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Chapter 9

Manager's Ethics: Deciding on a Corporate Culture and Making It Work

Chapter Overview

Chapter 9 "Manager's Ethics: Deciding on a Corporate Culture and Making It Work" examines some ethical decisions facing managers. It considers how leaders guide organizations by selecting and then instilling the specific values and culture that define a workplace.

9.1 What Is Corporate Culture?

LEARNING OBJECTIVES

1. Define the concept of corporate culture or, more broadly, organizational culture.
2. Learn to recognize and distinguish specific organizational cultures.
3. Consider ways that a culture may be instilled in an organization.

I'm a Mac, and I'm a PC

"I'm a Mac, and I'm a PC" is the first line from a set of advertisements produced for Apple. "Get a Mac' Collection," YouTube video, 9:39, posted by "Aploosh," February 26, 2007, <http://www.youtube.com/watch?v=siSHJfPWxs8>. Two guys stand in front of a white screen, a step or two apart. The one pretending to be an Apple Macintosh computer looks a lot like you'd expect the typical Apple computer user to look: casual, young, and cool; he's not stressed but certainly alert and thoughtful. He hasn't had a haircut in a while, but the situation isn't out of control. He speaks up for himself without being aggressive. His t-shirt is clean, his jeans reliable, and his tennis shoes stylish. The PC, on the other hand, can't relax in a polyester suit that's a half size too small, especially for his inflated waistline. Bulky glasses slide down his greasy nose. Short, parted hair glues to his head. He's clean, shaven, and very earnest. In one of the commercials, the PC man talks about the things he does well: calculation, spreadsheets, pie charts. The Mac responds that he feels more comfortable helping users make their own movies and organize their music collections.

Underneath these ads there are two very different corporate cultures, two very different *kinds* of companies making two very different products even though both sell their machines in the store's computer section. Now, because this is advertising and it's paid for by Apple, we should take the claims being made with a grain of salt. And, obviously, Apple didn't air these spots because they wanted to exhibit their corporate culture. They wanted to sell computers (and hammer the competition in the process). None of that, however, changes the fact that the commercials do a good job of displaying what a difference between corporate cultures looks like. It looks like these two guys. They're both capable and dedicated, but everything about each of them makes the other one squirm; it's hard to imagine they could work well together because their habits and comportments—everything from how they dress to the way the talk—is so completely different.

The same can be said about workplaces. It's easy to imagine a kind of office where PC fits nicely. People there would wear ties and skirts. They'd be punctual. Their days and working styles would be regimented and predictable. Employees would have their own cubicle offices, and anyone proposing an "informal Friday" break from the dress code would be looked on with suspicion. By contrast, Mac would function well in an open, warehouse-like space with a bike rack out front. Flextime would be common—that is, people arriving earlier or later in the morning depending on their preference and on the circumstances of their lives (whether they have children, when they can avoid rush-hour traffic). Regardless of when they show up, they take responsibility for making sure they log a full workday. The attire would be casual and diverse. Maybe the boss wears jeans. Some people would probably be annoying others with their loud music, but everyone would force smiles and be tolerant.

One of the reasons the Apple ad works well is that it resists the temptation to simply say Apple is superior. Yes, PC is dorky and Apple is cool, but Apple does admit that PC really is better at analytic-type activities like producing clean spreadsheets. The same mixed findings apply to corporate culture. At the PC office, the clothes aren't nearly as comfortable as the ones you find at the Mac place, but at least there aren't any guys wearing jeans that fall a little too low over their back end. And the flextime scheduling at Apple may make for a happier workforce, but only until it happens that a project suddenly arises and needs to be executed immediately, and one of the key participants has flex-timed and already left for the day. The other team members are left, that means, to do his share of the work. What about the bike racks outside? Everyone agrees that it's great that the Mac people are peddling to work, but only until a morning thunderstorm pops up and no one can make it to the office. The point is there are advantages and drawbacks to every corporate culture. It's hard to say that one is better than another (just like Macs work for some people while others prefer PCs), but it's certainly true that there are different value systems beneath the distinct cultures.

Anyone who has a management role in any organization will be expected to have a grip on what values guide the enterprise and how they reflect in the day-to-day life of people on the job. Further, some managers—and all entrepreneurs—will not only need to apply guiding values; they'll have to select and create them.

Definitions of Corporate Culture

Corporate culture¹ is easier to get intuitively than put into words. Because you can't touch it, measure it, or take its picture (even though you can show two people in an advertisement who obviously *belong* to different corporate cultures), it's not surprising that there's no consensus definition attached to the term. Here are three attempts to put the idea in words. A corporate culture is

1. The constellation of beliefs, customs, habits, and values determining how a business or organization acts in the world.

- “the shared beliefs top managers have in a company about how they should manage themselves and other employees, and how they should conduct their business”; “Can this Man Save Labor?” *BusinessWeek*, September 24, 2004, 84.
- “the pattern of shared values and beliefs that gives members of an institution meaning and provides them with rules for behavior in their organization”; Robert Kuttner, “Labor and Management—Will They Ever Wise-Up?” *BusinessWeek*, May 9, 1994, 16.
- “a general constellation of beliefs, mores, customs, value systems and behavioral norms, and ways of doing business that are unique to each corporation, that set a pattern for corporate activities and actions, and that describe the implicit and emergent patterns of behavior and emotions characterizing life in the organization.” Simon Head, “Inside the Leviathan,” *New York Review of Books*, December 16, 2004, 88.

There are common threads to these cited definitions and some points that may be added:

- Corporate culture is *shared*; it's not like a regulation or a code that's imposed from some specific place outside the organization. The culture may begin that way, but once installed, it belongs to all those participating in the workplace.
- Corporate culture provides *guidance*. It's not a potted plant to be looked at; corporate culture *tells* an employee that the Daffy Duck necktie is too far out there and should be left in the closet. The pumpkin necktie, however, is OK as long as we're coming up on Halloween. Analogously, though more significantly, it tells a salesman whether it's OK to flagrantly lie to a customer, to stretch the truth a little, or only to play it straight.
- Corporate culture provides *meaning* in the organization; it tells members why they are there. At Goldman Sachs, the bottom line really is the bottom line: people are there to make money. At Greenpeace, by contrast, people arrive in the morning to protect the planet, and while it's true that many receive a paycheck for their efforts, that's not the reason they show up for work.
- Corporate culture is top heavy; management carries the heaviest burden. Unlike simple office codes—such as turning in your expense reports within a week of terminating travel—that apply to people more or less uniformly, the burden of understanding and promulgating the organization's culture falls heavily, though not exclusively, on the leaders.
- A corporate culture is a *constellation* of values, a set of ways of seeing the business world.

- The constellation of cultural values is *dynamic*; everyone involved every day stretches and pushes the organization's culture.
- An organization's culture is *organic*; it's born and grows with the organization. It dies there too.
- The organization's culture includes *life values*, ones that cross beyond purely business concerns to touch questions including, "Is it OK to date someone from work?" "Can I cry at my desk?" "Will anyone object if I have a shouting match with my wife from the telephone in my cubicle?"

This list isn't exhaustive. It does, however, show how thoroughly corporate culture penetrates the workday.

What's My Organization's Culture?

Managers' job responsibilities include protecting and promoting their organization's culture. Fulfilling the responsibility requires determining exactly what culture lives in the workplace. There's no secret decoding mechanism, but there are a number of indicating questions that may be asked. One of the most natural is to brainstorm associated words. For example, imagine visiting two offices, one filled with people who look like the Apple Mac from the commercial, and the other with those who'd fit naturally into the office where PCs are bought and used. Just looking at the commercial and jotting words as they flow might lead to lists beginning this way:

- On the Apple side: sloppy, fun, warm, loose, careless, resigned, informal, smart, creative, soft-spoken, controlled, cool, and haughty.
- On the PC side: uptight, formal, reliable, demanding, uncomfortable, determined, perfectionist, detail oriented, disciplined, unconcerned with appearances, and geeky.

These are short, rapidly composed lists, but they're developed enough to observe two profiles of work-life peeking out. You can see that the Apple office is going to fit closely with values including comfort, innovation, and independence, while the PC office will be more compatible with values including reliability and responsibility. You can count on the PC office to get things done, but if you're looking for something outside the box, you may be better off going the Apple route.

2. As an aspect of organizational culture, the way time is understood and valued in the workplace.

Other questions getting at the heart of an organization's culture and basic values include these dealing with the **workplace time**²: How many hours are expected at work each week? Is there flextime? Is there telecommuting? Is there a punch clock or some other kind of employee time-in-the-office monitoring? Is it more important

that the employee be present or that the work gets done? In some offices it's the former; in others, the latter.

Then there are questions about **employee interaction**³. Is each worker situated in a private room or a more open, common space? Do people tend to compete with each other or is teamwork a higher value? To the extent there's individual competition, how far does it go? Is it a good-natured jousting, or closer to hostile blood sport? Of course different kinds of organizations are going to recommend themselves to one side or the other of the spectrum. For example, a doctor's office, an archeological dig, a construction company are relatively good places to value teamwork. A stockbroking office, a pro basketball team, and an actors' studio are spots where you may want to encourage individuals to outdo those around them.

What's the **workplace mood**⁴? Fun? Somber? Energetic? Modern? Traditional? Many Volkswagen dealerships are remarkable for their huge windows and sunlight; it's a kind of work environment for the sales staff meant to encourage an open, airy feel conducive to car buying. Elevated heating and cooling costs go along with all that glass, however, and different workplaces where money is valued more than ambience may choose to cut operating costs with a drabber space. Going beyond the architecture, different offices have different moods. It's pretty rare that you see practical jokes or trash-basket basketball games going on at the dentist's office. On the other hand, anyone who's ever operated a call center telephone knows there's a solid chunk of each workday dedicated to high jinks.

Is the **workplace personalized**⁵? Some office cubicles burst with family snapshots and personal memorabilia. Most assembly lines, on the other hand, are practically devoid of individual touches.

Are employees **workers or people doing work**⁶? If the former—if the value the organization attributes to those receiving paychecks is limited to what they do to earn the check—then few resources will be dedicated to supplementals and benefits. On the other side, a corporate culture valuing its employees as people may provide extra vacation time, health insurance, and retirement plans. Branching out further, you can get an idea of a workplace culture by checking to see if a gym or exercise room is provided. Day care for those with young children is another sign of the corporate culture that values workers as integral people.

