Organizational culture is a powerful force that can promote ethical activities and behaviors on the part of leaders and constituents in human service agencies. Organizational culture best captures *How we do things around here* (Deal, 1987). The nature of organizational culture is similar to an unwritten script for the behaviors and decisions of constituents and leaders. This script can embody moral and ethical proscriptions. The dialogue in the script that conveys the moral and ethical messages could be thought of as the ethical climate. The author(s) of the script include leaders and constituents. Culture contributes to the success or failure of the moral and ethical responsibilities tied to the mission, the values promoted through the organization, and the moral and ethical aspects of policies and practices.

Culture is the result of social interaction; it is a social construction whereby individuals socially create and re-create their reality in an organizational setting. Given this social construction, leaders can analyze and provide direction to the experience of constituents in shaping a new culture that is more constructive, ethical, and productive.
This chapter builds on the themes of some previous chapters: moral citizenship, the role of feedback, the organization as a social agent, and the relational nature of an organizational community. These themes are essential in thinking about the formation and function of ethical culture. First, moral citizenship is the embodiment of ethics by intention. It requires independent thinking and judgment and the ability to resist the activities in the organization that are harmful. To act as a loyal citizen requires membership in this community, the organization.

Constituent(s) have the opportunity to practice moral citizenship through the process of enactment which allows for every individual to influence the ethical culture of the organization. The critical ingredients in the enactment process are dialogue and feedback (also the critical ingredients in moral citizenship). The feedback loop in organizations provides the opportunity, expectation, and freedom of leaders and constituents to comment on the moral and ethical practices and policies of the organization (Manning, 1990). Thus, feedback provides an avenue to shape the ethical nature of the organization. The structural considerations of feedback are discussed in Chapter 10.

The purpose of this chapter is to provide an understanding of organizational culture as it applies to ethical issues for leaders. The definition and nature of culture in organizations and the relationship of culture to ethical leadership provides the background for the development of ethical cultures. The transformational nature of the leader’s influence, the importance of congruence of messages within the culture, and the necessity of support for reflection are emphasized. In addition, the role of the leader as steward or servant is essential to shaping an ethical culture. Enactment as a process that can be used to shape ethical cultures is discussed.

**Relationship of Culture to Ethical Leadership**

The emphasis on the culture of an organization in this book is because it is through the culture that the web of meaning takes shape. The relationship of leaders to the people and processes of the organization is primary; the leader cannot create or shape the necessary values of an ethical culture alone. Think of the culture as an integral process that involves all constituents in the shaping of ethical norms and expectations. As the context and background for ethics, culture provides either support or obstructions to ethical decisions and practices. The following discussion highlights some of the reasons that emphasizing culture is important to ethical leadership (see Figure 9.1).

**Leaders Are Not the Lone Ranger**

Leaders who are committed to ethical leadership cannot control or manage organizational ethics by themselves (Ritchie, 1988). An organization’s ethical stance, decisions, and actions are a reflection of all the individuals who make up the organization.
Values, goals, and actions do belong to people. And, while we attack, criticize, sue, and often hold organizations responsible for immoral actions, it is clearly people who state the values and goals and act on behalf of organizations (Ritchie, 1988, p. 159). The organization, then, becomes the structure and process for the value commitments that provide the significance to individuals’ actions. “There is no ethical ‘Lone Ranger’” (de Vries, 1988).

The importance of membership and relationship is integral to this point. Both leaders and members must take the responsibility for managing the moral and ethical issues of the organization, in effect “disciplining the system” (Ritchie, 1988, p. 181). The inclusion of all members in the development of an ethical work culture provides a more comprehensive view. “We need not just rules and policies . . . but a way of thinking about organizations, leadership, and membership which respects and supports ethical relationships (Ritchie, 1988, p. 181). The collaborative creation of ethical culture, shared by all members, promotes a valuing of relationship and a climate that provides for less harmful effects from decisions. Further, the responsibility is truly shared.

Leaders Affect the Moral Code

Leaders are not the Lone Ranger, but they do have an enhanced ability to influence the values of the organization through the process of culture. Personal values are always a part of agency decisions. The leader puts a “moral stamp” on every decision, either directly or “by default” (Brummer, 1985, p. 87). The moral code of leaders, then, can permeate all levels of the agency and, in this way, help to enhance and support the moral sensitivities and activities of constituents. Thus, the leader’s “moral stamp” is not only on a particular decision, but also on the entire organization. The ethics of the organization rely, in particular, on the commitment of leaders in high level positions to become moral leaders and moral models for others.

Organizational Culture Is the Context for Ethics

The degree of ethical or unethical behavior is dependent to some degree on the atmosphere or climate of the organization (Longenecker, 1985). Any leader or
constituent “. . . must decide issues and make choices in an atmosphere that encourages, discourages, or ignores the moral element in such decisions” (Longenecker, 1985, p. 65). The influence of the organization is a powerful force in relation to ethical behavior. In addition, the administrative/managerial process itself is a contextual factor. The methods, procedures, and systems of managing all influence how constituents perceive what is valued, what is rewarded, and what to strive toward through activities and decisions. Leaders are responsible for articulating the “fundamental purposes or priorities of an organization . . . why an organization exists and the values which are important to its existence” (Longenecker, 1985, p. 66). Culture is a medium that can provide the processes to convey these important visions and values for leaders. In contrast, culture can also portray the negative and abusive messages that influence constituents and leaders toward unethical practices and decisions.

