Electronic Journal of Business Ethics and Organization Studies

ejbo

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Manuscript Submission and Information for Authors

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Editorial objectives

Electronic Journal of Business Ethics and Organization Studies EJBO aims to provide an avenue for the presentation and discussion of topics related to ethical issues in business and organizations worldwide. The journal publishes articles of empirical research as well as theoretical and philosophical discussion. Innovative papers and practical applications to enhance the field of business ethics are welcome. The journal aims to provide an international web-based communication medium for all those working in the field of business ethics whether from academic institutions, industry or consulting.

The important aim of the journal is to provide an international medium which is available free of charge for readers. The journal is supported by Business and Ethics Network BON, which is an officially registered non-profit organization in Finland. EJBO is published by the School of Business and Economics at the University of Jyväskylä in Finland.

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Each paper is reviewed by the Editor in Chief and, if it is judged suitable for publication, it is then sent to at least one referee for blind review. Based on the recommendations, the Editor in Chief decides whether the paper should be accepted as is, revised or rejected.

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The manuscript should be submitted in double line spacing with wide margins as an email attachment to the editor. The text should not involve any particular formulations. All authors should be shown and author's details must be printed on a first sheet and the author should not be identified anywhere else in the article. The manuscript will be considered to be a definitive version of the article. The author must ensure that it is grammatically correct, complete and without spelling or typographical errors.

As a guide, articles should be between 3000 and 8000 words in length. A title of not more than eight words should be provided. A brief autobiographical note should be supplied including full name, affiliation, e-mail address and full international contact details as well as a short description of previous achievements. Authors must supply an abstract which should be limited to 200 words in total. In addition, maximum six keywords which encapsulate the principal topics of the paper should be included.

Notes or Endnotes should be not be used. Figures, charts and diagrams should be kept to a minimum. They must be black and white with minimum shading and numbered consecutively using arabic numerals. They must be refereed explicitly in the text using numbers.

References to other publications should be complete and in Harvard style. They should contain full bibliographical details and journal titles should not be abbreviated. References should be shown within the text by giving the author's last name followed by a comma and year of publication all in round brackets, e.g. (Jones, 2004). At the end of the article should be a reference list in alphabetical order as follows

(a) for books
surname, initials and year of publication, title, publisher, place of publication, e.g. Lozano, J. (2000), Ethics and Organizations. Understanding Business Ethics as a Learning Process, Kluwer, Dordrecht.

(b) for chapter in edited book
surname, initials and year, "title", editor's surname, initials, title, publisher, place, pages, e.g. Burt, R.S. and Knez, M. (1996), "Trust and Third-Party Gossip", in Kramer, R.M. and Tyler, T.R. (Eds.), Trust in Organizations. Frontiers of Theory and Research, Sage, Thousand Oaks, pp. 68-89.

(c) for articles
surname, initials, year "title", journal, volume, number, pages, e.g. Nielsen, R.P. (1993) "Varieties of postmodernism as moments in ethics action-learning", Business Ethics Quarterly, Vol. 3 No. 3, pp. 725-33.

Electronic sources should include the URL of the electronic site at which they may be found, as follows:

Pace, L.A. (1999), "The Ethical Implications of Quality", Electronic Journal of Business Ethics and Organization Studies EJBO, Vol. 4 No. 1. Available http://ejbo.jyu.fi/index.cgi?page=articles/0401_2.

Contextual Approaches to Strengthening Responsibility in Business Management and Leadership

EDITORIAL

Anna-Maija Lämsä
Raminta Pucetaite

The papers in this special issue of the EJBO journal will contribute to the knowledge of trust and a socially responsible way of acting in organizational life. The papers are selected from the presentations which were made in the conference 'Contextual Approaches to Responsibility in Business Management and Leadership' at the University of Jyväskylä, School of Business and Economics in Finland, June 13-15, 2006. The conference assembled representatives from both academia and business companies in the Nordic and Baltic countries. The thirty-two participants shared the findings of the recent and ongoing researches, examples of good organizational practices, along with insights and conclusions leading to a lively discussion.

The conference was organized under the framework of the Nordplus Neighbour Project "Creation of training programme for human resource development and promotion of social responsibility". This is an international project (2004-2007) funded by the Nordic Council of Ministers and carried out by a network of partners from Estonian Business School in Tallinn; Center for Business Ethics, Vilnius University in Lithuania (coordinator); School of Business and Economics, University of Jyväskylä in Finland; Riga International School of Economics and Business Administration in Latvia; School of Business Administration Turiba in Latvia; BI Norwegian School of Management in Oslo; Baltic Business Club and Kaliningrad Institute of International Business in Russia; Business and Organization Ethics Network BON in Finland and Lithuanian Association of Business Ethics.

The general aim of the project is to contribute to sustainable development of the Nordic region and the adjacent countries through the improvement of education programmes and research in business ethics and human resource management as well as promotion of corporate social responsibility in organizational practices. During 2004-2006 the total number of seven workshops and conferences were held in the participating countries, the

Jyväskylä conference being the seventh event organized by the project partners.

The starting point of the Jyväskylä conference was that too little emphasis has been placed on deepening the understanding how certain contexts such as socio-cultural and organizational ones are related to the development of responsible management and leadership. For example, the idea of corporate social responsibility, CSR – an expression of responsible business – emerged in business discourse of the post-communist countries at the beginning of the 21st century while in the United States and western European countries the idea has been discussed for decades. Due to varying historical traditions and social systems it can be expected that meanings and interpretations of CSR as well as other responsibility-related topics, such as organizational trust and value management vary remarkably depending on time and place. Consequently, the conference presentations and discussions were an attempt to contribute to developing a context-sensitive attitude to the topic.

The five articles in this special issue are based on the original insights reflected in the conference presentations. In her article 'Do You Trust Your Boss? A Jungian Analysis of Leadership Reliability in CRS' Tarja Ketola stresses the idea that in order to create CSR it is essential that the staff could trust their leaders. The main argument in this article is that trust in leaders depends on the interrelationship among a leader's values, words and actions. Based on the Jungian analysis the author introduces five combinations of a leader's values, words and actions as the basic alternatives of leadership reliability in CSR.

