

The Role of Ethics in 21st Century Organizations

[Leadership Advance Online](#)– Issue XI, Fall 2007

by Stephen E. Brimmer

Ethics have become an organizational priority. In the 21st century, ethics is neither a luxury nor an option. There is a growing impatience within society with selfish and irresponsible actions that impoverish some, while enriching the crafty.

Hewlett Packard demonstrated its commitment to ethical integrity under the leadership of Carly Fiorina. The former CEO of Hewlett-Packard said of her six-year tenure, “Some of the most important choices I ever made were firing people who weren’t conducting themselves with integrity” (Weil, 2007). In contrast, R. J. Reynolds Tobacco Company was caught covering up knowledge about the addictiveness of nicotine. Tolerating bad behavior to improve the bottom line and justifying it as “not really illegal” creates a climate that ultimately becomes corrosive.

In addition to social responsibility, there are other compelling motivations for 21st century organizations to make ethical values a priority.

It’s About Responsibility, Stupid!

Political strategist James Carville coined the phrase, “It’s the economy, stupid,” which became widely used in Bill Clinton’s 1992 successful presidential campaign against George H. W. Bush (“It’s the economy, stupid,” 2007). With the nation in a recession at the time, the catchy slogan helped Clinton connect with Americans on a critical issue. In today’s crisis of ethics, a similar message might well be sent to organizational leaders, “It’s about responsibility, stupid!”

The issue of responsibility is foundational to understanding organizational ethics. It seems almost too basic to merit mention, but irresponsible behavior is so common that the obvious must be

stated. Fueled by selfish ambition, greed can cause leaders to lose perspective and rationalize unethical behaviors. The bad news for offenders is that society is more alert than ever before to ethical recklessness that benefits some, while injuring others.

Kilcullen and Kooistra (1999) exposed the sins of the R.J. Reynolds Tobacco Company in their article titled, *At Least Do No Harm: Sources on the changing role of business ethics and corporate social responsibility*. An internal memo distributed throughout the R.J. Reynolds Tobacco Company read, “Happily for the tobacco industry, nicotine is both habituating and unique in its variety of physiological actions.” As if this was not bad enough, at the time that this memo was circulating, the CEO of R.J. Reynolds publicly declared that, “Cigarette smoking is no more addictive than coffee, tea, or Twinkies.”

Apparently, Americans believe more corporate executives should be fired. According to the Business Ethics Index (BEI) there was a nearly 6% drop in the BEI rating from 2004 to 2006. This was attributed to a fall in consumer expectations of the future ethical behavior of businesses (Tsalikis & Seaton, 2007).

One definition of business ethics is “a set of principles that guides business practices to reflect a concern for society as a whole while pursuing profits” (Kilcullen & Kooistra, 1999). The phrase “concern for society as a whole” indicates a growing impatience with the selfish and irresponsible actions of so many organizations today.

Ethics as a Priority

More than simply a legal or moral responsibility, ethics need to become an organizational priority. Organizational leaders have a lot on their minds in today’s highly competitive world. They must keep abreast of rapid technological advancements, competitor’s products and services, the effects of globalization, and opportunities and threats within their own industry, to name the most obvious. Leaders must also keep a constant eye on the mission, vision, values, culture, strategy and goals of their own organizations. In the midst of all of this complexity, it’s not easy to find room on the organizational plate for another major priority. However, to succeed in the 21st century, organizations will have to figure out how to make ethics a priority.

Priorities are those few things that are deemed most important. Many things are important, some more and some less important, but only a few things are most important. Ethical values need to achieve recognition as among the elite, most important success factors in modern organizations.

As an organizational priority, ethics will not only affect decision-making but also, and ultimately, institutional culture. To achieve this ideal, there must be an alignment process that integrates business ethics with mission, vision, values, strategies and goals. Ethical values are essentially social in nature, therefore, this alignment process will be concerned with relationships and defining relational expectations. The goal of an ethical organizational culture is the greater good of all. Internal relationships between leaders and followers, as well as external relationships with clients, customers, vendors and the community are all prized. As a result, people are treated well consistently and an ethical culture emerges.

Beyond Responsibility and Priority to Opportunity

Today's organizations need to advance beyond a view of ethics as necessary for safeguarding their reputation and thereby avoiding bad media coverage; or as mere compliance with forced regulations. A great opportunity awaits organizations alert to the potential of ethical values in shaping the future.