Organizational Values Influence Personal Conscience

Culture, as context, is a complex background for the value commitments of individuals. It has a major influence on how people perceive the freedom to act on their own personal values. Research studies support the assertion that organizational and group values assume greater emphasis than personal values (Bird & Waters, 1987; Carroll, 1975; England, 1967; Posner & Schmidt, 1987; Victor & Cullen, 1988). Bird and Waters (1987) found that managers experienced a standard of “organizational responsibility” communicated through the norms of the culture, whereby they felt an obligation to make decisions and do their work in a way that met the needs of the organization for efficiency (Bird & Waters, 1987, p. 9). Posner and Schmidt (1987), in a study of 1,500 managers, found that a person’s level of authority in an organization made a difference in their perception that personal principles must be compromised in order to conform to organizational expectations. Top executives felt less pressured, whereas middle managers and supervisors felt pressured to compromise their personal values to meet an organizational demand. The power of the organization to influence individuals’ value commitments, particularly those at lower levels in the hierarchy, is pervasive.

Value commitments of individuals are based on their conscience (Ritchie, 1988). As was clear in the preceding chapter on bureaucracy, it is difficult for the individual to stand only on their own conscience in the face of pressure to achieve the organizational ideal. Zaleznik notes that “. . . conscience is a fragile thing. It needs support from institutions and that support is weakening” (Ritchie, 1988, p. 161). An ethical organizational culture that promotes the freedom of constituents to listen to, and voice, their own conscience offers needed support. Further support can be developed through the institutionalization of particular values.

Ethical Organizations Institutionalize Important Values

Many complex forces in organizations shape actions and decisions. Internal factors, such as incentives, technology, research and evaluation, and employee relations,
combine with external factors, such as the availability of resources, government, and other accrediting bodies regulations, the legal environment and pressures of competition to exert influence on decisions (Goodpaster, 1983). The leader’s conscience about the administration of the organization “... does not translate automatically into running a conscientious corporation. The latter requires an ‘institutionalization’ of certain values, not simply the possession of those values in one part [or person] of the organization ...” (p. 10). A leader’s focus on the development of important values and characteristics that enhance the moral and ethical sensitivity and practice of leaders and constituents helps to form the moral “personality” of the organization, primarily shaped through culture.

Ethical Decisions Are Nonprogrammed Decisions

Ethical decisions are always made in a context of ambiguity and complexity, so they are nonprogrammed decisions. Programmed and nonprogrammed decisions are different. In programmed decisions, the choice is almost a foregone conclusion (Simon, 1957). Think of the analogy of driving a car. The person knows what to do automatically on every occasion of choice. Programmed decisions operate within an organizational framework; the organization influences the decisions of each of its members by “... supplying these decisions with their premises” (Azumi & Hage, 1972, p. 249).

Nonprogrammed decisions, which are most relevant to decisions about ethics, are defined as decisions where “… the alternatives of choice are not given in advance, but must be discovered” by a rational process of searching (Simon, 1957, p. 221). These decisions require much “… stirring about, deliberation, discussion, often vacillation,” which are typical reactions to the complexity of ethical decisions. Guides for action that influence the choice in nonprogrammed decisions are not totally private to the individual. Instead, the guides are part of a common culture. Thus, aspects of the individual and the social context in which the decision is made are critical to the ultimate choice. Azumi and Hage, (1972, p. 250) explicate this further:

In working organizations decisions are made either in the presence of others or with the knowledge that they will have to be implemented, or understood, or approved by others. The set of considerations called into relevance on any decision making occasion has therefore to be one shared with others or acceptable to them.

Organizations that facilitate nonprogrammed decisionmaking must establish and rely on a culture of shared beliefs about the common interests of the working community. Included would be the standards and criteria used to judge the appropriateness and relevance of decisions and what would be viewed as ethical and moral achievements for the organization. Norms and standards to evaluate individual contributions, expertise, and other matters in relation to ethics are also part of the culture. The cultural system, then, is expressed and visible in a code of conduct that is apparent to others, inside or outside of the organization, and helps to guide nonprogrammed ethical decisions. Understanding the nature of ethical cultures, then, is an important part of the knowledge of leaders.
The Nature of Organizational Culture

Different organizational theorists describe organizational culture in several ways. Morgan (1997) argues that traditionally we have seen culture in society as a pattern of development that is reflected through knowledge, ideology, values, laws, and day-to-day rituals. However, the more contemporary definition would be “. . . that different groups of people have different ways of life” (Morgan, 1977, p. 120). Organizations are now seen as minisocieties that have their own cultures and subcultures that are different from one another. Factors, such as the language used, patterns of interaction, rituals of the daily routine, and the images that are pursued in conversation, are examples of observable entities that have a historical explanation for how things happen and get done in that particular organization. “Shared values, shared beliefs, shared meaning, shared understanding, and shared sense making are all different ways of describing culture . . . we are really talking about a process of reality construction (Morgan, 1997, p. 138).