Dress codes⁷ reflect the organization's values. Is uniformity or individuality more highly prized? If uniformity is the rule, what kind is it? In some advertising agencies, for example, the people who work in the creative department conceiving the commercials at first appear to be a diverse collection of independent-minded dressers, but get a few together and you'll immediately perceive a uniform that's as

3. As an aspect of organizational culture, the way members relate to each other on the job.

4. As an aspect of organizational culture, the mood at work on a typical day.

5. As an aspect of organizational culture, the extent to which an organization's members make their physical space at work their own space.

6. As an aspect of organizational culture, the degree to which an organization's members are valued as integral people with aspirations beyond those of the organization.

7. As an aspect of organizational culture, a set of rules—explicit or implicit—distinguishing what garments may and what may not be worn in the workplace.

binding as the most traditional office—it's just that ratty jeans replace slacks and clever t-shirts replace neckties.

Another cultural indicator runs through the employees' **leisure time**⁸. Where do people hang out? Do they go to football games, the opera, church? Do they spend their weekend mornings on family excursions because they have spouses and children, or are they still in bed, sleeping off the night before? More, is leisure time spent with coworkers? Do employees get together just because they enjoy each other's company? If they do, the social outings are more likely to occur in connection with organizations seeking a harmonious workforce and expending resources to foster camaraderie on the job. They're less likely to occur at organizations where everyone is fiercely competing with everyone else, as sometimes happens, for example, at stockbrokerages.

Healthy **community interaction**⁹ is a value emphasized in some corporate cultures. Everyone has seen the "adopt a highway" signs indicating that a local firm or group has taken responsibility for keeping a stretch of highway litter-free. The professional sports leagues have traditionally asked players to dedicate some season and off-season time to community outreach. Other kinds of organizations, by contrast, may not even have a local community. Telecommuting and cloud computing mean employees can easily form a functioning organization with members living in different states, even different countries.

Social cause activism¹⁰ is another marker of corporate culture. The shoemaker TOMS Shoes fights rural poverty in developing nations by donating shoes. Other companies focus entirely on doing well in the for-profit marketplace.

Political action¹¹ may (or may not) infuse a corporate culture. Many companies steer clear of overt or even hints of political partisanship for fear of alienating one or the other half of the electorate. This is especially true for larger enterprises spread across the entire country, drawing consumers from liberal corners of San Francisco, conservative bastions of north Dallas, and the libertarian towns of New Hampshire. Local businesses, however, especially those catering to relatively homogenous communities, may find no downside to flipping the switch on political activism and breeding partisanship as a guiding value. The company Manhattan Mini Storage provides (obviously) storage for household items in Manhattan. Their big competition comes from warehouses in New Jersey. The Manhattan Mini Storage billboard ads read, "If You Store Your Things in New Jersey, They May Come Back Republican." This appeal may work pretty well in central New York City, but it won't seem very funny most other places.

8. As an aspect of organizational culture, the leisure time habits and preferences of an organization's members.
9. As an aspect of organizational culture, the degree to which an organization and its members participate in local, nonwork endeavors.
10. As an aspect of organizational culture, the degree to which an organization and its members participate in social causes not directly related to work endeavors.
11. As an aspect of organizational culture, the degree to which an organization and its members participate in partisan political activities not directly related to work endeavors.

Like politics, **religious belief**¹² and doctrine are rarely set at the center of the largest corporations, but smaller outfits operating in a narrow social context may well embody a particular faith.

Conclusion. Taken together, these categories of values begin shaping the particular culture defining an organization.

How Is Organizational Culture Instilled?

A specific culture may be instilled in an organization through a set of published rules for employees to follow or by the example of leaders and employees already working inside the organization.

Instilling a culture through established rules typically means publishing an **organizational code**¹³ governing behavior, expectations, and attitudes. The multinational firm Henkel—the company that invented laundry detergent and today produces many cleaning and health products sold under different brand names around the world—has published this kind of code. It's quite long, but here's an edited section:

Shared values form the foundation of our behavior and our actions throughout Henkel. Every single person plays a key role here. It is the sum of our actions that makes Henkel what it is—a lively corporate culture in which change is embraced as opportunity and everyone is committed to continuous improvement.

Our Values

1. We are customer driven.
2. We develop superior brands and technologies.
3. We aspire to excellence in quality.
4. We strive for innovation.
5. We embrace change.
6. We are successful because of our people.
7. We are committed to shareholder value.
8. We are dedicated to sustainability and corporate social responsibility.
9. We communicate openly and actively.
10. We preserve the tradition of an open family company. Henkel North America, *Vision and Values* (Düsseldorf, Germany: Henkel AG & Co., 2008), http://businessethicsworkshop.com/Chapter_9/images/HenkelNorthAmerica_Vision_and_Values.pdf.

12. As an aspect of organizational culture, the degree to which an organization and its members embody a faith not directly related to work endeavors.

13. A set of written rules defining an organizational culture and indicating how individuals ought to act within the organization.

This statement sounds good in general. The stubborn problem, however, with trying to capture a corporate culture with a string of dictates and definitions parallels the ones constantly faced in ethics when trying to make decisions by adhering to preestablished rules and duties: frequently, the specific situation is far more complicated than the written code's clear application. So, in the case of Henkel, we learn that they *embrace change*, but does that mean employees can change the dress code by showing up for work in their pajamas? Does it mean managers should rank and yank: should they constantly fire the lowest-performing workers and replace them with fresh, young talent in order to keep turnover going in the office? There's no way to answer those questions by just looking at the code. And that creates the threat of an at least perceived **cultural dissonance**¹⁴ within the organization—that is, a sense that what actually happens on the ground doesn't jibe with the lofty principles supposedly controlling things from above.

Social Conditioning

The second form of instilling a culture doesn't work through rules but through **social conditioning**¹⁵; it's not about written codes so much as the cues provided by the customs of the workplace, by the way people speak and act in the organization. New employees, in other words, don't read handbooks but look around, listen, and try to fit in.

In his book *Business Ethics*, O. C. Ferrell lists some of the social ways a culture infiltrates the organization. O. C. Ferrell, John Fraedrich, and Linda Ferrell, *Business Ethics*, 7th ed. (Boston: Houghton Mifflin, 2008), 181. Selecting a few of those and adding others yields this list:

14. A conflict between the values the organization publicly promotes as essential to its functioning, and the values guiding an organization's workers in their day-to-day activities.

15. A set of social cues and pressures provided by the actions and habits of an organization's member that guide new members toward how they are to act within the organization.

1. **The founder's ethical legacy to the organization may contribute to its living culture.** Walmart's founder Sam Walton was a legend in austerity; he industriously minimized costs so in-store prices could be lowered correspondingly. This is a continuing aspect of Walmart's cultural legacy, though it can be controversial on other fronts. Some complain that Walmart is in essence encouraging third world sweatshop labor by ruthlessly granting contracts to lowest-cost providers.
2. **Stories and myths embedded in daily conversations may indicate culturally appropriate conduct.** Warren Buffett, leader of the Berkshire Hathaway investment group is a kind of Yogi Berra of the finance world, a highly skilled professional with a knack for encapsulating pieces of wisdom. Here's a paraphrase of one of Buffett's thoughts, "I'm rich because I've always sold too early and bought too late." Conservative investing, the lesson is, yields value for

shareholders. It's also a high ethical value within the corporate culture he tries to nurture.

3. **Heroes or stars in the organization may consistently communicate a common message about the organization's guiding values.**

There's a difference between lists of values written up in a handbook and a group of leaders who together consistently talk about guiding values and live by them.

4. **The dress, speech, and physical work setting may be arranged to cohere with the organization's values.** The United Nations threw a wrench into its own efforts to reduce global carbon emissions by scheduling its thirteenth annual global warming meeting in Bali. The weather was nice there, but since most participants came from the United States and Europe, it became difficult not to notice that the values of the organization's handbook (control of carbon emissions) didn't jibe with the values of the organization's members (burn tons of jet fuel to work in a place with sunny beaches). On the other hand, the UN Foundation—which advocates reduced greenhouse gas emissions and similar—recently moved into an environmentally friendly building with cubicles formed from a biodegradable product and many similar, environmentally friendly features. “UN Foundation Green Building,” YouTube video, 2:23, posted by “unfoundation,” February 14, 2008, accessed May 25, 2011, http://www.youtube.com/watch?v=15_MdcSULSY.

5. **An organizational culture may reinforce itself through self-selective processes.** A **self-selective process**¹⁶ is one where individuals effectively select themselves into a group as opposed to being chosen by others. Hiring presents a good example. Presumably, when an organization hires new employees, certain filters are constructed to reduce the applicant pool to those most likely to succeed. The process becomes self-selective, however, when job interviews are conducted as they are at Google. There, perspective employees are faced with bizarre questions that have nothing to do with the typical “Why do you want to work at Google?” and “Why would you excel at this job?” Instead, they get the following:

- You have five pirates, ranked from five to one in descending order. The top pirate has the right to propose how a hundred gold coins should be divided among them. But the others get to vote on his plan, and if fewer than half agree with him, he gets killed. How should he allocate the gold in order to maximize his share but live to enjoy it? (Hint: One pirate ends up with 98 percent of the gold.)
- A man pushed his car to a hotel and lost his fortune. What happened?
- Explain the significance of “dead beef.”

16. A process where individuals effectively select themselves into a group as opposed to being selected by others.

In response, some applicants will dive into the challenges excitedly, while others will find the whole process really weird and prefer not to be caught within a mile of a place where job interviewers ask such bizarre questions. In the end, those who enjoy and want to continue with the job application process are precisely those who will fit in at Google. Perspectives, that means, select themselves.

Conclusion. Two ways a corporate culture may be instilled and nurtured in a workplace are a list of codes to be followed and a set of social techniques that subtly ensure those sharing a workspace also share values corresponding with the organization.

KEY TAKEAWAYS

- An organizational culture is the set of values defining how and why members live at work.
- Distinguishing an organizational culture requires observing a range of values from the way people dress to the degree of cooperation and competition in the workplace.
- An organization's culture may be instilled through codes and rules.
- An organization's culture may be instilled through social cues and pressures.

