraced: honesty, responsible, fair, respectful and compassionate.

In the second chapter of their book, *Character Strengths and Virtues: A Handbook and Classification*, authors Christopher Peterson and Martin Seligman (2004) explain that when they first created a list of character strengths that they believed would be universally embraced across different cultures, different religions, different ethnic and socioeconomic lines, they faced objections. The critics pointed out that it would be impossible to create such a list even just for the United States given its many subcultural, ethnic, religious and socioeconomic variations – let alone creating one for the world. Peterson and Seligman took this challenge seriously and sought to inquire whether there was validity to this criticism. After further research into history however, and looking at various traditions, cultures and backgrounds all over the world, the authors discovered that such a list was possible, and as a matter of fact, there was a surprising “similarities across cultures and strongly indicates a historical and cross-cultural convergence of six core virtues: courage, justice, humanity, temperance, transcendence, and wisdom” (p. 36). The authors called these virtues the “High Six” because of their preeminence and pervasion across cultures. Since there seems to be a convergence on what values are, it is feasible to assume that values exist, can be universally known, applied, lived out and expressed in
individuals, organizations and in the way business is conducted in every culture, any society and every time.

There is therefore good reason to believe that values do transcend culture and background and that these values can be imbedded into an organization. The question though is why should an individual employee or even an organization embrace the two-pronged approach to imbedding values into an organization? We turn to this question next.

2. Why the Two-pronged Approach

2.1. Consistent with Behavioral Research

The two-pronged approach rests on the research that an individual’s behavior, especially in an organization and work environment is influenced by two factors: the environment and personality (Hellriegel & Slocum, 2011, p. 77). While there is no universally accepted definition of what personality is, it is generally described as something that has to do with the overall psychological components that make an individual who she or he is. Hellriegel and Slocum propose that others do not see an individual’s personality, but they see behaviors that emanate from the person’s personality. Considering that personality is thought to be “enduring” because it describes an individual’s consistent and dominant characteristics (Larsen & Buss, 2005, p. 4), it is reasonable to assume that individuals will have patterns of behavior, and each individual will behave in a manner that is uniquely different from the next.

It is critically important to note that since behavior, conduct and disposition of an individual at work is strongly influenced by the work environment and their individual psychological components, most of the corporate scandals from the 1950’s price-fixing, to the 1980’s loan and
savings crisis, to the late 1990’s scandalous corporate account malpractices of Tyco, WorldCom and Enron, to the subprime mortgage lending global economic crisis of 2008-2009, all had ethically conscious employees who claimed to have been put in toxic work environments where they were forced to engage in unethical and illegal activities to satisfy the established organizational truisms contrary to their own personal values.

The two-pronged strategy of imbedding values into an organization takes this thought of individuals, their unique psychological profile and their capacity to bring values to life at work into consideration because it is the fact that each person is unique and thinks differently that undermines the one size fits all strategies of imbedding values at just the organizational level.

This research gives the two-pronged approach to imbedding values into an organization an advantage in the following two ways. First, the fact that behavior is influenced by one’s personality, the two-pronged approach does not assume that everyone will behave in the same way or even that they will embrace values within the organization on the same level. This is why it is important to have an individual component to imbedding values into the organization. Most of the literature that has been written in response to the corporate scandals that have rocked the business world over the years has focused its attention on organizations and the organizational leadership in general, but none has given enough attention to how individual employees within the organization can transform the organizational culture and imbed values to an organization. In other words, are the leaders and the organizations in general the only ones responsible for imbedding the right values into an organization? The two-pronged approach argues that individual employees have a role, even if they are not in the leadership position of an organization.
While the organization and its leadership are good places to start, they do not address an often recurring theme of corporate scandals – that there were good, principled and ethical employees working at Enron, Tyco, WorldCom and the banks during the subprime mortgage scandals who succumbed to the pressure of the moment because they were not equipped with skills and abilities to counter the rationalizations given by the organization’s culture and leadership for the unethical conduct. The two-pronged approach is a strategy that does not just address the organization, it addresses individual employees and helps individuals within organizations to not only think about ways to transform the culture and imbed value into the organization, but also gives them the tools to use when unethical situations arise even if the organizations does not generally operate under these values.

The second way organizational behavior research supports the two-pronged approach is that because behavior is also influenced by the environment, the two-pronged approach seeks to maximize ways in which values can be imbedded into the organization. The two-pronged approach takes advantage of the fact that the two components, that is, the environment and the individual can have a reciprocating relationship and help imbed values into the organization.