The culture of an organization is all encompassing, or “a tapestry of meaning” (Deal, 1987). Culture gives meaning to our human endeavors and also provides stability, certainty, and predictability (Deal, 1987). Organizational culture includes the shared beliefs, values, and basic assumptions that help everyone understand how the work of the organization is to be conducted (Nanus & Dobbs, 1999). The culture of an organization helps people cope with the daily situations of their work and provides a basis for making sense of behavior. Deal (1987) accentuates the power of culture in organizations by noting the analogy to primitive peoples’ perception of their tribe.

Cultural Context

Organizations exist within a particular cultural context (Morgan, 1997). Therefore, what is culturally appropriate or relevant within the United States is very different from other countries. In the United States, competition, individualism, preoccupation with winning, an emphasis on consumerism, and so forth provide a different cultural context for organizational culture than other countries. This context makes the difference in success and failure of new ways of working within the organization and can shape the ethical culture as well. For example, the focus on efficiency, revenue generation, and cost-effectiveness can affect what is viewed as unethical or unethical practices. Profitmaking (sometimes at the level of greed) in our contemporary society appears to be promoted as the primary value that sets the scene for shaping the character of the organization. The most blatant current example is the culture of Enron, the energy firm that recently filed for bankruptcy. From accounts in the media, the culture of greed that was promoted throughout the organization affected people at every level; questionable accounting practices and decisions that had a dramatic negative impact on employees and shareholders were promulgated with few exceptions. This kind of widespread unethical practice in a corporation of that size can only be promoted through an organizational and societal culture that supports it. The questionable practices were perceived as normal in the organization.
Ethnocentrism

A characteristic of any organizational culture is ethnocentrism, the taken-for-granted codes of behavior we recognize as normal (Morgan, 1997). When people participate in activities that do not conform, they are viewed as abnormal. Ethnocentric views affect how people react to diversity in the workplace. It also affects how they respond to immoral situations or ethical dilemmas, as well as to different behaviors and activities on the part of other employees who do not seem to understand “the way we do things around here.” A danger of ethnocentrism is the inability of those working in the culture to step outside of the norms and practices in order to evaluate the moral and ethical implications objectively. Instead, both leaders and constituents become socialized to “the way we do things here” and can collude or participate in immoral and unethical activities.

Development of Culture

Culture is not imposed on a social setting; it develops through social interaction (Morgan, 1997). This means that any individual at any level in the organization can influence the culture. Characteristics of culture develop over time in relation to the history of an organization; thus, the history of the organization can influence the present. Characteristics of the culture are generated through patterns of interactions between individuals, language used, images and themes explored in conversation, various rituals in the daily routines, and so forth. Leaders, most often those in the higher levels of the hierarchy, shape the values that guide an organization through the power to reward and punish. Often, competing subcultures and values are related to the organization’s purpose. Sometimes there are divided loyalties among groups (Morgan, 1997), such as the following:

- Administrative expectations versus professional standards (for example, profit, cost savings versus service quality)
- Different professions with different professional values (for example, social work, business, medicine, psychology, and so forth)
- Different social or ethnic groupings (for example, social class differences, Caucasians and minority groups, groups with different ethnicity, and different sexual orientations)
- Occupational groupings (for example, union employees versus management or blue collar workers, paraprofessionals versus professional groups, and so forth)

The various subgroups and loyalties in the organization help to shape the culture of the organization, which can be identified through tangible cultural forms.

Tangible Cultural Forms. Culture is developed and transmitted through a variety of activities and forms (Deal, 1987). The tangible characteristics of culture provide an opportunity to analyze the ethical messages conveyed as well as to promote ethics and values through the language, activities, and tasks of everyday work. The following examples illustrate some of the tangible forms of culture (Deal, 1987; Morgan, 1997):
Rituals—Repetitive behavioral activities where values are expressed through implicit signals (for example, surgical scrub, roll call, report, and so forth).

Shared values—Shorthand slogans that summarize deeply held values of the organization (for example, “we try harder,” “minds to match our mountains”).

Heroes and heroines—Individuals who embody or represent core values and are recognized as such throughout the organization.

Ceremonies—Periodic occasions in which values and heroes are put on display, acknowledged, or celebrated (for example, celebrating most productive unit, volunteer banquet and awards, and so forth).

Stories—Concrete examples of values and heroes who triumph by following culturally prescribed ways.

Cultural network—Collection of informal individuals—gossips, spies, storytellers—whose primary role is to reinforce and protect existing ways. No examples are needed. Everyone knows who they are. (For example, our faculty has the school historian who can offer the historical perspective in relation to any issue, the way we do things here.)

Physical impression—Conveys value through facility and artifacts (For example, run down or dirty facilities for the serious mentally ill versus attractive, immaculate outpatient department with fruit on the coffee tables).

Language—The buzzwords, cliches, catch phrases, and terminology that are used in everyday discourse (for example, in health and mental health, the language of diagnosis, such as the hip replacement down the hall).

Values/Beliefs/Norms—The official and unofficial values, dos and don’ts, and standards of behavior.

All of these tangible cultural forms, each of which has the potential to transmit ethical and moral messages, culminate in the shaping of a comprehensive culture for the organization.