REVIEW QUESTIONS

1. List five aspects of a corporate or organizational culture.
2. Describe two workplace decisions that may be determined by a corporate culture.
3. List some questions you could ask about a workplace that would start to give you a sense of its culture.
4. What are five ways that an organization may attempt to instill a culture through social conditioning?
5. In your own experience in a job or any organization, what's an example of social conditioning that enforced the place's culture?

9.2 The Relation between Organizational Culture and Knowing the Right Thing to Do

LEARNING OBJECTIVES

1. Delineate an ethically questionable organizational culture.
2. Consider responses to an ethically questionable organizational culture.
3. Define compliance in the business world.
4. Discuss a way of measuring compliance.

Dishonesty in the Fish Market

A frequently recurring business ethics question involves dishonesty: when, if ever, is it OK to lie, to stretch the truth, to not tell the whole truth? A simple scene of deceit goes like this: A fish dealer sells both expensive salmon caught in the wild and relatively cheap farmed salmon. Occasionally, he switches the farmed for the wild—a change that's very difficult to detect through appearance or taste, even by expert chefs—and pockets the difference. Randy Hartnell is a fish dealer in New York who suspected that a lot of that kind of dishonest fish switching was going on among his competitors. He investigated and published an Internet report. As he tells it, he visited the famed Fulton Fish Market in lower Manhattan and found some dealers openly admitting that the fish they were selling as wild had actually come from a farm. Randy Hartnell, "N.Y. Times Calls Wild Salmon a Gamble for Consumers," *VitalChoices* 2, no. 25 (April 22, 2005), accessed May 25, 2011, http://www.imakenews.com/vitalchoiceseafood/e_article000389904.cfm.

This led the *New York Times* to do a follow-up story. Using sophisticated chemical tests, the *Times* confirmed that, yes, at six of eight places sampled, fish being sold as wild for about thirty dollars per pound was actually farmed salmon, which typically sells for about ten dollars a pound.

In the six bad cases, the person who actually made the switch participated in an organization where one or both of two things were true about the culture:

1. Profit was understood as being more important than honesty.
2. Honesty was presumably important, but recalcitrant workers paid little attention and sacrificed the truth to make a buck.

These are two very different situations, and they lead to distinct discussions: One has to do with choices being made about what specific culture to instill in an organization. The other concerns **compliance**¹⁷, which, in the business world, measures the distance between what an organization says it believes and what its members actually do.

An Ethically Questionable Corporate Culture

The first situation—one where a fish seller puts profit above honesty because that's just the way things are done in the company—is one which most outside observers would categorize as fundamentally corrupt. Everyone inside the operation knows what's going on—principal and peripheral members are lying to bring in money—and newcomers are meant to pick up on and continue the practice. The organization itself is dishonest.

What responses are available? First, we need to check whether a serious attempt is being made, or there's a real interest in making a serious attempt, to justify the deceitful actions. If there isn't, if management and leaders of a fish-selling business aren't interested in ethical debates, there's not much ethical arguments can do about it. For those wishing to change a situation like this, the law (criminal and civil) presents good venues for action. Bad publicity in the *New York Times* might do the trick too.

If, on the other hand, there is an interest on the organization's part in justifying their actions from an ethical viewpoint, we could ask, "Can institutionalized lying be justified and, if so, how?" Three possible answers run through three distinct ethical theories: duty theory, consequentialist-utilitarian theory, egoism:

1. Can basic duty theories justify putting profits above honesty? Probably not. Duty theories affirm that right and wrong is determined by a set of unchanging rules, and they typically include *don't steal*, *don't lie*, and similar. Because this kind of ethics starts from the proposition that dishonesty is wrong, it's hard to see a nonfrivolous way of justifying the fish seller's deceit.
2. Can a consequentialist-utilitarian theory justify putting profits above honesty? Utilitarian theory is oriented by the common welfare. Acts in business—whether it's lying or doing anything else—are defined as acceptable or reproachable depending on whether they end up doing the most good for the most people. Any act, the theory affirms, that ultimately makes more people happier is good.

17. In the business world, compliance measures the distance between what an organization says it believes in the abstract and what it and its members actually do.

In this case, we can imagine an organization promoting lying as a common operating principal and making the case that the ethical stance is, in fact, good. Every Christmas, department stores deploy heavy men in red suits to proclaim that they live at the North Pole and ride a sleigh pulled by reindeer. The stores promote these fictions—addressed to innocent children, no less—to make money. Almost no one finds that ethically objectionable, however. One reason is that they're implicitly accepting the affirmation that an act making people happier in the end is good, even if it's dishonest. Similarly, the CIA covert operations branch (undercover spying, insofar as it truly exists) fits a utilitarian mold. In this organization, lying is good because it ultimately serves the American national interest and the basic principles of liberal democracies. Again here, the effects of what's done matters more than what's done. Finally, can this reasoning be applied to the lying fish seller? Maybe. As the *New York Times* story notes, the truth is that even the highest-level chefs and experts have a hard time distinguishing farmed from wild salmon. There is, therefore, a kind of placebo effect for food. If the fake stuff tastes just as good as the real thing, and the only real difference between selling one or the other is that the fish dealer makes out like a bandit, then an argument could be formed that the double-dealing does, in fact, increase happiness (the fish dealer's) without hurting anyone else. Therefore, the dishonesty is ethically justifiable. In practical terms, however, it's difficult to see how this strategy could get too far. Sooner or later someone is going to notice the difference, and as people begin to feel scammed (and therefore unhappy), the justification for the double-dealing crumbles.

3. Can an ethical theory of egoism justify putting profits above honesty? Egoism is a coherent ethical approach to the world that does offer some justification for a deceitful fish trader. On this account, the ethical good for organizations and individuals in the economic world is defined as just whatever serves the organization's or individual's interest. And switching in the farmed stuff in for the wild is good for the fish sellers. (It's hard to find any other explanation for the fact that, as the *New York Times* discovered, fully 75 percent of the places where fish was sold had some switching going on.) By definition, then, the dealing is ethically justifiable under this theory. Of course, most proponents of egoism in the business world don't stop there. They go on to note that other, honest dealers who are pursuing *their* interests have a good reason to reveal the fraud. And, as it turns out, that's just what honest dealer Randy Hartnell did, presumably helping his own business in the process.

Conclusion. Organizational cultures that incorporate lying as an acceptable part of day-to-day business do exist. Whether or not these cultures are ethically justifiable depends on the deep theoretical stances people adopt when going into business.

The Ethics of Compliance

What happens when an organization's principles are laudable, but they don't get put into practice by the people actually doing the work? What happens, the question is, when an enterprise (say, a fish-selling operation) internally promotes basic values including honesty, but outside in the world where the transactions happen, the lesson is lost and individual sellers are swapping farmed for wild salmon?

In the business world, this is called a breakdown in compliance. Of course there are different reasons for compliance failure, everything from a bad-apple employee to a misunderstanding of directions, but the broadest explanation is simply that key elements of the organization's guiding philosophy aren't getting through to the members. One response to this possibility is a corporate culture ethics audit.

A **corporate culture ethics audit**¹⁸ attempts to loosely measure how open channels are between the ethical values stationed at the top, and the actual practices down below, and one common way of doing the measuring is with a questionnaire addressed to all an organization's members. Strings of questions can be answered simply yes/no or on a numerical scale from strongly agree (5) down to strongly disagree (0). These questionnaires can be distributed and the responses coming back summed and compared with previous samples in the same workplace or against results drawn from other workplaces. The goal is to get a sense of where people are at in terms of putting company ideals into practice.

It goes without saying that a simple questionnaire can, at best, provide only a crude picture of what's actually going on inside an organization. The process must begin somewhere, however, and two attempts at drawing up auditing questionnaires come from O. C. Ferrell's *Business Ethics*. O. C. Ferrell, John Fraedrich, and Linda Ferrell, *Business Ethics*, 7th ed. (Boston: Houghton Mifflin, 2008), 181. and Dr. Arthur Gross Schaefer. A. G. Schaefer and Anthony Zaller, "Strategic Modeling: The Ethics Audit for Non-Profit Organizations," accessed May 25, 2011, <http://www.austincc.edu/npo/library/documents/Strategic%20Modelng%20The%20Ethics%20Audit%20for%20Nonprofit%20Organizations.pdf>. Combined, and with additions, subtractions, and modifications, the following corporate ethics audit emerges. (As a quick note, this test could be nuanced by changing the responses from yes or no, to agree or disagree on a one-through-five scale. Some audits also add a section for comments.)

18. A corporate (or organizational) culture ethics audit attempts to measure how open channels are between the ethical values stationed at the top of the organization to guide activities and the actual practices down below.

A Corporate Culture Ethics Audit

Answer *yes* or *no*.

Part 1: Corporate Culture as Defined and Understood throughout the Organization

1. Are codes of ethics and business practices clearly communicated to employees?
2. Are there rules or procedures in company publications that may be consulted?
3. Is there a value system and understanding of what constitutes appropriate behavior within the organization that is shared by members at all levels of the organization?
4. Is there open communication going both ways between superiors and subordinates on questions concerning ethics and organizational practices and goals?
5. Have employees ever received advice on how to bring behavior into closer alignment with the organization's values and norms?
6. Does the organization have methods for detecting ethical and behavioral concerns?
7. Are there penalties that are publicly discussed for transgressions of the organization's rules and values?
8. Are there rewards for decisions corresponding with the organization's culture (even if they don't result in a profit)?
9. Do people at work act in a way that's consistent with what they say are the organization's values?
10. Do employees spend their time working in a cohesive way that is in accord with the organization's values?
11. Does the organization clearly and directly represent its activities and goals in its public communications?

Part 2: Corporate Culture as Organic and Encompassing

1. Does the company recognize the importance of creating a culture that is concerned about people and their self-development as participants in the organization's values?
2. Do employees treat each other with a respect, honesty, and fairness that correspond to the organization's values?

