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## RACISM AND BUSINESS ETHICS

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### 1. Introduction

The aim of this paper is to examine how ethnic marginalization and racism are connected with organization culture from the point of view of business ethics. Among gender, religion, socioeconomic background and age, ethnic inequality and racism form a central part of the minority diversity of business organizations (George & Jones 2000, 12-15). As a phenomenon, racism is a complex issue that is difficult to grasp with a single approach. It encroaches upon entrepreneurship in several ways. It operates on the level of the relationship between business organizations and society and on the level of the personnel relations of organizations. Thus, racism has both individual and social dimensions. Moreover, racism - when it has got hold of the organization culture - impedes the ability of companies to make a profit and achieve their goals. The central fields in which racism causes problems are: personnel management (contentment with work conditions, workforce efficiency, career development, etc.), marketing (brands, logos, trademarks and the public images of corporations), and general profitability.

From the point of the view of business ethics, an anti-racist organization culture not only increases profits but also enhances enterprises ability to carry their communal responsibility for the society in which they operate. The business world is not an autonomous sphere disconnected from the surrounding society. On the contrary, it has a close relationship with the functioning of society and the well-being of citizens (Takala 1993, 23-31; Lämsä 1998, 59, 61-65). Thus, a racist organization culture has a negative influence on the general well-being of people. It hampers the career development of particular groups and makes it difficult for them to find jobs, excludes certain groups from economic and societal resources, and creates general tension and

conflicts between different groupings. The reverse side of this is, naturally, that societal tension and instability caused by racism weaken corporations performance and their opportunities to make a profit.

## **2. The Conceptual Connection between Organization Culture and Racism**

The theoretical aim of the paper is to develop the concept of racism so that it will become suitable for the examination of organization culture from the viewpoint of business ethics. To be able to examine the connection between organization culture and ethnic discrimination, or racism, and to develop the research topic, we shall first clarify the basic concepts.

In the business world the concept of *organization culture* refers to a combination of

conventional courses of action, values, norms, behaviour, and symbols that are born and develop in a particular corporation, and which have an influence on the functioning of the corporation as a whole. In a corporate organization those cultural dimensions manifest themselves in several overt features (behaviour of the personnel, logos, trademarks, constructed environment), values (the way in which societal responsibilities are understood, limitations on ways of making a profit), and self-evident basic assumptions which deal with world views, humankind and individuality. (Aaltio-Marjasola 1992, 60-64; Alvesson & Berg 1992, 61-64, 97-107)

The organization culture also contains crystallized knowledge that forms the basis for the operational strategies of the corporation. The knowledge consists of commonly held ideas about the *what* in a company, about the *how* in a company, and about improvements and reform strategies, i.e. the *should* 's in a company (Sackman 1991, 155-165). The most important issue in an organization culture is that it contains the ideas, beliefs and symbolic conceptions about the essence and course of action of the company. Furthermore, all these ideas and conceptions become manifest in material, visible and practical features. Thus, the symbolic and ideological level of the organization culture has an influence on the practical operations and functioning of a corporation by shaping the behaviour styles and conventions in an organization.

An organization culture is not unchanging. It is dynamic and has

a temporal dimension. As a *tradition* in general (Ricoeur 1984, 68-70), organization culture is subjected to the processes of sedimentation and innovation. The dynamic character of tradition and organization culture lies in the fact that some features are stabilized and that these stable, sedimented features make innovation possible. Thus, there is always a tension between the two processes. The possibility and potential of a *learning organization* is based on the dynamic relationship between sedimentation and innovation. Only a learning organization can adapt in a rational and productive manner to the changing demands of society.

The idea of a learning organization is important, because organization culture consists of habitualized ways of thinking and patterns of ideas that hinder the development of the organization culture by making corporations stick unreflectively with conventional ways of operating. Nevertheless, the central feature of a learning organization is its desire to become aware of these usually unconscious patterns by reflecting on its own operations and functioning (Moilanen 1996, 101-106; Sarala & Sarala 1996). Only after these patterns and conceptions are made visible is it possible to learn and develop the organization culture. The general aim of the research of racism and organization culture should be the examining the patterns and conceptions that are fixed in organizations and the ways in which they are linked with racist ideologies. Moreover, the aim should also be interpreting how corporations manage with their internal and societal ethnic diversity.