Rule Following. The nature of culture is found in social norms and customs, or the rules of behavior (Morgan, 1997). If people follow the rules, they are successful in constructing the appropriate social reality. When one disrupts the norms, the ordered reality of life and work breaks down. For example, if an organization has an implicit dress code that includes suits and ties for men and dresses for women, there will be disruption if someone shows up for work in jeans. The rules about how to behave are communicated through formal and informal policies, leader and group behavior, verbal and nonverbal communication, and so forth. Leaders with authority in the organization influence rule following through rewards and punishments. For example, merit increases to individuals who support the leader’s values or projects are an example of rewarding what the leader wants to be valued. The loss of prime office space or budget cuts for those individuals who resist or challenge leader initiatives are examples of punishments. Thus, what we take for granted about our work reality is actually based on skillful accomplishments that develop into normal patterns (Morgan, 1997). However, leaders are not the only ones who can influence culture and work climate. All of the constituents of an organization can influence what goes on around here through a process called enactment.
**Enactment**

Enactment is the process through which we can shape and structure reality (Morgan, 1997). Organizations are socially constructed realities that rest as much in the heads and minds of members as in concrete sets of rules and relations. The social construction of the situation influences what rules and codes of behavior are to be summoned. The first step in affecting changes in the ethical climate is to understand the common meanings that make up a shared sense of reality, for example, through an organizational values statement (see Chapter 10). Then, the shared reality can be shaped and changed through open discussion, feedback, and critical commentary.

A member can influence the culture and ethical climate of an agency by behaving differently. However, more directly, members can enact new norms and values by questioning, commenting, and challenging the prevailing norms, values, or behaviors. Initiating interaction promotes a process of dialogue that can lead to change. Leaders can provide structures for communication and interaction that lead to changes in the organizational culture and climate as well (see Chapter 11). Feedback and the freedom to comment openly is a critical component of establishing an ethical work climate (Manning, 1990).

**Ethical Climate: The Message**

The ethical climate of an organization can be thought of as one element of culture (Victor & Cullen, 1988) and is based on the organization’s normative system (Schneider, 1983). Ethical climate is defined as “the range of perceptions that answer, for a member of an organization, the Socratic question: ‘What should I do?’ Included are the perceived prescriptions, proscriptions, and permissions regarding moral obligations in organizations” (Victor & Cullen, 1988, p. 101). The ethical climate, then, captures the organizational norms about practices and policies with ethical consequences. Employees perceive the message, or their moral duty toward others. Other messages include the restrictions and restraints of the organization (for example, what is considered harmful) and the opportunities (or lack of opportunities) for moral feedback through the ethical climate. The practices and policies convey particular norms and values that inform members of what they can do and what they ought to do in regard to their actions toward others. For example, the perceived support for initiating ethical questions or challenges, the tolerance for misappropriation of funds, and the decision process for ethical questions such as conflict of interest are indicative of particular aspects of ethical climate.

The ethical work climate is based on the prerequisite that the norms and values in the organization are institutionalized (Victor & Cullen, 1988). In other words, employees would perceive prevailing norms and values with a fair amount of consensus because the values and norms are embedded throughout the tangible cultural forms of the organization. In measuring ethical climate, employees’ own behavior and values are not reported, but, rather, the practices and policies that they perceive to exist in the organization. As one leader noted, “Once a value system is in place at the team level, it comes naturally” (Manning, 1990, p. 230).
All employees carry the composite of messages through interactions and unspoken behaviors. The communication is also modeled through the leadership. The ethical climate is interdependent and reciprocal. All constituents have the potential to influence the climate at all levels of the organization, as was discussed in relation to enactment. Both employees and experts perceive that climate is most influenced by those at the top level of the organization (Manning, 1990; Wright, 1999).

Leaders Set the Tone

Leaders directly influence the organizational climate in relation to “how much unethical behavior will be present” (Wright, 1999, p. 67). In a criminal justice agency, “… excessive use of force, brutality, corruption, involvement in criminal activity, graft, employee theft, sexual misconduct, discrimination, racism, sexism, and harassment will vary directly with managerial attention to the promotion of ethical standards of practice among employees” (Wright, 1999, p. 67). The leadership’s role and commitment to develop ethical accountability and an ethical culture is paramount. The CEO and other administrative and managerial leaders must “walk the walk” as well as “talk the talk.” This means that ethical climate is determined by the ethical behavior of leaders, not just their rhetoric. For example, accepting gifts (for example, a bottle of whiskey) from vendors, taking home office supplies, flirting, excessive drinking, using support staff for personal business, and so forth are practices that “do not go unnoticed” by other employees (Wright, 1999, p. 68). There are occasions when leader behavior communicates a strong message about what behavior (and underlying values) are really acceptable. One administrator in mental health described her leadership philosophy this way. “How we operate affects the entire organization. Our philosophy and values drive us, [so] we don’t have to think about ethics per se” (Manning, 1990, p. 232).

Elements of Ethical Climate

Three elements of ethical climate—mission, explicit policy, and implicit policy—were identified by human service leaders (Manning, 1990) as having a shaping influence on ethical or unethical practices. The integration of the real life experiences is useful, as well as important to consider as an illustration of the powerful effects of climate and the potential to shape climate by leaders. All of the following quotations that describe the actual experience of leaders are from this qualitative study (Manning, 1990), unless otherwise noted.

The Mission

The mission is the foundation of the ethical system in human service organizations. The mission statement is the central statement of the organization’s purpose (Colorado Association of Nonprofit Organizations [CANPO], 1994). It is meant to guide and inspire the overall direction of the organization’s work and the program goals and objectives that are developed to do the work. The mission is the human
service organization’s contract with the community; it states clearly what the public can expect in regard to the population served and the nature and meaning of the services provided. The mission provides the community with a statement of the ideal end that the organization hopes to achieve through its work.