3. Are leadership decisions made with an opportunity for input from all relevant sources?
4. To what extent does leadership, the board of trustees or executive committee, view its responsibility as one to represent the entire organization?
5. Are leadership positions open to all members (insofar as such openness coincides with the organization's values)?
6. Does the professional staff provide services to all members in accordance with organizational policy and regardless of board or leadership status?
7. Are employees satisfied that day-to-day responsibilities correspond with what the organization's culture has led them to expect?
8. Is turnover low?
9. Are emotional outbursts springing from ambiguity about responsibilities within the organization rare? (*I'm in charge here!*)
10. Is there an absence of open hostility and severe conflict that goes beyond the internal competition provided for by the organization's culture?
11. Does the organization address contract negotiations, work expectations, and compensation levels in a way that corresponds with the organization's values?
12. Are there shared and commonly held beliefs about how to succeed in the organization?
13. Are there day-to-day rituals, habits, and practices within the organization that create direction and prevent confusion on ethical and business matters?
14. Do the dress, speech, and physical work setting prevent an environment of fragmentation or inconsistency about what is right and appropriate for the organization?
15. Does the organization's involvement in community activities correspond with the effects of the organization's day-to-day activities?

In its simplest form—with this audit rendered as a string of yes-or-no questions—the yes answers may be summed with a higher number indicating more compliance within the organization.

This audit can be applied to the question initiating this section. If we assume a fish seller is misrepresenting farmed salmon as the more expensive wild variety and if

we assume that the larger business for which the fish seller works actually does value honesty within its corporate culture, then we should expect to see an audit like this produce a low score. We should expect to see that employees either aren't getting the message as to what the corporate culture is, or they're seeing it as just words, not real values supported on a day-to-day basis by the company's leaders.

KEY TAKEAWAYS

- A corporate culture may be evaluated in ethical terms: it may be justified as ethically respectable or challenged as ethically reproachable.
- Compliance in the business world means the organization's members are acting in accord with the organization's stated policies and values.
- Compliance may be loosely measured with a corporate culture ethics audit.

REVIEW QUESTIONS

1. In what ways can an ethically questionable organizational culture be challenged by outsiders? In what situations might one way be preferable to another?
2. What is an example of compliance, and an example of failure of compliance, in a fish-selling business that openly values honesty?
3. What does a *corporate ethics audit* do and how does it do it?

9.3 Two Ethically Knotted Scenes of Corporate Culture: Clothes and Grooming

LEARNING OBJECTIVE

1. Consider how the organization's values are reflected in dress codes and grooming codes.

Scenes of Corporate Culture: Dress Codes

Corporate culture is visible on the big issues, including whether a fish-selling business is honest about what consumers are receiving. It also exists, however, in the customs and rules making up quotidian life in the workplace.

One of these quotidian scenes is a **dress code**¹⁹, and a glimpse of how one can work comes from *AppleInsider*, a gossipy online magazine devoted to what's going on—everything from life at work to product development—inside Apple. The site got its hands on a survey Apple ran of its employees, a version of a corporate culture audit. What Apple was trying to do was get a grip on the corporation's values as the employees understood them.

According to the study, one notable aspect of Apple culture is the leisurely dress code. "I never dressed nicer than sweat pants. I often came in wearing whatever I slept in the night before and walked around the office barefoot. Nobody cared," said a customer solutions specialist who works for Apple in Austin, Texas. Kasper Jade and Katie Marshal, "Employees Offer Mixed Reactions to Corporate Life," *AppleInsider*, March 30, 2005, accessed May 25, 2011, http://www.appleinsider.com/articles/05/03/30/employees_offer_mixed_reactions_to_apple_corporate_life.html.

The survey presents this as one of the positives of working for Apple. On the other hand, there are people who go to bed at 3 a.m. after a rough party night and still wake up a full hour before leaving for work at 7:45 the next morning because no matter how tired they are, they wouldn't be caught dead on the street without a shower, some makeup, and the rest. Now, what makes Apple's culture appealing for many is that both kinds of people can fit in. If you want to dress nicely, great. If grunge is your style, still great. It sounds like this ethical stance in favor of individualism at the core of Apple Incorporated works well.

19. A set of rules—explicit or implicit—distinguishing what garments may and what may not be worn in the workplace.

Listen, though, to the next lines that the same pajama-clad employee wrote in the survey: “There were a lot of communications problems. Micro management to the extreme. I had six different supervisors that did not communicate together and gave me six different answers.”

Well, if part of the corporate culture is to let people be independent to the extreme, dressing however they want, then it's going to be hard to stop each individual supervisor from supervising in his or her own unique way. This is one of the profound truths about corporate culture: it's difficult to have part way. If you're going to raise the values of diversity and individuality, then that's probably what you're going to get across the board. If it's in the way people dress, then it's probably also in the management style and in the customer relations and in the way people treat each other at work.

Of course no one is going to make the claim that a corporation allowing people to show up for work in pajamas is a scene of great ethical debate. It is, however, a scene of very broad debate. It shows how the values an organization decides to raise up permeate the company; they color everything.

Grooming Codes

Personal hygiene is less easily controlled by the organization than dress because it's more intimate than clothes and, frequently, more difficult to define. It's easy to require a necktie; it's harder to figure out exactly what “well-groomed hair” is.

Some **grooming codes**²⁰ aren't questions of ethics so much as safety or hygiene. For safety reasons, you don't want a guy who hasn't had a haircut since the 1960s running the table saw in a lumberyard because his hair may get caught up in the blade with some Hollywood movie results. Similarly with respect to a woman working as a chef in a restaurant, if she refuses to wash her hands or cut her fingernails, the health safety of patrons eating the food she prepares is sufficiently concerning to allow and probably require that the cook be ordered to clean up or be fired.

While health and hygiene issues can normally be resolved by appeals to common reason, more difficult ethical dilemmas arise around the organization's desire to maintain a uniform and presentable workforce as a way of boosting appeal to consumers. It's safe to say that business would decline at a McDonald's if employees were allowed to show up for work unbathed, unshaven, and wearing pajamas. On the other side, however, employees do have lives outside the nine to five, and workplace requirements concerning haircuts and beards obviously wash over to those personal hours.

20. A set of rules—explicit or implicit—concerning hygiene and presentation at work. Codes may concern hair, tattoos, fingernails, and similar.

The conflict between a business's desire for grooming uniformity and the individuals' personal freedom to appear in public as they wish centers the case of *Brown v. Roberts and Company* argued before the Massachusetts Supreme Court in 2008. Bobby T. Brown vs. F. L. Roberts & Co., Inc., accessed May 25, 2011, <http://www.sociallaw.com/slip.htm?cid=18640&sid=120>. The journey to a lawsuit began when the owner of a Jiffy Lube station hired a consultant to improve the business, and one recommendation was a grooming policy requiring neatly combed and trimmed hair, along with the prohibition of beards and mustaches. Consumers, the consultant reported, found that cleanliness and uniformity provided an implicit assurance of trustworthiness and good work. The problem for Jiffy Lube employee Bobby Brown was that he practiced a version of Rastafarianism. For more than a decade he'd faithfully subscribed to a religion that didn't permit him to shave or cut his hair.

After refusing to abide by the new Jiffy Lube grooming guidelines, Brown was removed from his normal routine, which included working the register and greeting customers, and banished to the lower bay where, out of customer sightlines, he performed the dirty work of servicing cars and trucks. He sued to get his old duties back. The Jiffy Lube owner refused to back down. In court, the owner provided statistics showing that cleaning up the customer service personnel actually improved business, and, the owner added, he had the right to control the public image of his company regardless of whether it improved business or not. Brown countered that his grooming was protected by the fact that it was a religious necessity. The grooming requirement, he maintained, didn't just interfere with his personal life and religion, it completely desecrated both of them. For its part, the high court punted the issue back down to a lower court.

The law in these cases may be hazy, but the ethics will come down to the foundational views shaping the organization's working culture. Here are three different solutions to Brown versus Jiffy Lube as they emerge from three distinct organizational cultures:

1. An authoritarian culture defines right and wrong inside a business as just what the highest-ranking individual orders. In this case, the owner is in charge of his shop, and if he determines that all employees must wear short hair, that's the way the workplace will be. Since there's no higher code, authority or appeal, people who want to be part of the company will need to accept obedience to the boss.
2. A consequentialist, utilitarian outlook will produce a workplace culture that most highly values the collective welfare of all those involved. The issue is no longer boss versus employee; it's what's best for everyone. If this mentality controls the Jiffy Lube franchise, someone may propose that Brown bundle his hair up underneath a cap or agree to work only

limited hours up front at times when visits from walk-ins and new clients are minimal. That way the business can prosper (possibly triggering wage increases for all employees), while Brown's inconvenience is minimized.

3. An ethics of care produces an organizational culture distinct from the previous two. Instead of seeing the workplace as controlled by an owner, and instead of seeing it as a scene of compromise in the name of the general welfare, a Jiffy Lube structured by care will conceive of the workforce as something near a family. In this case, the ethical justification for action will always trace back to the question about whether the act will strengthen and nurture the bonds of all those involved in working together. In the case of Jiffy Lube, this guideline will probably lead to a decision to allow Brown to return to his customary role. It may be that some business will be lost, but if that's the cost of maintaining the harmony of the work unit as a unit, then the cost will be paid. Of course the owner may still appeal to Brown to cut his hair and shave, but just as members of a family learn to respect (or at least tolerate) the idiosyncrasies and uniqueness of each member, so too a business culture governed by care will ultimately be more interested in preserving Brown's ties to the group than reforming his character, habits, and presentation.

Conclusion. Some businesses have an interest in controlling the way employees look. The degree to which they'll control appearances depends on the ethical stance defining their internal values and culture.

KEY TAKEAWAYS

- An organization's fundamental values show through in codes regulating dress and grooming.
- The implications of these particular codes and the values beneath them stretch broadly through the organization.

REVIEW QUESTIONS

1. What might a dress code tell you about an organization's larger culture?
2. Why might a business install a grooming code?
3. Why might a utilitarian vision of the workplace and its values lead to an only partially enforced grooming code?

9.4 What Culture Should a Leader Choose to Instill?

LEARNING OBJECTIVES

1. Show that different kinds of businesses and organizations lend themselves to distinct cultures and guiding values.
2. List and describe questions that may help leaders choose an appropriate organizational culture.
3. Show how specific aspects of an organizational culture may be founded on ethical theory.

Choosing the Right Organizational Culture for Me

For those starting a business, the first question about the values and culture of the new workplace is the simplest: *What should they be?* There's no right or wrong answer, but there are different ways that any set of values may be justified.