One illustration of this kind of possibility thinking is found in a challenge put to the International Olympic Committee. The challenge originates from a growing disillusionment with the Olympic Games, which has become characterized by the worst features of the competitive culture: winning at any cost, corruption and the unfair advantage of advanced nations (Milton-Smith, 2002). Almost simultaneously on another front, disenchantment with the social and ethical consequences of globalization is occurring. Milton-Smith identifies the Olympic Games as being in a unique position to influence society, "It is difficult to conceive of another institution with the same capacity as the Olympic Games to positively shape popular culture on a global scale" (Milton-Smith, 2002, p. 131).

Society's desperate need for an ethical culture is every organization's opportunity to influence social culture, through the institutionalization of ethical values. When this occurs, communities benefit from the positive influences employees take from their workplace back to families, friends and associates.

Values-Based Culture

In the 21st century, ethics is neither a luxury nor an option. More than competence, experience, intelligence and drive, people at all levels of an organization need ethical values. According to Kidder (2001), “The principle task of this decade is the creation and nurturing of a values-based culture.” Due to the extensive amount of time people spend at work, much of that nurturing must take place in the business environment.

Rushworth M. Kidder is the founder and president of the Institute for Global Ethics, an organization whose research has identified four key factors in creating a values-based culture. These factors include:

- **Shared core values**

According to Kidder (2001), there are five core values found in some form in every culture worldwide. They are honesty, respect, responsibility, fairness and compassion. A values-based culture will make these core values the driving force in decision-making.

- **Common language**

Employees need a language of ethics that allows them to communicate readily and comfortably about issues that are typically sensitive and difficult to discuss. Effective ethics training programs provide the common language needed.

- **Commitment at the top**

Ethics training is meaningless without top-level executives who walk the talk. When leaders consistently reward those who choose to do what is right, it helps to create an ethical culture more than anything else could.

- **Moral courage**

Kidder (2001) describes moral courage as “the quality of mind and spirit that enables one to face up to ethical dilemmas and moral wrongdoings firmly and confidently, without flinching or retreating.”

Ethics, lifestyle and culture must become so interwoven that they cannot be separated. Together, they constitute how people relate to one another in the home, the workplace and every part of society.

Conclusion

Many organizations are aware of the critical need for ethics in their cultural fabric. However, there is still a great deal of room for improvement. First, organizations must see ethics as a social responsibility to which they are obligated. No matter how cleverly done, hurting others for personal gain is unacceptable. Next, ethics will only find its proper place in organizations that make it a priority by creating relational expectations that work for the good of everyone. Finally, the best organizations will seize the opportunity to shape the future by influencing culture through the institutionalization of ethical values. By creating a values-based culture within the organization, society can be improved by positive influences that perpetuate outside the organization.

About the Author

Steve Brimmer is employed as director of corporate communications for NikSoft Systems Corp. in Reston, Va. He is also a retired senior pastor who is engaged in leadership coaching while pursuing a doctorate in strategic leadership at Regent University.

E-mail: Sebrimmer@aol.com

References

It's the economy, stupid. (2007). In *Wikipedia, The Free Encyclopedia*. Retrieved July 20, 2007, from http://en.wikipedia.org/w/index.php?title=It%27s_the_economy%2C_stupid&oldid=160044418

Kidder, R.M. (2001). Ethics is not optional. *Association Management*. Washington: Dec. 2001. 53(13), 30-32. Retrieved July 18, 2007 from <http://proquest.umi.com.eres.regent.edu>

Kilcullen, M. & Kooistra, J. O. (1999). At least do no harm: Sources on the changing role of business ethics and corporate social responsibility. *Reference Services Review*, 27(2), 158-178. Retrieved July 18, 2007 from <http://www.emeraldinsight.com.eres.regent.edu>

Milton-Smith, J. (2002). Ethics, the Olympics and the search for global values. *Journal of Business Ethics*, 35(2), 131.

Tsalikis, J. & Seaton, B. (2007). Business Ethics Index: USA 2006. *Journal of Business Ethics*, 72, 163–175. Retrieved July 19, 2007 from <http://proquest.umi.com.eres.regent.edu>

Weil, N. (2007). 5 things I've learned: Thoughts on leadership, ethics and the 21st century from Carly Fiorina, HP's former CEO. *CIO*, 20(15),1. Retrieved July 18, 2007 from <http://proquest.umi.com.eres.regent.edu>