Leaders referred to it as the one guide that could be counted on as “unchanging” and “clear.” The mission was viewed as a shaper of decisions. One leader said, “Well, I kind of go back to the mission in terms of what is it that we’re doing, what are we about, and where are we going, and what are the things that we believe in . . . ” (p. 213). The mission shapes the goals, philosophy, and values of the agency, “. . . like going back to the constitution . . . never sacrifice the mission” (p. 214). The mission provides leaders and constituents with a clear mandate that helps determine the boundaries of service delivery and serves as an indicator about “when to take a stand.” It is particularly helpful in making rationing decisions about services, such as access to services, programs for unique needs, and so forth. The mission is also a backup system for inappropriate requests. One manager (p. 214) said, “Go back to the mission, this is what we’re here to do.” It was also used as a source of support in the face of unethical actions or decisions that were “out of sync” with the mission.

Explicit Policy

Explicit policies also function as guides to behavior and decisions. Policy is usually documented, is sometimes verbal, and is derived from the mission. Formal policies are usually organized around particular functions, such as personnel policies, clinical policies, admission policies, financial policies, ethics policies, and so forth. Leaders viewed the guiding function of explicit policy as “weak” (p. 216). It was not viewed as particularly relevant to professional behavior, and many leaders were not even aware of what was in the policy manual of the organization. There was general agreement that explicit policy reflects legal requirements that have been translated into the necessary policy for agency use, usually protection from liability. One manager related an experience over inequities in salary. “I thought that this is a really interesting process, where you don’t think so much about the ethics of the situation as opposed to the legalities of the situation.” They only became concerned when issues of legality were confronted in the policies.

Leaders in the upper level of the hierarchy usually develop explicit policy. Middle managers and supervisors experienced less direct involvement in policy development. One person (p. 218) said, “Corporate policy is developed in a way that the manager has no control.” Constituents and leaders at lower levels may offer less support for ethical standards and expectations if there is a lack of representation in the policy development process. Policies developed without their input may have little bearing on the actual situations they face, and lack of participation affects a person’s sense of control and commitment. The following were identified as functions of policy in regard to ethical issues.

Policy to Express Legal Requirements. Legal requirements can be used to define the parameters of what is considered ethical. Executive directors shared conflicting
perspectives about the role of the law in ethical climate. One director (p. 217) stated, “Ethics can never be above the law anyway, so what does it matter?” Another said, “I am concerned with how highly structured some of our own rules and regs are regarding the kind of canned judgment they represent . . . in the process of assuring protections we have gradually reduced the role of judgment to the point that it places people at risk.” To one leader, the law was the highest authority, and, to another, legal requirements can act as a barrier to ethics. Each leader’s perspective shapes the ethical climate of their agencies.

Policy as a Protection Against Liability. Protection against liability was a primary concern. Thus, policies are available to “keep bases covered” though they are not usually under the heading of “Ethics” (p. 218). Leaders (p. 218) described policies that “spell out anything where you can be sued . . . everyone is scared of being sued.” Fee schedules, informed consent, research, and confidentiality are examples. Documentation of standards and requirements to address liability add to individual and agency accountability and provide explicit messages to employees.

Policy for the Thou Shalt Not in Organizations. Explicit policies are often directed toward the negative, the Thou shalt not pronouncements. Restrictions rather than positive and proactive designations for ethical issues were the rule. One manager (p. 217) gave examples: “. . . don’t get drunk . . . don’t have sex with clients. I think having general written guidelines in more proactive areas is useful and it’s something that is a little harder to develop than the prohibitions of the stuff that is obviously unethical and not appropriate.” The tendency to develop prohibitions may be connected to the legal requirements previously discussed. Also, as this leader pointed out, it is more difficult to think through and document the positive exhortations for ethical behavior.

Professional and Organizational Standards of Care. Standards of care are explicit policies that convey a positive message about the primary well-being of the clients who are being served. Standards of care promote the basic minimums about what clients can expect and that caregivers should provide in the intervention process, from engagement with the agency to termination. These standards are useful in providing clarity and administrative support in decisions involving client interventions and client rights, the “clinical mantle” (p. 219). Standards of care are also ensured through policies that cover professional privilege, service agreements, professional standards and the code of ethics from various disciplines represented in the organization.

Justification and Protection for Leaders. Explicit policy can be used in a variety of ways to justify decisions and to protect leaders in the case of unpopular decisions. A director (p. 219) described being sued: “. . . and then when I go to court . . . his peers determine that this was so and our policy says that this is so, and then I just follow the policy. That’s being ethical because I follow the policies.” Another manager revealed that policies are used less to guide and more to “. . . get rid of someone.” The policies are a necessary backup to personnel because it is difficult to get rid of dysfunctional
staff. They have to have an act of commission rather than omission, so policies help. Policy and the motivation for using policy in particular situations convey a strong message about the ethics of the organization. In the first instance, policy served to protect against liability, but may not have promoted what is morally right. In the second, the use of policy conveyed powerful messages about the value of employees, due process, and fairness.

