

CODES OF ETHICS:

Most large corporations today have developed codes of conduct internally, which are intended to provide guidance for managers confronting ethical situations and moral conflicts. Such codes of conduct need to be supplemented by internal systems, such as reward and information systems, promotion and hiring practices, recognition systems, and organizational culture and communication systems, that support their implementation.

Strong top management commitment to and communication about values and ethical conduct is a core element of ethical leadership from the top of the organization. Ethical leadership is essential to managers and employees at all levels of the enterprise when they are faced with difficult ethical decisions and moral conflicts. Codes of conduct alone can seldom be sufficient for managers to come to good decisions unless they are supported by these other aspects of the organization.

In addition to company or organizational codes of conduct, many of which have been developed internally by companies to articulate their own value systems, a number of codes and principles have emerged globally to help managers think about their ethical responsibilities. Some of these are quite spare and lay out fundamental principles, based on globally agreed on documents signed by many nations, such as the United Nations Global Compact with its 10 core principles or the OECD Guidelines for Multinational Enterprises. Others are more elaborate and have been developed by business groups or multi sector alliances to help guide business decision making. Again, as with internal codes of conduct, these principles are helpful guides but cannot address every unique situation. As a result, codes need to be supported by the organization's managerial decision making, its culture, its reward systems, and the communication that exists about ethical practices within the firm.

Managers and Ethics in Organizations

Many managers find it difficult to speak about and sometimes even recognize ethical issues, a difficulty that the management theorists James Waters and

Frederick Bird called the moral muteness of managers. Recognizing that management is an inherently ethical task and that the practices of the company embody a set of values or ethics, the management scholar Jeanne Liedtka suggests that there does exist a set of ethically based management practices that can help managers lead their companies effectively and so that they are competitive. By examining numerous organizational improvement initiatives, she determined that they shared common practices and common sets of values that could help an organization achieve its goals most effectively.

The ethics of effective and competitive business practices identified by Jeanne Liedtka include creating a shared sense of meaning, vision, and purpose that connect the employees to the organization and are underpinned by valuing the community without subordinating the individual and seeing the community's purpose as flowing from the individuals involved. A second characteristic that ethical leadership can provide is developing in employees a systems perspective, which is linked to the post conventional stages of cognitive and moral reasoning discussed above, so that a value of serving other community members and related entities in the broader ecosystem emerges. Another theme is that of emphasizing business processes rather than hierarchy and structure, which is based on valuing work itself intrinsically and focusing on both ends and means in decision making, not just the ends. Localized decision making, particularly around work processes, provides a value of responsibility for individual actions, and using information within the system is supported by values of truth telling, integrity, and honesty, the characteristics of moral persons, as well as transparency about and access to needed information.

Organizations with these types of ethically based approaches also focus on development for both employees and the organization as a whole, which means valuing individuals as ends, not as means to ends (a key ethical principle), and focusing on learning and growth. Such approaches also encourage dialogue and related freedom of expression with a commitment to seek common ground when there are differences of opinion. Ethical leaders can also foster the capacity of others and themselves to take multiple perspectives simultaneously—in other words, to move toward post conventional levels of reasoning so that they can understand other points of view and make better decisions. The final element that managers can think about in their roles as ethical leaders is creating a sense of commitment and ownership among organizational members by emphasizing promise keeping, instilling a sense of urgency about the tasks of the enterprise, and encouraging engagement rather than detachment among organizational members.