Diverse fields of work will lend themselves more naturally to one or another organizational style and tone. A fish seller delivering to markets, restaurants, and homes, for example, one entrusted with providing food for others to sell and cook, will need to value punctuality and reliability. This kind of firm must honor its contracts by getting orders delivered to clients when promised and by making sure the quality (at least the quality that consumers perceive) is up to standard. Further, the physical workplace—which stretches from the office where orders are received to trucks delivering goods—will probably function best if the values of fairness, respect, and openness are enforced. The various individuals entrusted with any one account must be able to work together well and produce results individually that the entire group stands behind.

On the other hand, if the small company you're forming happens to be a rock band, then creativity (as they say in the business world, the ability to think outside the box) steps forward as a cardinal value. When trying to get a nightclub or bar to book your group, you may lie about (or “exorbitantly exaggerate”) the response your songs have gotten from people who've listened to you in the garage. You may promise that you've got material to present a forty-five-minute show and run out after half an hour. You may not foster mutual respect in the workplace: the lead guitarist may secretly instruct the soundman to reduce the hapless bass player's volume to near zero or the drummer may show up for work blind drunk and flinging expletives. All those failures in reliability and respect will wash away,

though, if you've got a new sound and people like hearing it. Fish sellers and rock bands, finally, are different kinds of businesses and the organizational values surrounding them may be similarly divergent.

Even within the same pursuit, even when two corporations are producing comparable products, there's no requirement that their cultures be similar. In fact, that's a central point of the "I'm a Mac, I'm a PC" advertising campaign. The appeal being made in these ads isn't that Apple is better because their processors run a gigahertz faster than a PC's or because the screen images are crisper or the battery life is longer. Fundamentally, Apple is making the case that the values—as displayed by the style of clothes the actors wear and their way of standing and speaking—are ones the purchaser may want to participate in. Apple, in essence, turns corporate culture into a selling point.

Refocusing on the problem of determining a set of values for an organization, there's a two-step process: decide the values, then justify them. One way to proceed is by posing some questions aimed at the core of workplace culture.

What Counts as Success?

In some organizations (especially nonprofits and political groupings), success gets defined socially. Perhaps it's an effort to eradicate homelessness, or diminish the effects of poverty, or advance a legislative agenda. In this kind of endeavor, one existing to serve the greater good, a utilitarian ethical perspective could be employed to justify the organization's existence and goals. The *reason* for the organization's existence fits well with the theory that acts are ethically good if they bring the greatest good to the greatest number.

By contrast, if success for an organization is economic not social, if it's about me getting rich and not the general welfare, other theoretical foundations may be more recommendable. A culturalist ethics—one that defines moral right and wrong as just what the larger society dictates—might work in this case, at least in the United States where private enterprise and the pursuit of wealth have customarily been regarded as a virtue. Alternatively, a rights-based theory, one that maximizes individuals' liberty to pursue their own happiness (as long as the rights of others aren't infringed upon in the process) may work well for those choosing to establish a corporate culture that raises profit as the main goal of the business.

Am I a Collectivist or an Individualist?

If I believe that people work best when they work together, then I may choose to raise collectivism as a central virtue. Individuals are rated professionally in terms of

their workgroup's accomplishments. This kind of organization would recognize a single person's accomplishment only when it served the efforts of others and individual rewards like bonuses and similar would be severely limited. By contrast, benefits received by one member like health insurance or a year-end bonus would likely be received by all. In the business world, finally, assembly-line work would be a good candidate for collectivism because any finished product is only as good as the weakest part.

On the other hand, someone starting their own business may believe that individuals don't work best when teaming up with colleagues but when competing against them. In this case, an individualistic corporate culture might be established with workers granted incentives to outperform their colleagues. Pay and benefits in this kind of organization would likely be closely linked to performance and success; those who do well for the company would receive a healthy percentage of the revenue they generate. Further, on the other side, employees shouldn't make the mistake of thinking that just because the organization is doing well, *they're* doing well. They're not, at least not unless they can show how they contribute personally and significantly to the success. Finally, this orientation of values may be constructed by someone starting up a wholesale fish-selling operation, and hiring a sales force to go out and lure restaurants away from their current providers and give the new company a chance.

What Do I Value More, the Means or the Ends?

One of the curious aspects of the farmed or wild salmon story is that for many (though definitely not all) consumers, there's really no difference. Their palettes aren't sufficiently trained, their cooking expertise insufficiently developed for the distinctions between the two kinds of fish to register inside their mouth. If that's right, if a consumer really can't distinguish farmed from wild salmon, then is there any harm in selling the farmed variety as wild (at a 200 percent markup)? Some people will answer *yes* and others *no*. If you're on the *yes* side, if the kind of organization you want to set up will be ruled by what members do more than the results of what's been done, then an ethics based on duties suggests itself as the right way to go. Within this kind of enterprise, the basic ideas of honesty and respect for others will prevail; they will guide the way people act inside the workplace and also the way the business interacts with customers. You can take people at their word inside this business because telling the truth is a basic element of the organization's culture.

On the other side, if you look at this and say, "well, consumers are just as happy either way, but selling the farmed fish as wild makes *me* a lot happier because my profit margin jumps," then you'll find a more comfortable spot on the consequentialist side of the ethical spectrum. Here, what people do is less

important than the outcome. Decisions about whether an act is acceptable or not are answered by looking at the act's consequences and nothing else. In this case—and assuming people really can't tell the difference between the two fish—the way opens to affirming that the general welfare really is improved by the sleight of hand. The fish seller is better off, and no one else has grounds for complaining.

This ethical dilemma—one between valuing the sincerity and the ethical protocol of the actual transaction, and one valuing just the end result and consumer satisfaction—plays out in many and diverse organizational environments. There's the fish seller debating selling cheap product that tastes expensive. In 2004 Ashlee Simpson got caught lip-synching on *Saturday Night Live* when the soundtrack kicked in before she opened her mouth and Tom Petty's 2008 Super Bowl halftime performance looked fishy. Does it really matter, though? In Simpson's case, it obviously does because she got caught and it ruined her show, but if everything had fit together right, do you think it's OK for her to pretend she's live and then go to the tape without anyone noticing? Are people who paid money to see her sing getting cheated?

One organization where this dilemma plays out in quite dramatic terms is police work. It's an old-time policing phrase that more good has been done with the business end of a nightstick than through every courthouse in the land. It's unclear whether that's true, but it gets right to the heart of the question about means or ends. Should a police department be more focused on going by the book, treating all suspects as the written law dictates, or should they be more focused on the ends—that is, punishing criminals and minimizing crime in a community? Take a situation where an officer knows a man is guilty of a violent assault but the evidence isn't there. Is it OK to plant something? As is the case of the fish seller and the stage performer, the basic values—the way the members have learned to live and act within organization—will dictate what ultimately happens.

How Do I See My Employees?

Many small businesses have only one employee: the owner who doubles as the employer. Others, however, require a workforce. If people need to be hired, the question about how they're to be valued can't be avoided. Are they paid mercenaries? Something closer to extended members of a family? Somewhere in between? One type of business where this question can rise quickly is a **franchise**²¹. In a franchise operation, a parent company sells the rights to a certain name and kind of product to an individual to start their own branch. Domino's Pizza is a good example. Though there are corporate-owned stores, many of the local Domino's are owned by their managers. These entrepreneurs agree to buy basic material from the mother business—the pizza dough and so on, as well as the signage and participation in advertising campaigns—and in exchange they're allowed to

21. A form of business where a company with a successful operation (called the franchisor) offers others (called franchisees) the opportunity to function under the franchisor's trade name in exchange for a fee or similar compensation.

command their own small outpost of the pizza empire. The extent of corporate control over particular franchises varies from one business to another, but since the actual owner is the person there from day-to-day and in charge of hiring and firing, the culture surrounding the place is going to be largely determined by the values the owner installs.

With respect to employees, what are the possibilities? A libertarian culture comes close to the mercenary system. Under this ethical umbrella, freedom and the individual pursuit of his or her own happiness become guiding values. Ethical good is defined as that freedom and pursuit, while reprobation is assigned to those acts interfering with others doing the same. In this case, the owner may (though not necessarily) adopt a somewhat disinterested attitude with respect to employees. A certain job is offered at a certain wage and the applicant is free to accept or decline. Acceptance means nothing more than assuming the responsibilities in exchange for a paycheck. Initiating a Domino's Pizza business, of course, requires hiring many drivers to deliver the product. These aren't great jobs, driving around and knocking on doors with pizzas, but they may work for students and others who need a little income. Neither the employer nor employee expects any loyalty from each other and the relation continues forward just as long as both benefit, nothing more.

Alternatively, a franchise owner may want to welcome employees as integral parts of the business. An ethics of care suits this purpose. Within this theory, good is defined not as freedom or the pursuit of happiness but as the maintenance and fortifying of social networks and relationships. The workplace becomes paternalist (or maternalist) as workers begin seeing themselves participating in an organic unit. In this case, the owner is much less likely to fire workers who foul up (bring pizzas to the wrong address, incorrectly input customer orders into the computer), and probably more likely to share revenue and benefits with workers as much as possible. Drivers are likely to be trained at other tasks (making pizzas and taking orders being the main opportunities) so that they can participate more fully in the enterprise.

The above questions posed and answered are only a beginning, only the first of many steps on the way to defining and implementing a corporate culture. It's also true, however, that in the real world people don't have time to sit down and extensively draw up every detail of their ethical business plan before commencing; every new manager will have to decide for him or herself how far to go on paper before actually beginning to run their operation, whether it's a Domino's Pizza franchise or something else. Many will probably just go ahead with the enterprise and pick up ethical things along the way. This isn't necessarily a bad idea: it's hard for anyone to know what they believe until they've experimented a bit. It is worth noting, however, that these kinds of decisions will have to be made at some point. Staying with the Domino's example, every franchise has a few drivers who mess up

more than the rest and every manager has to draw a line somewhere to mark the point where the driver is let go. When that happens, a decision about the values of the organization—the extent to which drivers are more like mercenaries or members of a big business family—will have to be made.