2.2. Checks and Balances within Organizations

In a two-pronged approach, an individual employee has just as much an opportunity to imbed good positive values into an organization as the organization itself or even the organization’s leadership. When employees, their leadership and the organization understand this, there will be checks and balances within organization because ethical consciousness and moral intelligence is not just coming from one direction, but it is two-way, also coming from employees to the organization and its leadership. It is easier for a junior employee to ask questions if they are
asked to do something unethical if they know that they too have the responsibility and the
capacity to imbed values into an organization than if they expect the leadership to always take
the leading role in imbedding the right values into an organization. One of the things that was so
lacking in the corporate scandals before was the fact that the organization’s leadership set the
ethical tone of the organization, but no one could question them and even if they did – the
questioning employees were not equipped with the skills to combat the rationalizations given by
their superiors for the unethical and illegal behavior. The two-pronged approach seeks to equip
employees with the ability to combat the common rationalizations for unethical behavior in
organization and thus imbedding values and creating checks and balances within the
organization.

2.3. Eliminates the Scapegoat and Blame Game in Corporate Scandals

The two-pronged approach not only gives individual employees an important role within the
organization, but it also removes the idea that if something unethical happens within the
organization, they can always place the blame and culpability on the organization or its
leadership. This is an important point because it is true that in the previous corporate scandals the
leadership and the organization deliberately undermined ethical values within organization like
Enron had a code of conduct policy that had no teeth and was never considered in any part of the
daily business operations of the company, but that alone cannot explain the rampant disregard for
ethical standards and the flagrant disregard for ethical consciousness or lack of moral
intelligence displayed by the organization. The individual employees had some level of
culpability because just as the organization and its leadership had a role to play, individual
employees too had a role play and sometimes benefited from the unethical conduct. The Two-
pronged approach places the same responsibility of imbedding values into the organization in the hands of the employees as it does the leadership and so the two parties also get the same share of blame when things go array.

2.4. Converts Ethical Theories into Practice

The two-pronged strategy forces those who have received corporate ethical training or trained in ethics in school to think of ways to apply that theoretical knowledge in a practical manner. Research and statistics show that despite the fact that many MBA programs include some courses on ethics, ethical dilemmas, and how to resolve them, chances are that the training MBA students receive during their programs is not sufficient to offset and prepare them for the ethical challenges they will face in the real world. This is true not just with MBA but also with law students according to a Johnson study quoted by (Lennick, Kiel, & Jordan, 2011, p. xxx) “Over 56 percent of the MBA and 43 percent of the law students admitted that they cheated, 93 percent thought that cheating was justified and over 90 percent of them did not see cheating as a moral dilemma.” This is why implementing a two-pronged strategy can help equip these students with practical examples of how they can recognize moral dilemmas in the real world rather than just having a theoretical idea of deontological dimensions of ethics.

3. How Two-pronged Approach Works

How does this work? How does an organization implement values based on the two-pronged strategy? As mentioned before, a lot has been said about how organizations and organizational leadership can transform organizations into ethically conscious and morally intelligent organizations. There is no shortage of literature on how leadership can be reformed and moral
leadership restored (Rhode, 2006), how corporate fraud can be detected and prevented (O’Gara, 2004), even how moral intelligence can be increased within an organization (Lennick et al, 2011). There are many others who can be consulted for various parts of organizational reform. The U.S. Government has also done what it can by passing laws such as Financial Institutions Reform, Recovery and Enforcement Act in 1989 and Sarbanes Oxley Act in 2002 to try and mitigate some of these scandals. While these ideas and strategies are critically needed, with even some of them actually strengthening the accountability within organizations by giving individual employees ideas of how they can participate in transforming the ethical culture of an organization, they fall short of addressing the key component. That there are principled, ethically conscious and morally intelligent employees who would never do anything unethical or illegal on their own, who end up either participating or condoning a systematic unethical conduct because they do not know how to imbed their good positive values into the organization. Sometimes, it is not just a matter of imbedding values, it has more to do with standing up and speaking for what is right in situations where the pressure is mounting from all sides to give in and do otherwise.