Merita Mattila and Iiris Aaltio concentrate on the social and discursive construction of values in organizations in their article 'From Tools to Social Construction of Organizational Reality: Studying Value Dissemination in the Case Companies'. The authors are interested in the processes which lie behind value management and the importance of the congruence between words and

deeds. The article concludes by arguing that the process from plans to actual realization of values in an organization takes a long time. Value dissemination is a mutual and interactional process between the leaders and the led. Although values can be regarded as a basis for well-organized performance, the empirical cases of this study show that the value dissemination process can be problematic in many ways.

Anu Puusa clarifies the concept of an organizational identity in her article 'Conducting Research on Organizational Identity'. According to this paper, the concept of an organizational identity answers the question of 'who are we as an organization'. It embodies the characteristics of an organization that its members perceive to be central, distinctive and enduring when the historical perspective is taken into account. Anu Puusa and Ulla Tolvanen continue then the topic of an organizational identity by exploring its interdependence with trust in the article 'Organizational Identity and Trust'. They argue that trust is a key in understanding the link between an organizational member's identification and a strong organizational identity. A strong identification results in a higher level of trust and in that way creates stronger commitment to the organization and its goals.

Finally, the article 'Management Models in Organizations and Problems of CSR Promotion: Lithuanian Case' by Nijolė Vasiljevienė and Aleksandras Vasiljevas compares the effectiveness of CSR initiatives and human resource development in public and private sector organizations and highlights the challenges raised by a post-communist context, namely, in the Lithuanian state/public administration and especially the country's educational system. The authors conclude that social science achievements including advanced managerial technologies and the paradigm of constructionist business ethics should be integrated when solving context-determined problems. Moreover, according to this article, under post-communist circumstances it is critical to carry out intensive and proactive promotion of modern management in the public sector, applying the concept of post-modern ethics.

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Do You Trust Your Boss? – A Jungian Analysis of Leadership Reliability in CSR

Tarja Ketola

Abstract

It is essential for corporate social responsibility that staff can trust its leaders. This paper argues that trust in leaders depends on the relationship between the leader's values, words and actions. If they are in line, employees can trust the leader. If they are not, distrust prevails. Five alternative relationships between values, words and actions can be identified: (1) values = words = actions; (2) values = words != actions; (3) values != words = actions; (4) values != words != actions; and (5) values = actions != words. They can be analysed and interpreted through the Jungian concepts of ego, persona (public ego), shadow and self. In alternative (1) leaders' Jungian ego has developed into a strong self. In alternative (2) leaders' Jungian shadow directs their ego. In alternative (3) leaders' Jungian persona directs their ego. In alternative (4) leaders' Jungian shadow has overcome their ego. In alternative (5) leaders' Jungian persona and shadow together direct their ego. This paper provides the rationale for and the descriptions and examples of these five alternatives, and shows how leaders can reach the ideal leadership state of values = words = actions, which makes the staff and external stakeholders trust them.

Note: "!=" means "not equals"

Keywords

Jung, leadership, reliability, trust, CSR

Introduction

Trust can be studied at many different levels of analysis: between organizations, within organizations, between groups, between individuals and within an individual. Tyler and Kramer (1996) recognize three of them: the organizational macrolevel dynamics, the inter-individual mesolevel dynamics and the individual microlevel dynamics. This paper will focus on trust between individuals, namely between a superior and his/her subordinate. Nevertheless, the superior–subordinate relationship may influence the other relationships the superior and the subordinate have with individuals, groups and organizations.

This paper examines trust between a superior and a subordinate from a psychological – and not for instance from a sociological, philosophical or economic – point of view. Psychological research on trust at this level is abundant (see e.g., Kramer and Tyler, 1996) but it seems that no Jungian analysis of the trust relationship between a superior and a subordinate has been conducted before.

There are two direct parties in a superior–subordinate relationship. Some researchers focus on the subordinate (e.g., Kramer, 1996; Lämsä and Pucetaite, 2006), others on the superior (e.g., Juuti, 1999; Kets de Vries, 2001; Lönnqvist, 2002). Often those with a management studies' background choose the former (as they may be hobnobbing with leaders who complain about their subordinates) and those with a psychological background choose the latter (perhaps after years of listening to the traumas caused by parents in families and their transference substitutes in organizations). The choice may also depend on the researchers' own position in the organizational hierarchy: superiors often feel that subordinates are unduly distrustful while subordinates may feel that superiors are not always trustworthy. This paper focuses on the superior's trustworthiness from the subordinate's point of view, which reflects on the leadership reliability in corporate social responsibility (CSR) experienced both by the employees and the external stakeholders.

The concept of corporate social responsibility (CSR) is here limited to the social responsibility pillar of corporate responsibility (CR), excluding the pillars of corporate economic responsibility and corporate environmental responsibility (cp. Ketola, 2005: 13).

Trust can be studied from different perspectives, looking for example at the antecedents of trust (e.g., Christie and Geis, 1970) or the consequences of trust (e.g., Rousseau, 1989). This paper concentrates on the antecedents of trust but will also glance at its consequences because these two interact. The chain: antecedents => trust => consequences, is completed into a loop by feedback from consequences to antecedents.

According to Burt and Knez (1996) direct connection affects trust level, and indirect connection affects trust intensity. Subordinates have an important position in corporate social responsibility issues: they are both the objects and subjects of CSR. On the one hand, organizations are expected to take many social responsibilities for their employees in regard to their health, safety, treatment, human/labour rights, pay, working hours, equal opportunities and other economic, social and psychological needs. On the other hand, employees are instrumental when companies aim at meeting the similar social responsibility needs of external stakeholders, such as the suppliers, contractors, other partners, customers, local people and the general public.