Some further questions that a manager may ask to help sort out the organizational culture of the operation include the following:

- **Who are my consumers?** Are they purely a way for me to make money, or something closer to a social network with a financial element attached?
- **Am I a short or long termer?** Do I see my business as a lifelong project, or is this a quick hit and then I'll move on to something else?
- **Who am I responsible to?** Am I doing this for me, my family, the community, the world?
- **What are the vital ingredients of success?** Does my organization need to value analysis, competence, reliability, creativity, or something else to thrive?
- **What's my organization's relation with the law?** Do I want to obey the letter and spirit of the law, just the letter, just the spirit, or do whatever I can get away with?
- **Am I a delegator or a micromanager?** Will I give employees goals and let them find ways to accomplish them, or will I monitor their performance every step of the way?

Conclusion. If you're starting your own business or joining up with friends to put something together, the first ethical questions you're likely to face are those concerning the organizational culture of your enterprise. It's true that you can put decisions off, but for most businesses at some point, there'll need to be a coherent response.

KEY TAKEAWAYS

- People initiating their own business will need to instill an organizational culture.
- The kind of culture instilled will depend on the style of leadership and the contingencies of the type of business.
- Straight-ahead questions about the most basic elements of the endeavor (what I want from my business, how I will see employees and consumers, and similar) may help define an appropriate corporate culture.

REVIEW QUESTIONS

1. Why might diverse fields of work lend themselves to divergent internal cultures?
2. Picture a business you may want to initiate one day. What are some questions you could ask that might help you get a sense of the kind of culture and values you would erect inside the enterprise?

9.5 Styles and Values of Management

LEARNING OBJECTIVES

1. Define the concept of a leadership style.
2. Consider what values underlie specific leadership styles.
3. Investigate what kinds of enterprises may be suited to one or another leadership style.

Selecting a Leadership Persona

22. The image and values a leader chooses to project across the workplace.

23. As a leadership persona, one that guides an organization's members toward a shared vision.

24. As a leadership persona, one that challenges members of an organization to meet specific, relatively accessible goals under close supervision.

25. As a leadership persona, one that fosters social harmony within the organization and focuses on the human and emotional dynamic of the workplace over immediate work requirements.

26. As a leadership persona, one that seeks active participation from an organization's members.

27. As a leadership persona, one that challenges members of the organization to work and meet goals by setting a strong example.

28. As a leadership persona, one that gives clear directions and expects compliance.

A **persona of leadership**²² is the image you adopt, the kind of person you decide to be when you stand in front of others as a director. What values will be most important to your particular leadership role, and how will they be transmitted? Psychologist Daniel Goleman has identified the following leadership styles in his book *Primal Leadership*: See Daniel Goleman, *Primal Leadership* (Cambridge: Harvard University, 2002).

- **Visionary**²³. This leader guides an organization's members toward a shared vision. Establishing and communicating that vision become the primary leadership task and subordinates are granted significant leeway to reach the vision.
- **Coach**²⁴. Members of the organization are challenged to meet specific, relatively accessible goals, and they're closely supervised—and encouraged—as they work.
- **Affiliative**²⁵. This leader fosters social harmony within the organization and focuses on the human and emotional dynamic of the workplace over immediate work requirements. Nurturing a well-integrated team that works well together is considered the best way to reach the organization's goals.
- **Democratic**²⁶. These leaders seek active participation from an organization's members and value consensus in decision making.
- **Pacesetter**²⁷. This leader challenges members of the organization to work and meet goals by setting a strong example, possibly one that most members will be unable to match.
- **Commander**²⁸. This leader gives clear directions and expects compliance.

Of course there are other ways of leading, and elements of these six models may be mixed in a single person, but taken together this group of strategies represents common ways of fostering specific values in the workplace. Two examples—John Buford and Carol Smith—illustrate how the strategies and values function together.

John Buford

In a short video from the *Washington Post*'s continuing "On Leadership" series, the story of John Buford at Gettysburg in 1863 is examined. "On Leadership at Gettysburg: 'Find Those Confederate Forces,'" *Washington Post* video, 4:40, <http://www.washingtonpost.com/wp-dyn/content/video/2010/04/21/VI2010042100960.html>. Buford, a general in the Federal army leads a small force of cavalymen on a mission to locate and engage Robert E. Lee's Confederate forces. He finds them near Gettysburg and hatches a plan to arrange the coming battle on terrain that will favor the North. While his small group aligns itself on the high ground and begins battling the vastly superior Confederate force, Buford sends word to the main Federal army of his location and the advantage he's holding. His group is nearly wiped out, but they resist just long enough for Federal reinforcements to flow in and occupy the adventitious ground. Days later, they'll win the battle. The South never recovered.

Here are the episode's key aspects according to the *Washington Post*'s Ed Ruggero:

- As a cavalryman, Buford was accustomed to operating far from headquarters and direct oversight. He was empowered to and able to make his own decisions.
- No preconceived plan can account for all contingencies, so all overarching strategies must leave room for leaders on the ground to shift strategies as the situation requires and take rapid action.
- Buford asked for and got significant (life) sacrifices on the part of his soldiers in the name of the greater good and larger cause.

Along with Buford's autonomy and decisiveness, the significant ethical trait leaping out of the organization he led was the uniform willingness of those working with him to sacrifice for the larger goal. There is, at the heart of this organization's culture as it was fostered by Buford, a sense of the importance of the collective over the individual. Buford isn't the kind of leader who seeks to maximize the individual initiative of the members of his organization and he doesn't set his team loose into competition with each other. Instead, he fosters firm camaraderie. Within the six types of leadership personas laid out by Goleman, Buford is, not surprisingly, a *commanding leader*.

Coming at this value from a different angle, Buford's can be called **transformational leadership**²⁹. In his book *Business Ethics*, O. C. Ferrell defines this as the ability to transform the members of an organization into devoted and unselfish advocates of its goals. In a word, it means the ability to inspire. O. C. Ferrell, John Fraedrich, and Linda Ferrell, *Business Ethics*, 7th ed. (Boston: Houghton Mifflin, 2008), 134.

As the *Washington Post* video underlines, business isn't war. Still, lessons in leadership—and the basic values animating one or another model—may be common to the two. So what kind of business might invite this commanding style? One possibility, one place that might do well under this model of leadership is a Domino's Pizza franchise. First, because it's a franchise outfit, because it's an outpost of the central organization granted wide latitude and independence, the local manager and owner must be able to make decisions independently. There must be an ability to see a way forward and act even without approval from superiors. For example, all Domino's locations share in the benefits of the central corporation's advertising budget, but every individual manager is free to supplement those efforts. A franchisee may decide to send drivers to an apartment complex delivering discount coupons to every door or something similar. What's important is that every neighborhood is different and offers unique opportunities. Success will require a leader who can get a sense of what might work at a particular place without constantly calling into corporation headquarters for guidance.

Further, with respect to the employees, the commanding style of leadership may be suitable when you take into account that most drivers have relatively little experience in the pizza business and aren't particularly motivated for the Domino's team. Almost no one signs up to deliver food because they enjoy it or see a bright future in that line of work. Given that reality, a commanding style—leadership that demands employees follow directions carefully and one that values deference to the delivery policy and rules—may work to keep the operation flowing well. More, the values of transformational leadership—devotion to the organization and the unselfish advocacy of its goals—may function to rally the drivers, to inspire a belief in the cause of the business even if, as is obvious, winning the neighborhood pizza delivery war is far less dramatic and important than Gettysburg.

Carol Smith

Here are a few snippets from a newspaper interview of Carol Smith, a senior vice president and chief brand officer for the Elle Group:

Q: What is the most important lesson you've learned about leadership?
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29. The ability to transform the members of an organization into devoted and unselfish advocates of its goals.

A:	The importance of winning over employees as opposed to bossing employees....I sit in the middle of the table, always. I don't want to sit at the head of the table. I want to be part of the process and part of the decision.
Q:	Let's talk about hiring.
A:	You've got to meet someone three times, and one of them better be over a meal. It's like a little microcosm of life. Throughout a meal, the personality comes out. Are you going to connect with us? Are you going to be part of the team, or are you going to be one of these independent players who wants to take all the credit? Are you good with assistants? Those are things you can find out in some subtle ways when you eat with someone. "No Doubts: Women Are Better Managers," <i>New York Times</i> , July 25, 2009, accessed May 25, 2011, http://www.nytimes.com/2009/07/26/business/26corner.html?_r=1&8dpc .

Referring these thoughts back to the list of six leadership personas, Smith reflects skills and practices of at least two distinct leadership styles: democratic and affiliative. Her custom of sitting in the middle of the table instead of stationing herself at the head isn't an empty gesture, it's part of the way she broadcasts openness to countersuggestions and input. Further, this kind of culture—one that values give-and-take and some sense of equality in the decision-making process—is bolstered by the distinction Smith draws between being a boss and being bossy. Being a boss means ultimately making, and taking responsibility for, decisions; being bossy means cowing people into grumbling obedience. It's presenting herself as the former while resisting the latter that Smith believes makes her style work in her particular organization. Democratic leadership, finally, isn't the same as political democracy; there's no indication that Smith decides by taking a vote. But where the two do overlap is in the process preceding decisions: a high value is assigned to an open airing of differences, and to the insistence that all sides be heard and respected.

Smith also participates in an affiliative strategy for managing. When she invites potential new hires to dinner, she's checking to see if they'll add to the organization's social harmony. Notice that Smith is probing for information about whether the new hire will mix with superiors, equals, and subordinates in the workplace. Every direction of social interaction is important. Of course the idea here isn't that no work gets done because so much stress is placed on people getting along, it's the opposite: because emotional integration is highly valued in the office, members of the organization are likely to work well together in pursuit of the organization's goals.

One way of summarizing Smith's management strategy is that she's a *negotiator*, always trying to find ways to get people to come together in agreement. She's not so

interested in locking her employees in a march toward her company's goals; instead, she activates their participation and then balances individual efforts to keep everyone on the same page. This quality can be called **transactional leadership**³⁰, which means leadership dedicated to getting the members of an organization onboard through give-and-take and inclusion. O. C. Ferrell, John Fraedrich, and Linda Ferrell, *Business Ethics*, 7th ed. (Boston: Houghton Mifflin, 2008), 134.