Instead of looking at the organization on its leadership level, this paper will propose how ethically conscious and morally intelligent employees can go about imbedding their good positive values into an organization. It is worth noting that most of the ideas in this section are gleaned from Gentile’s highly practical and useful Giving Voice to Values. In this book, Gentile begins with an assumption that individuals have a principled, ethically conscious parts within that most of the time does not find a voice when confronted with questionable, unethical and illegal situations.
3.1. Identifying, Naming and Categorizing Ethically Questionable Behavior

Identifying, naming, and categorizing ethically questionable behavior is the first step to imbedding ethical values into an organization. It is also the first step to identifying a common rationalization for ethically questionable behaviors in organizations. Rushworth Kidder (2005) identified four types of ethical dilemmas: Truth versus loyalty; Individual versus community; Short-term versus long-term; and Justice versus mercy. These are not right versus wrong kind of dilemmas, but ones that look like right versus right choices. One rationalization for ethically questionable behavior is normally couched in the right versus right manner.

An ethical choice between two right choices is a common form of rationalization for unethical behavior in organizations. When a moral dilemma is posed in the form of two rights, it is makes the choice a matter of just choosing between two right courses of action. This in itself creates confusion and blurs the line so that it is hard for one to see how one choice is wrong over the other. The problem with this is that, sometimes two apparent right choices can camouflage a wrong so that the person being forced to make the choice does not quickly catch the “wrong” until it is either too late or they realize that they have been hoodwinked and operated under the wrong assumptions. One way that this can happen is in how the choices are framed. A truth versus loyalty situation can help illustrate this murkiness. Friendships can be good breeding grounds for such a dilemma. An employee might appeal to personal friendship or loyalty as a means to get another employee to condone or engage in a morally questionable behavior – whether it is using deception, misleading and misrepresenting something that is not as obvious, but paints an inaccurate picture of what is real. Sometimes it does not just have to do with misleading or misrepresenting, it is also giving the real picture to a “friend” or colleague who does not need to have all that information. This is typical with medical professions, human
resources, information technology professionals, education professionals and any other profession that deals with other people’s personal and private information. Identifying, categorizing, and naming the ethical dilemma and thinking about how it violates good positive values is the first step to an individual employee imbedding ethical values into an organization because it helps highlight a typical rationalization that is given for unethical behavior.

3.2. Formulating a Response to Ethically Questionable Behavior

The second step to successfully imbedding good positive values into an organization is to find out if there is anyone who has been in the same situation and responded in the right way. As Gentile points out these are not easy stories to find, but there is at least one story or two or even more of people in the same profession, industry or company who responded in the right way. One thing that needs to be made clear is that not everyone is out to do unethical things and sometimes just saying something to raise a question might all that is needed to transform the values of an organization. Evaluating how other people responded to the same situation and were able to succeed will do at least two things. It will encourage and also give tactical ideas on how to respond to situations.

3.3. Working to Transform the Environment and Situation

In their book, Switch, Chip and Dan Heath propose that any behavioral change, whether individual, organizational or societal is possible if the situation can be changed (Heath & Heath, 2010). Which means that both the environment and the situations that employees are exposed to must be modified in order to support the modification the organization is seeking to implement. For the case of implementing a two-pronged approach to imbedding values, employees need to
know how the environment influences their behavior – and so one of the disciplines that employees can have is to understand that just because they are in an unethical environment, that does not mean that it defines who they are and how they are to behave in it. This is why imbedding new positive values into an environment or situation must first of all begin understanding and may be even scripting how that environment programs them to think, feel and behave. Paying attention to such small details can no doubt lead to opportunities in which an individual employee does not just follow routine as usual, but lead to questioning and even combating some of the factors that contribute to unethical conduct in their working environment.

**Conclusion**

In conclusion, this paper’s objective was to show part of the reason why organizations have not successfully been able to reform their organizational culture and imbed values into the organization’s day to day business operations, is because the focus has been on the organization in general or on its leadership. The paper proposed the two-pronged strategy as a way to imbed values into the organization because it allows everyone in the organization, from the leadership, to each individual employee to take ownership and responsibility to transform the organization’s values. This, it was illustrated, is consistent with behavioral research, creates accountability, eliminates the blame game, and puts ethical theory into practice and thus, creating an ethically conscious and morally intelligent organization. The paper also provided tools, and insights into how individual employees can respond to common rationalizations given for ethically questionable behaviors by identifying, categorizing and naming ethically questionable behavior;
formulating a response and working to transform the work environment so that in turn the organization can in turn be transformed and the right positive values imbedded.