Hence, when addressing the topic of this paper, leadership reliability in CSR, the following connections must be taken into account. The (1) direct connection between the superior and the subordinates affects trust level in internal CSR. Additionally, the (2) indirect connection between the superior and external stakeholders through his/her subordinates affects trust intensity in internal CSR. Furthermore, the (3) direct connection between the superior and the subordinates affects trust level in external CSR. In addition, the (4) direct connection between employees and external stakeholders affects the trust level in external CSR. And, finally, the (5) direct connection between the leader and external stakeholders also affects the trust level in external CSR. Figure 1 illustrates these manifold

effects on trust and the important position of subordinates in CSR. Solid arrows show effects exerted by the subjects (actors) of CSR while dashed arrows illustrate feedback from the objects of CSR.
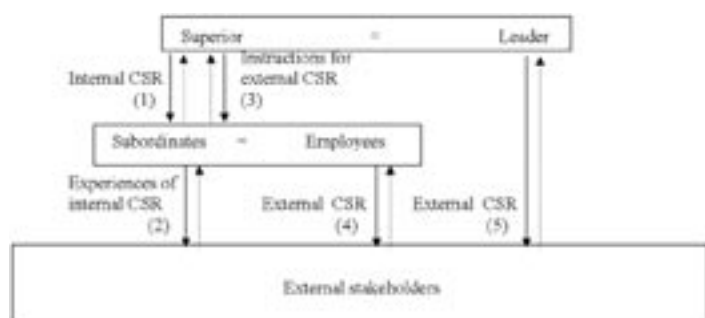

Figure 1. The manifold effects on trust in CSR, and the important position of subordinates as the objects and subjects of CSR.

These many different ways in which subordinates can influence the trust in the CSR of a company justify the inter-individual, superior–subordinate approach to leadership reliability in CSR adopted in this paper.

Burt and Knez (1996) point out that trust is seldom a simple two-person game but usually involves third parties whose gossip affects the result. In the context of this paper, each subordinate is influenced by the views of other subordinates on whether to trust or distrust the superior. The leaders and employees of the company are formal company representatives during work time and informal opinion builders in their free time social circles. External stakeholders also have dual roles in respect to the company in question: in their work duties they can influence the CSR of the company in direct ways, in their other social roles they can have an impact on its CSR in indirect ways. Consequently, employees are influenced by the civil views of their fellow-employees and external stakeholders – and even by those of the leaders – and the leaders and external stakeholders can be influenced similarly. According to Burt and Knez (1996), third party gossip reinforces existing relations, making the two parties more certain of their trust or distrust in one another. Thus, a subordinate chooses him/herself whether to trust or distrust the superior and an external stakeholder whether to trust or distrust the company in CSR issues, but the certainty of this trust or distrust depends on the views of others. Burt and Knez (1996) emphasize that trust builds incrementally but distrust has a more catastrophic quality. This means that it may take a very long time for a subordinate or external stakeholder to become certain of his/her trust – and a company may destroy this painstakingly gradually developed trust in a moment by taking a single unacceptable action.

According to Creed and Miles (1996), trust is a function of embedded predisposition to trust, characteristic similarity and experiences of reciprocity. In a superior–subordinate relationship these expectations may be fulfilled, if there is a master–apprentice relationship between the two: the subordinate is ambitious and the superior is generous at the same time. The subordinate would then be modelling himself over the superior whom he idealizes, and the superior would be seeing his/her own youthful ego in the subordinate and would take a parent's role in guiding this youngster. This would call for the identification-based type of trust presented by Lewicki and Bunker (1996), in which trust is based on identification with the other's desires and intentions. Only in this situation we can really talk about leaders and followers. Otherwise the subordinates are

more or less reluctant underlings who serve their superior for other reasons than belief in his/her goals.

Lewicki and Bunker (1996) also introduce two other types of trust: calculus-based trust and knowledge-based trust. In a superior-subordinate relationship calculus-based trust may be rather one-sided because it is usually the subordinates who have to calculate the consequences of their actions and predict what kinds of rewards or punishments they would bring from the superior. The career of the subordinate is the hands of the superior. Sometimes the superiors, too, need to consider the consequences of their actions in relation to the subordinate, particularly when they will need a loyal supporter for their future actions. The third type of trust, knowledge-based trust, is grounded in the other's predictability. If the superior and subordinate work together for a long time, they will learn to know, what they can expect of the other. The three types of trust are not separate but connected to each other; and therefore enforce each other.

Mishra (1996: 265) defines trust in the following way:

"*Trust* is one party's willingness to be vulnerable to another party based on the belief that the latter party is (a) competent, (b) open, (c) concerned, and (d) reliable.

This paper focuses first and foremost on the (d) reliability aspect of trust, that is, the trustworthiness of leaders (see e.g., Kirkpatrick and Locke, 1991). Leadership reliability means that the words and actions of leaders are consistent with each other. Discrepancy between what leaders preach and what they practise (or make their subordinates practise) is the most significant source of distrust (see e.g., Nanus, 1989). However, in this paper it is maintained that it is not enough for leaders to make their words and actions consistent; the values of the leaders should be in line with their words and actions. Consequently, the (c) concern aspect of trust can be integrated into leadership reliability in the form of values. The (b) openness aspect of the trust will here be taken into account when the relationships between values, words and actions are scrutinized: for instance when the leaders' words differ from their real values and subsequent actions, one may suspect that they have been hiding something. The assumption of this paper is that leaders are (a) competent in their work but this may not always be the case, as we will find out.

A similar analysis of the relationships between values, words and actions at the organizational level was conducted by the researcher recently (see Ketola, 2006c). This paper deals with the inter-individual level of analysis.

A Jungian Analysis of Leadership Reliability in CSR

Five Alternative Relationships of Leadership Reliability in CSR

It is essential for corporate social responsibility (CSR) that subordinates can trust their superiors. This trust has a dual role of ends and means in CSR. It makes subordinates believe in the CSR measures a company aims to take internally for the employees' own benefit and externally for the benefit of other stakeholders. The subordinates' trust in the company's internal and external CSR feeds into the awareness of external stakeholders, who can compare it with the CSR communication given by company leaders, as figure 1 showed. Trust is not self-evident. Many organizations work in the atmosphere of distrust. And distrust spreads easily from the employees to the external stakeholders.

It is argued here that trust in leaders in CSR issues depends on the relationship between the leaders' values, words and actions. If the leaders' values, words and actions are in line, employees can trust them. If they are not, distrust prevails. Conse-

quently, there are five alternative relationships between values, words and actions of a leader:

(1) *values = words = actions*: values, words and actions are consistent;

(2) *values = words != actions*: values and words are consistent but actions differ from them;

(3) *values != words = actions*: values differ from words and actions which are consistent;

(4) *values != words != actions*: values, words and actions are inconsistent;

(5) *values = actions != words*: values and actions are consistent but words differ from them;

Usually there is partial consistency and inconsistency between an individual's values, words and actions, but for the sake of clarity, this paper examines only the five extreme alternatives listed above. They can be analysed for instance through Carl Gustav Jung's concepts of individual unconscious.