**Clarity Through Written Guidelines.** The documentation of policy does provide clarity through written guidelines. The policies that are delineated and accessible to leaders and constituents provide a level of guidance for the major ethical issues the organization has identified (such as conflict of interest, involvement with clients, confidentiality, and so forth). However, leaders have also identified a danger of relying on policy to create distance from the emotional and intimate elements of interacting with others in relation to issues that are ambiguous and complex. One person (p. 221) said, “We are engaged in an industry of being intimate [human services], while being objective . . . too many policies affect intimacy and increase objectivity.” A well-known ethicist has expressed the same concern. Toulmin (1981) argues that “the ethics of strangers”—objective and rule driven—is not conducive to participation and trust. The ethics of intimacy relies on dialogue, relationship, and a sense of being in a community together.

**Implicit Policy**

The implicit messages that are conveyed through the climate of how we get things done here are strong and powerful (Manning, 1990). Implicit messages and policies are conveyed through the leadership in unwritten and sometimes an unspoken manner. These implicit messages are guiding mechanisms that communicate what is valued and how leaders and constituents are to behave and act, within and for the organization. Implicit policies were described as frequently incongruent with the explicit policies and the mission of an organization. They were also viewed as more powerful in shaping the behavior of leaders and constituents. An upper administrator noted that implicit messages have a “profound influence” on decisions made and the “way you make them” (p. 225). Decisions get made that are stupid or not doable because of unspoken policies of cost containment, or those who are impacted by the decision are not included in the decision process. Therefore, a philosophy is conveyed through decisions without anyone really thinking about or understanding the effects of the decisions on the organization’s ethical climate.

**A Form of Guidance.** Implicit messages are subtle and therefore harder to challenge directly. A leader in human services described it this way. “It’s the subtle communication that I worry about . . . If I feel I need to admit [patients to increase the census], am I going to make a decision on the wrong side of things and respond to that? How objective am I going to be? Am I going to be influenced by the pressure?” Other managers described implicit policies that are driven by money. For example, managers would lower the qualifications for new personnel (for example, hire para-
professionals rather than professional staff), use students instead of employed staff, manipulate insurance coverage, and so forth to save money (p. 226). Implicit messages provide a form of guidance, but not the kind that would be communicated explicitly through written policies, procedures, or rules. Instead, the word "pressure" is often linked to these kinds of messages.

Implicit messages can and do convey ethical expectations. Sometimes they are spoken, and often they are modeled, but usually ethical messages were not found in written form. As ethical messages are communicated, they shape the ethical climate of the agency. One administrator (p. 223) explained, “I know one thing that I try to communicate that is unwritten, but I try to teach people . . . try to get them around to my way of thinking . . . a sense of empathy for clients. It has to do with how we treat people . . . to treat people with respect.”

To Avoid Accountability. In contrast, messages are also communicated implicitly to avoid accountability. These messages convey expectations that may be unworkable, irrational, inappropriate, unethical, and hidden from public view. One person described the pressure to admit clients inappropriately to increase the census (p. 224). Another said, “there’s all this unwritten . . . policy . . . about six to eight visits, and who’s going to be there for you when, on what would have been their ninth visit, they run out and shot somebody? You’ll be out there alone (p. 224).” Implicit policy can put pressure on others to behave unethically without the leader taking responsibility for the message. These covert messages shape ethical climate to include secrecy and hidden practices that cannot be evaluated or regulated by others in the organization or by the public.

Delegation of Blame. Delegation of blame was also a function of implicit messages due to the lack of accountability. Techniques and tactics to increase revenue or cut costs that may not be popular with the public can be enacted through lower level employees and managers without the organization taking responsibility explicitly through written policy. Because middle managers and supervisors are in the position of passing on the implicit expectations to direct service staff, they are more vulnerable to the ethical nature of the expectation and the accountability for it. For example, one manager (p. 228) said, “. . . not only [is it] not stated in policy, but its not going to be . . . and [I’m told] ‘don’t you put that in writing because we’ll get nailed on that.’ So [I] kind of get a very vague kind of policy that you can justify anything you want to do under.”

Disapproval and Devaluing of Constituents. Implicit messages are often used to convey disapproval of activities or decisions or to convey devaluing of staff. Leaders can simply not attend to ethical issues they don’t want to confront directly. The message is “leave it alone.” Upper level administrators have authority to impact budgets and other distributions of desired resources. After disagreeing with a superior about an ethical issue, a manager (p. 229) reported, “It got to the point where if you fought what they were doing, then your group suffered by not getting the resources, because
then you were not their favorite group. Like one year I got half of everyone else’s operating budget. It was a punishment. Oh yeah, it was an out and out punishment.” Implicit policy is also a means to get rid of employees who do not hold values that are congruent with organization’s values. A high level administrator (p. 229) said, “a manager is in trouble who has a set of values or mode of operation that is different from the main line . . . we will eventually get them to leave.” Inducing employees to leave happens through unwritten activities and decisions that have the ability to make work life miserable and untenable.

The Importance of Congruence

A major factor in shaping an ethical climate is congruence between what is conveyed formally and explicitly by the organization and what is conveyed implicitly. Conflicting messages contribute to feelings of confusion and alienation about the purpose of the agency and each individual’s responsibility in relation to purpose. One manager (p. 225) described the explicit message of “we serve everyone” that was written in the mission statement and the implicit message from administration that said, “Offer less services to indigent clients at sites where you want to attract wealthy, upwardly mobile clients.” This contradiction between mission and revenue generation is a critical issue about values, as well as survival of the organization. A manager argued, “We need a clear message about what to expect in terms of the mission and boundaries . . . then we can decide whether to work here (p. 231).”