The concept of *racism* has been ambiguous in international studies. On the one hand it has been approached as a form of behaviour or action. The question has been: what kinds of actions and ways of behaving are racist? On the other hand, a certain ideology is regarded as the core of racism. This ideology states that the outward appearance of people (skin colour is usually the most significant feature) defines their capabilities and position in society. (Miles 1994; Isaksson & Jokisalo 1998; Banton 1998; Calhoun 1994; Goldberg 1993, 1997; Jackson & Penrose 1993; Rattansi 1994, Sintonen 1999) Thus, the field of racism is both heterogeneous and broad.

However, the starting point of this paper is that racism is understood as an ideology and a doctrine. Without recognizing the ideological component, no behaviour or action can be identified as racist; every action identified as racist should be seen as having an ideological cause or basis (Miles 1993, 1994).

Furthermore, any action that is ideologically based on racism entails discriminating practices in corporations and society. Those practices typically constitute the most visible dimension of racism. Here also lies the point at which racism becomes connected with ethnic marginalization. Racist ideology produces such discriminating practices that isolate ethnic minorities from the resources provided by society and the economy.

The question is: how does the ideology of racism work? Basically it is a matter of the processes by which we produce meanings, i.e. how we understand our reality and make our world sensible. It is based on certain conventions that are learned in everyday life. These conventions direct our understanding and interpretations so that the world looks self-evident and sensible to us. Now, racism as an ideology offers us particular conventions as a means of understanding certain issues and phenomena. These conventions form the ideological content of racism. Usually, they are statements like *black/white (or other) people are certain kinds of people* or *black/white (or other) people do something in a certain manner*, etc. The ideological statements are the coordinates on which we rely in situations where there are different kinds of people.

The process of signification, particular to racism, is usually called *racialization* (Miles 1994, 42-47; Goldberg 1993, 46-48, 57-60). It consists of two phases. First, certain physical features become selected for marking the outline of a group. In the case of racism they are usually skin colour and some other features like the shape of nose or type of hair. These features form the code system according to which we identify and differentiate 'races'. It is worth noticing that the process of selection of the features is based on historical events and circumstances and political power, not on any kind of biology-based natural selection. Thus, the 'racial' classifications are artificial, although we believe that they are natural.

Second, after we are able to identify the 'race' groups according to the physical features, some additional features are connected to the groupings. The additional features are cultural and psychological. They usually concern intellectual ability, behaviour patterns, and standards of morality. All of these features are understood collectively. In the racist ideology physical features are integrated with cultural and psychological ones. As a result, there is an ideology that states that people can be differentiated into 'race' groups and all of the members of each group share certain collective cultural and psychological

features. Furthermore, the artificial connection between the physical features and cultural features becomes so transparent that we believe that it is natural. (Miles 1994, 42-47; Goldberg 1993, 46-48, 57-60)

### **3. The Outcome: Racism in Business**

Now we can notice a certain kind of similarity between the concepts of organization culture and racism. They both emphasize the symbolic and ideological level instead of material objects or overt behaviour and action. Thus the theoretical and conceptual development of the paper have focused on the symbolic level. The point is that the kind of racialized understanding can form a part of the organization culture on the symbolic and ideological levels. Several features of the racist ideology can become sedimented into the organization culture and lie there as natural and invisible everyday knowledge. Thus the way in which this ideology works and what its effects are remain hidden and unconscious.

In the research of the ways in which racism intrudes into and is connected with business organization, the concept of organization culture can be used as an umbrella concept, within which the focus is on managerial skills and qualities, personnel managing, staff relations, public corporate image, marketing and advertising. In all of these sectors racist ideology and ethnic discrimination impede the internal operations of a corporation and have an adverse effect on the relationship between society and corporations.

The research should also be interactive in relation to the corporations. The idea of a learning organization can be tested and put into practice during the research by directing the results back to the corporations. This can be done by organizing mutual meetings with the personnel and the researchers as well as by arranging staff training days.

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