Jungian concepts of ego, persona, shadow and self

Carl Gustav Jung studied individual unconscious and collective unconscious. The following brief account of Jung's concepts of individual ego, persona, shadow and self is partially based on my earlier studies (Ketola, 2001).

According to Jung (1958, 1963), the mainly conscious ego of individuals has different kinds of subconscious counterparts, which compete and cooperate with it. The ego follows the reality principle, sticking to facts without trying to imagine, pretend or lie – or distort the reality in any other way. The ego has to deal with a partially conscious persona (the mask worn by actors in ancient Greek drama!), which is the face that individuals wear to meet the social world around them. The persona wants to show only the best sides of the individual to the external world, as if a human being was only what s/he would like to look like. The persona is the public person.

On the other hand, the ego casts a shadow. The ego is confronted with its unconscious shadow of which it is not aware. The shadow is the backside of the ego (Stein, 1998). The shadow is everything that the ego is not, good and evil. The shadow is not necessarily a hidden evil because it incorporates also the characteristics that contrast the less likeable features of the ego. If, for example, the ego of an individual is fair but unkind, his/her shadow is unfair but kind. However, since humans generally strive for developing their conscious ego towards a good self-ideal, their shadows store a great number of subconscious aggressive counter-reactions.

The shadow and the persona are both ego-alien persons that inhabit the psyche. The ego is more at ease with the persona because that is compatible with social norms. The shadow is unacceptable to the ego. The shadow stays mostly hidden and comes out only on special occasions (Stein, 1998) – to the ego's disapproval and to the persona's shame. Consequently, the ego and the persona of an individual try to deny the shadow by projecting it on other people. Stein (1998) calls the pair of persona and shadow Narcissus and Goldmund, Dr. Jekyll and Mr. Hyde, Cain and Abel, Eve and Lilith, and Aphrodite and Hera.

The undeveloped ego, which every small child has, cannot control the energy of its subconscious, which gushes out uncontrollably. It is with children that the development of ego from month to month and year to year – with babies even from week to week – is most apparent. Children gradually learn to control their subconscious shadow to an increasing extent. A prerequisite for mental maturity is the ability to control one's impulses, one's subconscious psychic energy, with one's ego. Mental growth to genuine maturity also means that one should have less need to hide behind the persona, the publicly acceptable mask.

In Jungian philosophy the mentally developed ego is called the self. The ego can develop into a self by becoming conscious of the formerly subconscious shadow and other archetypes (e.g., anima or animus) and by integrating material from them into its conscious side. The self is an individual's holistic psyche, which, with its inner powers, defeats the pretentious shell of the persona.

Mentally less developed individuals uphold their pretentious persona with their words but the actions of their weak ego are in actual fact often directed by their subconscious shadow. The ego of mentally developed individuals has accepted its shadow, and they have integrated their ego and now conscious shadow into a strong self, which does not need the façade of the persona (see more in Ketola, 2006d and Morgan, 2000). According to Jung (1963) the realization of the self through an individuation process is the ultimate goal towards which humans strive for (see Colman, 2000) – but this process is never totally completed. However hard we try to become aware of our darker side and accept it, he shadow necessarily remains partially unconscious and carries out commando attacks from its secret hiding places.

Many fairytales study this problem and aim at helping children to deal with their shadow. Usually fairytales start with a good person and an evil person, which symbolizes the ego's attempt to own its public persona and project the shadow on another person. During the course of the events these two sides of the psyche come into close contact. At the end of the fairytale the shadow will have been brought under the control of the ego, which can replace the public face of the persona with its own realistic face. For example in Snow White and the Seven Dwarfs, Snow White is the persona, Evil Queen is the shadow and the seven dwarfs are the active ego busy digging the depths of the unconscious mine. The dwarfs find the Prince, a stronger ego, to rescue Snow White from her death, i.e. from the persona's defeat in the fight against the shadow. With the help of this stronger ego, the shadow is taken under control and the innocent white of the persona becomes a realistic whole of the self. This fairytale is more elaborate than that, though, because it also touches the gender and sexual development issues by making the ego aware of subconscious animus/anima archetype and eventually incorporating it into the self. Sleeping Beauty, Cinderella, Beauty and the Beast, and many other fairytales have the same purpose of assisting the individuation process of the readers. Other psychological theories have their own interpretations of fairytales (see e.g., Bettelheim, 1975).

Peter Pan takes a different approach to the same issue. Peter Pan has a visible shadow attached to him. At the beginning of the story, Peter temporarily loses his shadow, that is, his persona tries to get rid of it. However, his ego is realistic enough to realize that he cannot be a whole person without his shadow, so Peter comes back to find it. He tries to glue it back with soap, i.e. his persona tries to whitewash it. This time a stronger ego comes for rescue in the form of another person, Wendy, who explains the futility of Peter's attempt, and instead sews the shadow back on him. Sewing hurts a bit like becoming more aware of one's shadow hurts. Wendy understands this and tries to be cautious. During the following adventures she continues her efforts to help Peter in his mental development process but Peter never grows up. He remains childlike with his hero archetypal persona and minimally conscious (= visible) shadow, which he projects on Captain Hook and Tinker Bell. This fairytale is a warning to children: you can have your fun in the adventures of Neverland where you can pretend to be a hero fighting enemies, but if they do not grow up to see that the heroic persona is not

real and the enemy is inside you, like Wendy, John, Michael and the Lost Boys eventually do, your ego will end up homeless like Peter who wanders aimlessly in the borderline of fantasy and reality for all his life. (For other Peter Pan interpretations, see e.g., Kiley, 1983; Aaltio–Marjosola and Lehtinen, 1998).