Leaders in the for-profit sector must come to terms with the conflicts between excessive levels of profit and quality service delivery to consumers and then provide a congruent message to employees and consumers. The atmosphere in the for-profit sector of human services has followed other businesses and corporations in society; the drive for increased profits has overtaken other values and affects the ethical climate of these organizations. One leader (p. 231) in a for-profit described this conflict “I can’t buy into the organizational goals because of greed and the profit motive . . . it’s not good business and it’s not a money issue.” Another (p. 232) described the “schizophrenic vision” at her organization: “. . . corporate zeal . . . and a high profit margin . . . They don’t have a clue as to what goes into that . . . but the clinicians do.” Congruent messages between what an agency communicates publicly and what is communicated implicitly rest on a well-defined balance of the profit motive and quality service. In this balance, profit does not accrue at the expense of employees and quality of service to consumers.

Conflicting messages also inform employees about the openness of the system to feedback and the expectations of individuals to give feedback about unethical practices. An “open door” policy may be conveyed verbally by the director, but, if individuals attempt to go through the door and discuss sensitive ethical issues, they may be instructed to go through the line of command. The communication system is the route for feedback about ethical concerns. The implicit messages of the organization convey what can travel up and down that route. A middle manager (p. 233) said, “Part of it . . . is giving your staff the latitude and the permission to bring problems to your attention. If you give the staff the message that you don’t want to hear it . . . then you
won’t hear a lot of things . . . cause if you don’t hear them, you can’t do anything about them.” Leaders’ sensitivity to the messages they convey and a commitment to communicating clear, overt and congruent messages through implicit and explicit policy help shape ethical climate and moral commitment for constituents.

The Freedom to Comment

The freedom to comment on unethical practices and/or the daily moral and ethical questions is the critical factor in developing and maintaining an ethical climate. Without permission to respond, constituents are doomed to collude in existing practices, ethical or unethical, or to submit to the manipulations of well-meaning or unethical leaders with their own moral and ethical agendas. The organization, as argued earlier (see development of culture), is a particularly social enterprise and individuals who spend considerable time there are socialized by the organization. Niebuhr (1960, p. 257) notes that ethical behavior toward others is more difficult in social groups (like the organization). “In every human group there is less reason to guide and to check impulse, less capacity for self-transcendence, less ability to comprehend the needs of others.” People strongly want to be part of a group, and the fears of isolation and rejection act as inhibitors to taking moral risks. Further, organizations and leaders, because of the pervasive inequality in the distribution of power, are inherently at risk of immoral behavior (Ritchie, 1988). The risks of real punishment—loss of job security, salary, and other benefits, not to mention the risk to career development—can restrain the moral tendencies of employees and their willingness to give feedback. These issues are especially salient in regard to whistleblowers.

The Spiral of Silence

The inaction of individuals and their reluctance to comment about moral and ethical issues promotes a process that goes beyond the individual. Noelle-Neuman (1997) has proposed a theory called the spiral of silence. She suggests that people are able to intuitively figure out what their neighbors or peers think about potentially conflictual issues. When people think their opinion is a minority view, they are less likely to express it. Neuman develops this thesis further by asserting that the majority becomes stronger and more powerful as those with a different view withdraw. Thus, the spiral of silence feeds on itself (Alter, 2000). A recent news event in the field of business surrounding the Enron scandal is an example. It appears that many individuals had knowledge of questionable ethical practices and even illegal behavior, yet, to date, only one person took any formal action. The spiral of silence was strengthened, and an organizational climate that promoted silence was further reinforced.

The Bystander Effect

Bly (1996, p. 375) has titled a chapter in her book, “Evil in the Comfortable Herd.” She states that the “ethical core of the whole issue is: can we be brave enough to be
unpopular?" The bystander effect is connected to the spiral of silence. People become immobilized when confronted by evil or unethical practices and take their cue from other bystanders. If the group is not reacting or acting, the individual behaves accordingly. Therefore, the group effect can have a powerful shaping influence on the norms in an organization about giving feedback and taking action in relation to moral challenges.

The nature of ethical climate that develops can be based on a spiral of silence or the freedom to comment. Leaders interested in developing a climate that supports feedback must actively and formally build processes for feedback into the design (see Chapters 10 and 11). Leaders also must model a genuine interest in hearing about questionable practices and moral quandaries. In a study with 50 middle managers, every one had experienced a request by a superior to do something “immoral, illegal, or unethical.” However, two-thirds of the group felt the boss did not intend or was unaware of the negative impact (Ritchie, 1988, p. 167). Although inadequate information, pressures of time, and differences of opinion were relevant, the most relevant concern was that “...the boss was not sensitive to the functional or ethical perspective of the subordinate.” The leader’s style, openness, and philosophy about feedback is connected to creating a climate that nurtures feedback. However, many organizations are ambivalent about feedback, and this is evident in the reaction to whistleblowers.