Moving into a general business environment, what kind of business might invite the style of leadership Smith promotes? Starting with what can be excluded, a Domino's franchise probably wouldn't work very well. In that business, driver turnover is very high, so she'd spend inordinate amounts of time balancing the social dynamic of a workplace that changed personalities on a weekly basis. Also, input from drivers who consider their work to be a McJob and have no experience in the pizza business would be of limited value. It's very possible, in other words, that the values Smith privileges would quickly lead a Domino's Pizza restaurant—or any enterprise depending on a large, high-turnover workforce—into red ink.

Apple Incorporated, on the other hand might be a good fit for Smith. We know from the Apple employee survey that the workplace values tolerance and individualism. Within a social dynamic like that, one where people are free to work (and show up for work) as they wish, the great danger is a collapse of the group effort into individualistic, self-centered projects and agendas. It takes an alchemy of personalities to make sure these different types of people are functioning well together despite their explosively individualistic outlook. The value of social harmony as promoted by an affiliative leadership style, consequently, might be crucial for this kind of workplace. Apple also sounds like a place where democratic-type leadership could bear fruit. One of the great advantages of diversity in the office is a wealth of viewpoints. For the right kind of leader—one valuing and encouraging contributions from every direction—that diversity can be translated into a maximum number of options for action. Of course if the leader is weak, those divergences will result in chaos; the trick is to maintain openness to the input of others without sacrificing authority and surrendering to rampant individualism.

Conclusion. No one style of leadership will work in every situation, and very few individuals will find that they naturally fall into one category or another. But a sense of the range of possibilities, and an ability to understand the different values holding them up, maximizes a leader's chances for success.

30. Leadership dedicated to getting the members of an organization onboard through give and take, and inclusion.

KEY TAKEAWAYS

- A persona of leadership is the role adopted when leading an organization.
- There are a number of basic personas or leadership styles that may be mixed on an individual basis.
- Leadership styles are not good or bad in themselves, but some are more or less suited to certain individual personalities and specific kinds of businesses.

REVIEW QUESTIONS

1. What are Goleman's six leadership prototypes?
2. Are there any other leadership prototypes that could be added to Goleman's list? Explain.
3. What is transformational leadership, and can you think of a kind of organization to which it might be well suited?
4. What is transactional leadership, and can you think of a kind of organization to which it might be well suited?

9.6 Case Studies

Culture on the Trading Floor



Source: Photo courtesy of Teresa Avellanosa,
<http://www.flickr.com/photos/49093093@N02/4649978754>.

On Wall Street, S&T means sales and trades of stock, and it's generally carried out by teams working for a bank or investment house. It's their job to sniff out the best buys (and recommend them to their clients), while also picking up on which shares may be in for a fall so they can be unloaded fast.

On one of WallStreetOasis.com's forum pages, welcome2nyc starts a thread this way: I was curious to know the culture of S&T. Can anyone give an honest opinion?welcome2nyc, March 20, 2010 (9:09 p.m.), "Culture on the Trading Floor...Changed?," WallStreetOasis.com, accessed May 25, 2011, <http://www.wallstretoasis.com/forums/culture-on-the-trading-floorchanged>.

QUESTIONS

1. What is a corporate culture?
2. A contributor named creditderivatives posts this about the culture at Deutsche Bank Equities: "These guys were brilliant and no-nonsense. Very tolerant atmosphere, but very focused. These guys argued over the correct pricing approach for equity swaps as opposed to which March Madness bound team had the best chance of winning it all."

An "equity swap" is a complex financial bet, but in the end it comes down to this: one side believes a stock will go up (or down) more than another, and they put money on it.

- There's not a lot of information here, but from what you have, can you brainstorm a short list of words fitting the culture and values Deutsche Bank fosters?
 - One important characteristic of corporate culture is employee interaction: the way workers relate to each other on the job. At Deutsche Bank, does it sound like the culture values teamwork among workers, competition, or some mix? Explain.
3. BigFatPanda writes, "I'd rather work on a desk with the trash talk, like where people are on the verge of cutting each other."

"A desk" is Wall Street talk for a team of analysts working together on investment strategies.

- How would you describe the culture BigFatPanda prefers?
 - One of the recurring questions all managers face is "Will more and better work get done if people work together or compete with each other?" It's pretty obvious where BigFatPanda comes down on this. From what he says and the way he says it, what do you suppose are some of the potential disadvantages of this organizational culture of competition?
4. jjc1122 writes, "When i used to work at the chicago mercantile exchange, there were a lot of crazy stuff. traders routinely doing coke in the bathroom, old irish guys hurling racial insults, fights, and sleeping with their hot female clerks."

He adds that his experience dates from 2005, but he'd heard that things were actually a lot crazier in the earlier part of the decade.

- Two aspects of corporate culture are workplace mood (the social energy and decorum of an office) and leisure time (what coworkers do and the way they relate to each other when not at work). How has jjc1122's manager tuned those aspects of the organization's culture?
- One aspect of working culture involves *life values*—that is, the extent to which on-the-job experience leaks out to color nonwork concerns and life. What kinds of life values are exhibited by this organization? What kind of theoretical ethical argument could be made to criticize the manager's promotion of these values?
- The two basic ways that an organizational culture is instilled are codes (established rules guiding an organization's members) and social conditioning (guidance is provided by following the cues and examples of others in the organization). Do you suspect the values of jjc1122's Chicago Mercantile Exchange workplace were established more by codes or social conditioning? Why?
 - The instillation of a workplace culture through social conditioning functions in a variety of ways. Three are listed here. Can you fill in for each how it may have worked in the Chicago Mercantile Exchange in 2005?
 1. Stories and myths embedded in daily conversations may indicate culturally appropriate conduct.
 2. Heroes or stars in the organization may consistently communicate a common message about the organization's guiding values.
 3. The dress, speech, and physical work setting may be arranged to cohere with the organization's values.
- One social way that an organizational culture may reinforce itself is through a self-selective process. What is a self-selective process? How might that process have worked to reinforce the values guiding work life at the Chicago Mercantile Exchange?

5. Bondarb writes, “When i am out with goldman people and somebody tells a joke they all look at the most senior GS person there to see if they are allowed to laugh.” GS is Goldman Sachs, the global investment bank.
 - Make the case that employees constantly looking to superiors for guidance—even whether they should laugh at a joke—shows that a strong, clear corporate culture exists at Goldman.
 - Make the case that employees constantly looking to superiors for guidance—even whether they should laugh at a joke—shows that a weak, ill-defined corporate culture exists at Goldman.

Corporate Culture at Herschend Family Entertainment



Source: Photo courtesy of Todd Baker, <http://www.flickr.com/photos/technowannabe/1139227859>.

Joel Manby is CEO of Herschend Family Entertainment, a \$300 million corporation employing more than 10,000 people at two dozen theme parks around the country. They put on everything from massive aquariums to Dollywood, the Dolly Parton theme park in Tennessee.

In an interview, Manby discusses the corporate culture infusing the properties. It's composed of eight attributes:

1. Patience
2. Kindness
3. Honesty
4. Humility
5. Respectfulness
6. Selflessness
7. Forgiveness
8. Commitment

Manby exemplifies the corporate values he's trying to instill this way, "You can dislike somebody, but you can still respect them, forgive them, and treat them with humility and honesty. We also have a phrase: 'admonish in private, praise in public.' So you don't embarrass people."

Manby explains that 50 percent of a Herschend executive's year-end bonus is awarded on the basis of how well the organization's culture is exhibited and promoted. As he puts it, "You have to put your money where your mouth is."

He concludes with this: "It's all about hiring the right people. You know, this culture either resonates with people or it doesn't. If it doesn't, they're not going to enjoy working here." Steve Tobak, Undercover Boss: Escaping GM's Abusive Corporate Culture," *The Corner Office* (blog), *BNET*, March 30, 2010, accessed May 25, 2011, <http://blogs.bnet.com/ceo/?p=4254>.

QUESTIONS

1. The characteristics of corporate culture elaborated in this chapter were the following. Corporate culture is
 - shared,
 - a provider of guidance,
 - a provider of meaning in the organization,
 - top heavy,
 - a constellation of values,
 - a dynamic constellation of values,
 - organic,
 - inclusive of life values.

Choose three of these characteristics and show how the culture Manby promotes at Herschend Family Entertainment relates with each one.

2. What is a corporate culture ethics audit? What does it attempt to measure?
3. If a corporate culture ethics audit were taken of this company, how do you suppose it would fare? Why?
4. Before coming to Herschend, Manby was CEO of Saab, a division of General Motors. His time there was marked by a very different organizational culture. According to him, "I don't want to bash GM, but intimidation was part of the culture there. You would get ridiculed in meetings. The CEOs had big egos and had no problem making you look silly. I once missed one of my numbers. I didn't miss it by that much, but the president of all of Saab calls me and orders me to fly over there [to Europe]. I get there Monday morning, he chews me out for four hours, and then I get on a plane and fly back. It was so humiliating, so uncalled for. I figured, if that's the way I'm going to be treated, I don't need that. That's when I began looking at other opportunities." Steve Tobak, *Undercover Boss: Escaping GM's Abusive Corporate Culture*, *The Corner Office* (blog), *BNET*, March 30, 2010, accessed May 25, 2011, <http://blogs.bnet.com/ceo/?p=4254>, brackets in the original.

Manby lists the attributes of the culture at Herschend—patience, kindness, honesty, and so on. What might a similar list look like for Saab?

5. Corporate culture provides an organization's meaning; it defines what counts as success.
 - For Herschend, what counts as success?
 - For Saab, what counts as success?
6. A corporate culture distinguishes workers from people who work. What is the distinction?
 - How does Herschend fit into this distinction?
 - How does Saab fit into this distinction?
7. Manby says, "Apple's culture, for example, would be very different from ours, but Steve Jobs is still an incredibly successful CEO. I'm not pretending we're right and others are wrong; it's just our culture, and it works for us."

Explain how Manby can say that a set of ethical values isn't right or wrong, but one set (at Saab) is wrong for him, and another set (at Herschend) is right for him?

Even Better Than the Real Thing



Source: Photo courtesy of Sandra Cohen-Rose and Colin Rose, <http://www.flickr.com/photos/73416633@N00/1363267249/>.