Lordi, the winner of the 2006 European Song Contest, with his song, Hard Rock Hallelujah, represents another attempt to deal with one's persona and shadow. By wearing an elaborate monster makeup and clothes this singer integrates his persona and shadow. This appeals to many people who are struggling to get along with their shadow. They are relieved with the singer's solution and can identify with him. The monster is out, and, surprise, surprise, it is not so awful after all. The shadow has been tamed to perform and succeed. Instead of being ashamed of their inner monster, they can feel proud of it. Furthermore, the name Lordi refers to an aristocratic lord, a respected member the upper classes in the pretentious earthly hierarchy, in contrast to the singer's ordinary background. This is the elevated dream that the singer exhibits in his persona. Lordi also refers to the Lord, God who rules the world from heaven. This is the singer's narcissistic dream to be an omnipotent and worshipped God through his persona. The singer integrates God and Devil in his songs as well as in his persona. All in all, this is a fascinating mental development solution attempt by a creative young person. Behind his devilish god mask and corresponding hard rock music and lyrics, the singer has a realistic ego left, because he does not want show his real face in public. He knows he is just a vulnerable young man.

The way to a holistic self is long and winding but spiritually rewarding. There is an ethical dimension involved in the development of self over time: "the overriding teleological nature of the self's continued search to become itself, even in the face of dire internal resistance or malignant external forces. … This suggests a universal ethical capacity that is innate…but which, to unfold, depends on the quality of caregiving that the child receives during its early development" (Solomon, 2000: 197, 199). This explains Peter Pan's inability to develop a wholesome self: he had lost his parents as a baby and had had to manage on his on ever since.

The concepts of ego, persona, shadow and self – and their interactions – can be used to analyse the five alternative relationships of leadership reliability in CSR.

(1) Values = words = actions

In the ideal situation the leaders' values, words and actions are consistent. The subordinates can trust their superiors to do what they say and to believe in what they say and do. When leaders are considered reliable by the employees, it is more likely that also external stakeholders find them reliable. It is characteristic of human psyche to like people who are predictable and credible. The leaders, and the whole company with them, become more likeable with consistency between values, words and actions. Both internal and external stakeholders are more willing to cooperate and even compromise with a trustworthy leader and company.

"I shall in all my best obey you, madam." (Shakespeare: Hamlet)

For leaders themselves it is much less stressful to be able to do what they promise and want to do – they do not have to lie, hide or pretend but can instead be honest and tell things as they stand. Leaders often maintain that they would like to keep their values, words and actions in line, but the reality of business life is so ruthless that they cannot. The same complaint can be heard from leaders in other organizations, such as local govern-

ments and universities. Yet some leaders can do it, whichever organization they work with. Evidently it is a question of personal choice: will I hold on to my values in word and action whatever the personal consequences may be, or shall I sell my soul to the organization and adapt my words and actions to the organizational pressures however much they contradict my personal values? Funny that the prevailing business and organizational environment still seduces with short-term rewards the leaders to say one thing and do another thing irrespective of their personal values, when both individuals and society at large give first priority to the reliability of leaders and their organizations. In CSR reliability is seen crucial for the reputation of the company by the leaders, the employees and the external stakeholders. And yet coherence and consistency between leaders' values, words and actions are seldom achieved even in CSR issues.

An example of a leader whose values, words and actions are consistent is the CEO of a medium-sized family business who believes that the company's key task is to employ local people and give them a steady and stable job. During recession no employees were dismissed; instead the CEO and other leaders and managers cut their already moderate pay by half. At a time of an acute crisis, all staff, both managers and employees, agreed to be laid off for a week each in turns. Another example of a reliable leader is a professor in Helsinki who takes responsibility for his subordinates by finding each of them opportunities to focus on the issues of their own interest, develop the skills they want to and make career progress on the basis of fair and just principles. In addition, he tolerates those whose values, words and actions are not in line and, after their deception, does not reject them but brings them back to the academic community by giving them further cooperation opportunities. This professor returns good for evil. He turns the other cheek – and is never slapped twice. Needless to say he is well liked and respected. By applying these same ethics both internally and externally, he has created a wide circle of enthusiastic co-operators in business, academia and other institutions.

The Jungian analysis of this situation is clear. When leaders' values, words and actions are consistent, their ego has developed into a strong self by accepting and integrating the shadow. These leaders can bear the external and internal pressures to project their shadow on others or to hide behind the public persona without yielding to them. The leaders' self is holistic and, therefore, ethical. In theory, leaders could be consistent in their values, words and actions also so that they refuse to take CSR. This unethical stance is becoming practically impossible in our contemporary global world and would indicate serious trauma during the leaders' crucial years of childhood development.

(2) Values = words != actions

Another reliability alternative is that the leaders' values and words are consistent with each other but their actions differ from them. These kinds of leaders face major credibility problems in their organization, business environment and society. The internal and external stakeholders wonder, why these leaders preach what they believe in, but then take quite different action. They cannot trust anything these leaders say. If there is a permanent conflict between the leaders' words and actions, they may cause the company gradually lose its employees and partners from suppliers to customers and from financiers to authorities.

"You mock me, sir." (Shakespeare: Hamlet)

There are two alternative explanations for this situation: either the leaders do not know how to put their values into practice, or the values of the leaders differ radically from those of the

company and they cannot help expressing this in their words before having to do what the company wants. In the former case the leaders may not have sufficient managerial and leadership skills to realize their dreams. In the latter case perhaps the leaders' values are too idealistic for the brutal corporate reality – or vice versa!

It is important to remember when the leaders' values and words are in line but their actions are out of line, the CSR status may go either way: the leaders' values and words may be responsible but the actions are irresponsible – or the leaders' values and words are irresponsible but the actions are responsible. Some leaders are minimalists: they restrain from promising anything much in order to be able to deliver much more than expected. These leaders secure the rear. As long as the company is thriving, it can distribute its wealth to all internal and external stakeholders, but the leaders reserve the company the right to restrict its benevolence to its own narrow self-interest as soon as difficult times arrive. In this way the leaders cannot be blamed for breaking their promises or giving up their values. When the leaders' values do not bind the company to any responsibilities and their words emphasize corporate self-interest, their actions can flexibly take account of the demands of circumstances. These kinds of leaders may be heavily criticized by the employees and the public, but they usually keep the partners loyal to the company.