Whistleblowers in Organizations

Whistleblowers are viewed in two different ways: as disidents or reformers (Gummer, 1996, p. 95). When viewed as a dissident, the person is perceived as disrupting the status quo in the organization and interfering with stability. Gummer notes that this is the primary view in bureaucratic organizations that have “formalized rules and procedures” (1996, p. 95). Even though rules and policies may prohibit unethical practices and various kinds of wrongdoing, the behavior of the whistleblower is seen as illegitimate.

The second perspective is that whistleblowers are reformers. From this view, information that is essential to the organization about policies and practices that could be harmful—to constituents, clients, the community, etc. and to the organization in terms of reputation—is brought forward through feedback. This is seen as help to the organization to increase effectiveness by “...bringing forward problems and potential solutions to management’s attention” (Gummer, 1996, p. 96). Whistle-blowers who are viewed as an attribute to the organization are reflective of ethical climates that are more positive, in contrast the dissident view, which encourages further wrongdoing and negative effects on the ethical climate.

The incidence and seriousness of wrongdoing in organizations does have a relationship to the organization’s perspective about whistle-blowers (Gummer, 1996, p. 97). These researchers found that “...values encouraging whistleblowing and protection from retaliation are associated with less serious wrongdoing.” It is apparent that to promote an atmosphere of feedback in concert with expectations of ethical practices there must be a supportive environment for people who come forward with concerns for the organization. Further, that support must be in the form of protec-
tion. Nothing gives a stronger message to constituents and leaders than to punish, discipline, or fire someone who has identified an ethical concern. However, where whistleblowing is concerned, issues related to loyalty—to leaders and to the organization—become a concern.

Organizational Loyalty

Leader and employee loyalty to the organization is also a concern in regard to feedback. People who criticize or resist or question organizational policy or practice are sometimes thought of as disloyal. Levy (1979) argues that the agency can expect loyalty from employees, but that loyalty does not abrogate the freedom and responsibility of the worker to initiate positive action in regard to ethical issues and to comment on the ethical and moral issues of agency policies and practices. This form of loyalty, provided through each leader and constituent acting as “institution citizen in loyal opposition,” promotes speaking out, challenging, and questioning the nature of the organization’s functioning. These activities are representative of loyalty, but a loyalty that is in the best interests of all concerned, especially the organization (Manning, 1990; Tillich, 1952). Townsend (1998, p. 170) affirms this kind of loyalty through behavior she describes as “constructively oppositional.” Rather than an oxymoron, this kind of behavior initiates needed change in the system.

Equally important, as employees give feedback, the separation between “their personal integrity and their professional lives” is abolished; accepting responsibility for the “ethical and political dimensions of their work” provides leaders and employees with moral agency (Rhodes, 1986, p. 154). The feedback from individuals about rules, goals, and methods of intervention and evaluation prevents moral detachment and encourages the empowerment of leaders, employees, and consumers rather than empowering the bureaucracy (Rhodes, 1986).

Leaders who want to develop an ethical climate beyond their own moral obligations must institute “the consent of the governed” and “a system of checks and balances” as the most positive form of control that is inclusive of all constituents (Ritchie, 1988, p. 169). The involvement of all constituents in the development and shaping of an ethical climate provides the consent of the governed. They then feel responsible and accountable for the decisions and actions that take place there. Democratic participation will not totally eliminate the power imbalances, the exploitation, and the reality of administrative and management control functions. However, an egalitarian system of feedback is an important first step in managing the inherent manipulation in organizations “within a given value system” (Ritchie, 1988, p. 169). The “checks and balances” rest then, on participation and feedback, along with organizational structures and processes that provide formal feedback mechanisms to leaders (see Chapter 11).

Conclusion

Organizational culture can be effective in unifying the members of an organization toward ethical goals and commitments. Evidence of a strong culture rests in the support,
loyalty, and trust of employees; “these form the cement that binds an organization together” (Nanus & Dobbs, 1999, p. 156). Leaders cannot make an organization ethical by themselves. Leaders must understand the nature of culture and the role of ethical climates in order to help with the construction of cultures and climates that nurture and support ethical understanding and reflection for all constituents. The emphasis on congruence of the mission, explicit policy, and implicit policy is the beginning of clarity for ethical expectations of members. The importance of a feedback system that provides the opportunity to reflect on ethical and unethical policies and practices is necessary for leaders to know and understand the ethical challenges of the organization. The next chapter will focus on the tools and strategies of leadership that enhance the development of culture.

QUESTIONS AND APPLICATIONS

1. Identify particular historical influences at your agency that have shaped the current culture. What divided loyalties exist in your agency? Discuss.

2. Identify examples of tangible activities and forms of culture (Figure 9.1) from your organization. What ethical and value messages are conveyed through these forms?

3. What are examples of rewards or punishments in your agency in response to ethical and moral issues that you have observed or have experienced personally?

4. Choose one value (empowerment, collaboration, openness, loyalty, fairness, commitment, and so forth) that you believe would enhance the ethical culture of your organization. Brainstorm strategies, behaviors, policies, and so forth that would lead to the enactment of that value in your organization.

5. Think about the mission, explicit policies, and implicit policies in your organization. What is your analysis of the congruence or incongruence between them?

6. Identify and discuss three implicit policies that are conveyed by leaders in your agency that promote unethical or questionable practices. Identify three implicit messages that you communicate that undermine ethical practice.