The web store FinerBags.com sells fakes—very good copies of purses originally made by Louis Vuitton and similar high-end brands. The price is right: a \$1,800 Prada bag can be purchased as a copy for about \$180. At Finer Bags, they're totally open about what they're doing, and their home page lists the advantages of buying their products. According to the leadership at Finer Bags, "Millions of replica handbags can be found on internet these days, they are not a rare thing anymore. Maybe the Louis Vuitton handbag that your friend bought is a perfect replica. Maybe the Louis Vuitton Monogram Speedy 30 that Linda paid \$1,200 for is a replica handbag. Maybe those replica bags all were bought from finerbags.com." Business Ethics Workshop, accessed May 25, 2011, http://businessethicsworkshop.com/Chapter_9/finer_bags.html.

QUESTIONS

1. Would you call honesty part of the corporate culture at Finer Bags? Yes, no, or both? Explain.
2. Corporate cultural dissonance occurs when what actually happens on the ground doesn't jibe with the principles supposedly controlling things from above. Do you suspect that dissonance is occurring here? Why or why not?
3. This company is selling counterfeit purses, bags designed to trick people into thinking they're real when they're not. No one denies that.
 - Could you use a utilitarian argument (bring the greatest good and happiness to the greatest number) to justify this corporate culture and business endeavor as ethically respectable?
 - Could you use either a basic duties argument (right and wrong is defined by preexisting principles) or Kant's categorical imperative (to be right an act must be universalizable) to make the ethical case that this company should put itself out of business?
4. This line from the web page is curious: "Maybe the Louis Vuitton Monogram Speedy 30 that Linda paid \$1,200 for is a replica handbag." It's important to know that the price of the real thing is about \$1,200. The point being made is that people can end up paying full price for a copy. If that's true, it sounds like Finer Bags is inviting people like you and me to realize that we can buy their fakes and then sell them as real, pocketing the difference.
 - Imagine you buy a few replicas for \$120. Then you spread word around campus that your mom is a major department store buyer and handed off a few Louis Vuitton Monogram Speedy 30s that you're now selling at the absurdly low price of...\$800. Can you sketch an argument to ethically justify your business model? What kind of ethical theory could it be based on? How would you respond to a consumer who discovered the trick?
 - Imagine you have so much success that you hire some friends to go around selling bags at nearby colleges. Would you tell them the truth about the source of your bags or keep up the

mommy lie? Why? What ethical justification could you sketch to support your decision?

- One reason to lie to the people you hire to sell the bags elsewhere is to help them do their job well. If they believe the bags are the real thing, they may find it much easier to enthusiastically promote their product. Is there any ethical difference between lying to employees to help them improve their work performance as purse salespeople and lying to consumers about what they're getting when they make a purchase? If not, why not? If so, what's the difference?
 - Can you think of examples in the world where managers don't tell their employees the whole truth about a situation and believe they're doing the right thing? What is such a situation? Is it the right thing?
 - Assume you're running the fake purse outfit and hiring sales reps for other schools. You decide to maintain the lie about the purses' origin. How do you think your small business would fare on a corporate culture ethics audit? Why?
5. Assume you're running the fake purse outfit and hiring sales reps for other schools. You decide to reveal the truth about the purses' origin to the reps. What you need to do next is instill a corporate culture that fosters lying. Common ways of instilling a workplace culture include the following:
- The founder's ethical legacy to the organization may contribute to its living culture.
 - Stories and myths embedded in daily conversations may indicate culturally appropriate conduct.
 - Heroes or stars in the organization may consistently communicate a common message about the organization's guiding values.
 - The dress, speech, and physical work setting may be arranged to cohere with the organization's values.
 - An organizational culture may reinforce itself through self-selective processes.

How might these or other strategies of social conditioning be used to create a working culture that values lying?

6. If you discuss this case in class, there'll be people loudly proclaiming that this fake bag business is despicable and completely wrong. Then they'll go home, hit up finerbags.com on the Internet, and spend the

next hour trying to figure out if they can make the scheme work on your campus. It is good money. Now, is there any ethical difference between someone who lies in a social situation like a class and someone who lies as a way of doing business?

“I Created Studio 54!”



Source: Photo courtesy of Carl Johan Crafoord,
<http://www.flickr.com/photos/carl-johan/53185001>.

Not all leadership jobs are exercised from on top of a pyramid, with the president on the highest level, vice presidents below, then directors beneath them, and so on. Take the case of Carmen D'Alessio. "I created Studio 54!" she proclaims, even though she didn't own any part of the club or have any official role in the way it was run. Still, according to her, if you want to find out about the once-thriving business, "I'm the most important person to talk to." Jada Yuan, "As the Disco Ball Turns," *New York*, April 30, 2007, accessed May 25, 2011, <http://nymag.com/news/features/31277>.

In the 1980s, Studio 54 was *the* New York City club. It began, according to D'Alessio, soon after she dined with two men—Ian Schrager and Steve Rubell—who owned a club in Queens, New York, an area not considered particularly trendy. She thought that Rubell possibly had some raw night-clubbing talent, so she encouraged him to bring his skills to hipper Manhattan.

To generate buzz before Studio 54 actually opened, she dressed Schrager and Rubell in Armani suits and threw a dinner in their honor attended by celebrated artist Andy Warhol, clothing designers Halston and Calvin Klein, and a host of similarly bright luminaries. Then, on the club's first night, they went for an outlandish theme bash: 1001 Nights with elephants, camels, tents, men wearing turbans, belly dancers, and everything else packed onto the disco floor. Soon after the remarkable event, a widely distributed magazine at the time, *Newsweek*, put Studio 54 on their cover.

The parties D'Alessio threw were as outrageous and scandalous as the guests who turned up. One night Bianca Jagger (ex of Mick) rode in on a white horse; on another the designer Valentino got to act as the ringleader of real circus animals. Armani was feted with a drag-queen ballet. The bartenders were young, male, built, and shirtless. The busboys doubled as entertainers: dressed in tight little white shorts, bowties, and nothing else, they were given illicit drugs and a small paycheck and told to pick up glasses and party with the guests, who included fashion designers, artists, and unique people like Johannes von Thurn und Taxis, a flaming and wealthy European aristocrat whose wife was thirty years younger and so explosive that people called her Princess TNT. Malcolm Forbes, the hard-nosed American businessman, was a regular too. Everyone was welcome, as long as they were interesting.

In talking about it now, Carmen D'Alessio gives credit to the others, but never lets anyone forget what Andy Warhol said about Studio 54's more visible leaders, Ian Schrager and Steve Rubell: "Carmen brought, hand in hand, Ian and Steve to the Big Apple."

QUESTIONS

1. The line outside Studio 54 was infamous. People stretched around the block and waited hours to get in. Some waited all night and never reached the door. One reason things went so slowly for many is that D'Alessio enjoyed swooping out of the club, running down the line, and hand picking people to jump ahead and go straight in.
 - Andy Warhol said this about D'Alessio: "She has gone everywhere from Rome to Rio. Anywhere there is a party and until the party lasts, she'll be there, because she has a list of the rich, the beautiful and the young." Steve Lewis, "Good Night Mr. Lewis: Carmen D'Alessio's Fabulous Life," *blackbookmag.com*, December 11, 2008, accessed May 25, 2011, <http://www.blackbookmag.com/article/good-night-mr-lewis-carmen-dalessios-fabulous-life-part-two/5463>. Can you make a good guess about the kind of people that D'Alessio chose for quick entry?
 - Essentially, D'Alessio chose some clients for better service than others. Justify this management strategy ethically.
 - Another entertainment company with lines is Herschend, the parent corporation of many Disneyland-like theme parks around the country. The lines there—waiting to get on the roller coaster, to buy popcorn, to go to the bathroom—are first come, first served. The values Herschend uses to define its culture (patience, kindness, honesty, humility, respectfulness, selflessness, forgiveness, commitment) fit well with the egalitarian treatment. If you were in charge at Studio 54, what kind of values could you array to help employees and others understand why the line outside the bar moved so unevenly?
2. Studio 54 was a big-time vice den. Upstairs in the shadowy balcony people regularly coupled. Drugs were as common as beer. (A large glittery moon with a face and arms hung from the ceiling. It was snorting cocaine.) Management knew about all this and encouraged it.
 - With a focus on the facts that D'Alessio and company generally hired young, attractive, and muscular men, asked

them to work with almost no clothes, and fed them drugs to brighten their attitudes, how would you characterize management's culture with respect to employees? Were they valued as mercenaries, as something closer to members of a family, as something else? (Remember, guys lined up to apply for these coveted posts.)

- How would you describe the Studio 54 attitude toward its consumers? Were they valued as people to be fleeced of their money, as participants in a shared project? Something else? Why do you think that?
3. Though not a lot of clothing was worn by frontline employees, this doesn't change the fact that there was a very strict dress code at Studio 54.
- In ethical terms, is there any difference between requiring guys to wear almost nothing while they hustle around the bar delivering drinks and, in a different business, requiring guys to wear neat, stiff uniforms while they hustle around a neighborhood delivering Domino's pizzas? If there is a difference, what is it? If not, why not?
 - Unlike Domino's, Studio 54 had a semiofficial body requirement for employees: the guys needed to be beefy and fit. In thinking about the management decision to impose both dress codes and body requirements, how are these two demands similar and how are they different? Is one less ethically problematic than another? Why or why not?
 - What are some ethical justifications an owner could cite for enforcing a dress code in general, regardless of whether it's a near-nude barboy or a Domino's driver? How would those arguments apply in the specific case of Studio 54?
4. Carmen D'Alessio was behind the scenes at Studio 54, throwing the parties, arranging people, setting the tone of the place. With respect to Daniel Goleman's six basic leadership personas listed below, which ones do you suspect correspond with D'Alessio, and which don't fit her so well? Why?
- Visionary
 - Coach
 - Affiliative

- Democratic
 - Pacesetter
 - Commander
5. What is *transformational leadership*? What is *transactional leadership*? Does D'Alessio share characteristics with one or both? How?
6. Part of the reason for naming a leadership style a *leadership persona* is to underline the idea that being a leader can be like donning a mask: you can be whatever you choose when you stand in front of others and direct. Besides being a leader at Studio 54, D'Alessio was also a massive partier. How is adopting a personality for leading an organization like adopting a style to exhibit when you go out with friends on the weekend?
- Is there anything ethically wrong with adopting a mask for your public self? Is so, what? If not, why not?