The more common case of the leaders' values and words being responsible but their actions being irresponsible is often due to an ongoing learning process. Leaders are constantly picking up trends to adapt themselves to their business environment; and therefore, willingly use the fashionable rhetoric in their speeches. Responsibility rhetoric is currently very fashionable. Sometimes the new concepts leaders learn remain just superficial words without any corresponding change in values or actions. In the case of CSR leaders have had to engage themselves in some in-depth learning as corporate responsibility (CR) with its economic, social and environmental dimensions refuses to go away from the corporate menu. The responsibility policy talks of the leaders are slowly turned into practical actions. In this process these policies gain deeper meaning and eventually become engraved in the values of the leaders. Such a learning process requires patience from internal and external stakeholders. What may look like the leaders promising more than they can keep, may in reality mean that the leaders are learning to "walk the talk".

If a learning process is on the way, then probably also an individual maturing process is taking place. The leaders are learning to integrate their shadow into their ego so that CSR can really be taken without projective excuses by the shadow or pretentious words by the persona. However, if the leaders' CSR actions continue to differ from their values and words, their shadow is in fact directing the ego behind the mask of the persona.

(3) Values != words = actions

Sometimes the leaders' values differ from their words and actions, which are consistent with each other. It is often thought that a great many leaders have sold their souls to companies in this way. But why would they stay in a company that has different values from theirs, which would force them to speak and act in contrast to their values? These leaders in actual fact weigh their options very carefully: they feel they can trade their personal values for something that the company offers, such as power, career advancement, excellent pay, option schemes, etc. If they decided that consistency between corporate values and their own values was more important than the rewards for inconsist-

ency, they would not lose everything. To follow their values, the leaders would simply have to find another job, which might be financially or politically less rewarding. The leaders can delegate the nastiest tasks: e.g., a Vice President of Communications of a large company said that, if she has to do something for the company that is in conflict with her own values, she asks one of her subordinates to do it. In most cases leaders who would seem to belong to this alternative (3) where values differ from words and actions, in reality belong to alternative (4) or (5).

However, many entrepreneurs belong to this alternative (3) because they would lose everything – their whole company, which they have built from the scratch – if they did not sacrifice their values. Entrepreneurs are practical people who direct their energy to action. They do what they promise to do. Entrepreneurs are often underdogs in business. That is why, it is very important to them that all stakeholders trust them. Small and medium-sized enterprises may be suppliers to large companies. They are usually particularly dependent on the cooperation of few clients and financiers. Without them the mere survival of a small enterprise is at stake. Most entrepreneurs detest paperwork and never write down their values. During the start-up of the firm, their values have probably played a part, and may do so at crucial decision times. Yet few entrepreneurs have ever had time to think what their values actually are. Maybe that is for the best: small companies with little power to influence their surroundings must adapt to their business environment more carefully than large companies with much influential power. Naturally entrepreneurs may find a comfortable niche for their company where the values of the stakeholders coincide with the entrepreneurs' own values – but this seldom happens. Entrepreneurs usually must subordinate themselves to the demands of their clients and financiers and may gradually lose their identity. In the worst case the entrepreneurs end up acting directly against their original intentions: they my have to violate their personal values to be allowed to continue to do business.

"*Take note, take note, O World! To be direct and honest is not safe.*" (*Shakespeare: Othello*)

Cornered entrepreneurs may be uttering words and taking actions that are quite different from what they really would like to say and do. The strong stakeholders may force entrepreneurs to act in socially irresponsible ways but they may just as well compel the entrepreneurs to act socially responsibly. Small companies are often involved as suppliers, contractors or service-providers in the criminal court cases against large companies. If a large client pressurizes entrepreneurs to act against their ethical values, they must weigh their options: can I act irresponsibly, even criminally, or can I afford to lose this client? Often the answer is determined by the probability of being caught rather than values. For example, retail chains may demand their small suppliers to pay threshold money to get their products on the shelves of the shops. On the other hand, large companies, which adopt social responsibility principles, usually require the small companies serving them to follow the same principles in order to make their whole logistics chain socially responsible. Many international codes and standards expect the participation of the whole supply and production chain before verification. The entrepreneur in the chain has again two options: either to do what is required or lose the client.

The Jungian analysis of this situation is that the public persona of entrepreneurs directs their ego. Entrepreneurs feel they have to pretend in front of the most important stakeholders to gain their acceptance and secure the future of the firm. Since the persona is much better than the real ego, keeping up appearances is very stressful. Furthermore, if the entrepreneur is

pressured to do something that society considers evil, he will have to wear two different masks: the evil face of a conspirator for the powerful stakeholder and the good face of an innocent businessman for the rest of the world. Such two-faced existence is known to have broken many people. In comparison, the false smile of entrepreneurs who have been forced to take CSR they have not wanted to take is a light mask to wear.

Potential for these kinds of discrepancies between values on the one hand and words and actions on the other hand are characteristic of entrepreneurs with small companies. Large companies and their leaders are not often faced with difficult choices between their real values and words/actions. They have such a strong position that they can follow their real values – which, by the way, are not always the same as the values presented in public. The only time the values and actions of the leaders of large companies are inconsistent is when also their words differ from their values and actions. That is a serious situation.

(4) Values != words != actions

For some leaders their values, words and actions are in conflict with each other. These kinds of leaders have a personality disorder. The leaders may be paranoid tyrants or narcissistic dictators – often both in a form of a well-adjusted psychopath (see Ollila, 2005). They have a distorted view of the external world (Lönnqvist, 2002). Their reality testing is severely disturbed. They imagine that the employees and external stakeholders are a threat and aim at conquering the company, in other words: overthrowing the leader. These leaders are overwhelmed by projective identification: they identify with the company because they can see their own fears in the company (Ketola, 2006a). They may feel subconsciously guilty for overthrowing their predecessors. The leaders project their anger and guilt on the employees, external stakeholders and other organizations (Juuti, 1999; Lönnqvist, 2002), and suspect them of intentions of engaging in the same kind of destructive actions as they have successfully carried out. Competition always creates some suspicions, but these leaders are possessed by paranoia. They are hypersensitive and hyperalert, ready to encounter any perceived threats. They concentrate on confirming their suspicions, distort reality and lose their capacity for both strategic and spontaneous action. The atmosphere of distrust makes subordinates insecure and disenchanted (Kets de Vries, 2001).

As narcissists as well as paranoids, these leaders possess the charm of Narcissus and effortlessly seduce many of their subordinates with their irresistible charisma. Those who are willing to follow them, catch the projection bug. With the leader, they split the world into two: the friends, who always agree with them, and the enemies, who have opinions of their own. The CSR practiced by these leaders is far from fair. They favour their followers inside and outside the company who get the best rewards and opportunities. The others are left without even the legal minimum. Those who complain or oppose are (subtly) harassed to resign from the company or to end their partnership with the company. Consequently, most employees and partners suffer quietly in order to keep their dismal job or contract and their barely sufficient livelihood. You would think that these kinds of situations are possible only in third world countries, but in reality they prevail and thrive also in the so-called first world.

These leaders utilize Machiavellian divide-and-rule principles of governance. They hold back and deny access to information, restrict communication between individuals and groups and turn people against each other by speaking evil of their intentions behind their backs (Ketola, 2004). Soon the staff and external stakeholders have no idea what is going on or who could be trusted (Lönnqvist, 2002). The intentional conflict between the leader's values, words and actions serves the purpose of keeping the employees and other stakeholders ignorant and on their toes so that power remains firmly in the hands of the leader.

The difference between normal and pathological personalities is only a matter of degree (Kets de Vries, 2000) but the consequences are shockingly dissimilar (Brown, 1997). Caution in human relations is wisdom, suspicion is seldom founded and paranoia absurd. The same applies to leadership and stakeholder relations. Unfortunately, business life and other organizational life, which offer opportunities to gain and wield a great deal of power, attract pathological personalities, particularly narcissistic paranoids who may be psychopaths (see Ketola, 2006b). These kinds of leaders are also attracted to each other and recruit each other. A group of well-adjusted psychopaths can easily with their brutal methods and wonderful charisma take over a company or other organization and change it into a network that focuses on satisfying their personal paranoid and narcissistic needs. Kets de Vries (2001) calls this shared madness (folie à deux). By constantly jumbling up their values, words and actions, the leaders prevent any constructive criticism or organized opposition in the company or other organization in question. The values, words and actions of paranoid leaders vary according to who is considered the enemy.

The narcissistic leaders replace the realistic strivings for organizational goals with the omnipotent fantasies about their own greatness (Brown, 1997; Lönnqvist, 2002). Excessive narcissism is a compensatory strategy for early disappointment in relationships. Narcissists possess insatiable hunger for recognition and external affirmation (Kets de Vries, 2001). Charismatic leaders are often narcissists; if they become pathological they will abuse power to satisfy their personal needs (Sankowsky, 1995). The charismatic grandiose leaders demand idealisation from their subordinates (Juuti, 1999; Lönnqvist, 2002), and if someone refuses, s/he is terminated (Ketola, 2004).

"O, it is excellent to have a giant's strength, but it is tyrannous to use it like a giant." (Shakespeare: Measure by Measure)

In the long term narcissistic rage is self-destructive: an overly narcissistic organization cannot survive in a democratic business environment. The leaders' values, words and actions serve their narcissistic ambitions: they are mere instruments with which the leaders acquire power. The leaders change their values, words and actions according to where power and its symbols are most readily seized.

In conclusion, the deliberate inconsistency between a leader's values, words and actions has a two-fold purpose: securing the absolute power of the leader with the divide-and-rule principle and constantly seizing additional power by eliminating enemies and recruiting subservient followers. In Jungian terms, the shadow of the leader has defeated the ego and rules like a tyrant. The insatiable hunger for idealization shows that the leader has been deprived of attention, acceptance and appreciation during his/her childhood. The overpowering need to control through supremacy implies that the leader overcompensates his/her earlier powerless position which some adults may have taken advantage of in his/her childhood. This indicates that the early development circumstances of the leader must have been so severely distorted that the ego has not been able to develop to even become conscious of the shadow, let alone accept and integrate it. The leader is possessed by his/her shadow.

(5) Values = actions != words

A milder pathological personality disorder is exemplified by leaders whose words differ from their values and actions that are consistent with each other. They are hardened enough to be able to lie in the face while secretly taking quite different action based on their real values.

Once I expressed my surprise to a leader about a long-lasting situation in which she sweet-talked to some people at the same time as she was stabbing their backs. The leader advised me, a naïve researcher: "Don't listen to what I say but look what I do." The incident inspired me to give a wishful title to my then forthcoming book: Responsible business – from words to action (Ketola, 2005). This leader was well aware of the conflict between her words and actions; it was intentional. Her words were a smoke screen for her actions until they were completed. The people she targeted believed what she said, and therefore could not try to prevent what she was doing. Sometimes – when she was in a bad temper – she did just the opposite: said hurtful words but took good action that coincided with her values. I guess people would rather tolerate overt anger than covert back-stabbing, but unfortunately deceiving with sweet-talk is very common in business, political and other organizational behaviour.

"That one may smile, and smile, and be a villain." (Shakespeare: Hamlet)

Corporate social responsibility (CSR) also consists mainly of soft words that cover the hard values and actions of the company. If you read the well written and splendidly printed CSR reports with the CEOs' introductions, you may get the impression that companies have taken exemplary care of their social responsibilities. Also the leaders and other company representatives fall over themselves to prove the same "fact" in their public speeches. Often, but not always, even the values they express in the reports and speeches are nothing but words. Thus the real values of leaders may be quite different from their expressed values. Their real values are passed on to the subordinates as tacit knowledge based on current and earlier experiences in the working community.

The leaders who act according to their values while expressing quite different intentions usually belong to top management. They are professionals in communications, smooth-talking chameleons with cunning ways to end up with what they want even when the odds are against them. Business and politics are full of them. As long as these leaders deal with their equals, it is a question of rivalry between two swindlers and both parties know what to expect. But when the topic is CSR, the leader's negotiation parties are less powerful: subordinates, other employees, suppliers, contractors, local people, the public. Under such circumstances this kind of leadership approach is wrongful and cruel. In many first world countries employees are partially protected by labour laws and trade unions but they help only in basic, simple issues. Most employees and external stakeholders in this world are at the mercy of corporate leaders.

When the leaders' words differ from their values and actions, their persona and shadow together direct the ego. The persona and shadow are intent to defeat the ego. The persona takes care of the public image while the shadow does all the dirty work that brings the rewards the leader yearns for. Once the shadow has completed its mission, the persona can let the mask drop to show the leader's own monster face so that people learn to fear the leader and let him/her do what s/he likes in the future without interfering in any way.

In this case the ego has had a chance to develop enough to become conscious of the shadow. However, the ego has not become strong enough to tame the shadow in order to integrate it into a holistic self. Instead, in the consciousness process the shadow has met the persona and formed an alliance with it. Both the persona and the shadow have grown strong under strict social – usually parental – guidance. The persona has done its best to please the parents and the shadow has stored all the repressed anger that the child has felt for having to act impeccably for all those years. The shadow and persona of the leader have taken an upper hand over the weak little ego to retaliate the childhood trauma. Superficially the cooperation between the persona and shadow is most successful. Nevertheless, it does not bring the leader any lasting satisfaction because the methods these ego-alien persons use deprive the leader of the joy and happiness attainable from peace of mind and harmonious relationships.

Conclusions

So: do you trust your boss? If you do, is it because his/her values, words and actions are consistent and you know what to expect of him/her? If you don't, is it because you boss's values words and actions are not consistent and you do not know what to expect? Maybe.

Most people trust leaders who do what they promise to do and truly believe in what they are doing (alternative 1). These leaders live in harmony with their inner self; they have accepted and their shadow and integrated it into their ego, and they do not need to show off. Because of their mental balance they can accept the others with their imperfections. These leaders are reliable and easy to work with. Subordinates and external stakeholders can trust them to take care of the CSR issues in the best possible way.

Most leaders have not managed to develop their egos that far. Fortunately, subordinates are very adaptable. They learn to live with almost any kind of superiors, some with even those who divide and rule by messing up people's minds through constantly changing their values, words and actions (alternative 4). However, that requires either a very weak or strong ego of the subordinates: either they submissively obey whatever happens, or they ignore the boss and do their own thing regardless of the consequences. The same applies to dealing with a boss who stabs in the back (alternative 5): either bear the humiliation or quit. Neither kind of leader can be trusted to look after the CSR interests of the subordinates or external stakeholders. Nor can they be negotiated with.

The less complicated leaders are easier to accommodate – those who do not know how to put their values into action (alternative 2) and those who speak and act against their values (alternative 3) – because there is some hope for improvement. Subordinates and external stakeholders can at least bring up the CSR issues with them and try to discuss with them how to implement the CSR values into every-day work and business.

As the Jungian analysis shows, these mild cases of leadership reliability inconsistency involve only an incomplete individualisation process of the leaders in question. If their ego gets a chance to develop further to integrate the shadow, they will be able to let the mask of the persona fall and become their true self. This can happen during their normal course of life, especially if the responsibility issues are discussed openly from many points of view. They have the capacity to learn and develop.

It is the leaders in alternatives 4 and 5 that constitute a problem. The development process of their ego was interrupted at such an early age that it would be difficult to repair the damage in order to be able to restart the development process. The damage done to the psyche of the leader in alternative 5 might still

be reversible because s/he still has an ego, however weak, with a connection to reality. The leader in alternative 4 has no ego with a reality principle left; the subconscious shadow has taken over the psyche.

The purpose of this Jungian analysis of leadership reliability in CSR has been to illuminate the issue of trust in a leader's CSR approach from a new perspective. The research introduced five combinations of a leader's values, words and actions as the basic alternatives of leadership reliability. The paper emphasized the importance of consistency between a leader's values, words and actions. The Jungian analysis offered some explanations to the consistencies and the inconsistencies and hopefully increased understanding of and towards these leaders.

Could the equation: values = words = actions be replaced with one word: integrity? The concept of integrity means a quality of being honest and upright in character as well as a state or condition of being complete. Usually someone, whose values, word and actions are consistent, is considered honest and upright, but as we noticed, leaders do not necessarily have to be responsible in their consistency; they can also be consistently irresponsible, which is far from being upright. In addition,

the Jungian development of self is an ongoing process through the whole life, which means that a person, whether a leader or some other, can never be complete. Developmental psychology maintains that only when approaching the old age, people face the psychosocial crisis of integrity versus despair: if they cannot make sense of their lived life and feel themselves as a whole, they fall into despair. Integrity as wholeness seldom matters to active, busy leaders. On the other hand, integrity is a derivation of integration, and consistency is about integrating one's values, words, and actions. Brown (2005) makes a distinction between four meanings of integrity: consistency, relational awareness, inclusion and pursuing a worthwhile goal. This paper has focussed on the consistency side of integrity, but has also touched the other three sides of integrity.

Companies and their leaders are often encouraged to be visionary in their corporate social responsibility issues, but just like the strategy experts Lissack and Roos (2001) say: it is more important to be coherent than visionary. It is useless for leaders to dream about the future, if no-one trusts them. Hence the advice for leaders is: be consistent first, and only then visionary.

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From Tools to Social Construction of Organizational Reality: Studying Value Dissemination in three Case Companies

Merita Mattila
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Abstract

Values and value management are extremely important nowadays in the companies. As thought, each organization works better when it is constantly kept in mind what is essential. Management`s role in value processing is crucial: they have to show the example to employees by acting due values. In this study the managerial roles in value dissemination and especially the personnel's experiences about the processes are studied. Being big projects which require a lot of investments from the firm, evaluation of these value processing projects are of importance. The aim of this paper is to study value processing in three different organizations (forest industry, banking and market). The special focus is on the management: what is the role of management in value processing? Data is gathered by interviewing personnel in the head office and at the local level in all three companies with multiple managerial hierarchial levels. The case companies are an international, exchange-rated forest company, a cooperative bank and a cooperative market. In all three companies values were "made" in the head office and then disseminated locally. Each company has their own way of performing the process, and management has central role in this. The aim of this study is to introduce personnel`s experiences about the value process and especially about the managerial roles in value dissemination.

1 Introduction

Values and value management are considered extremely important nowadays in companies. Big concultancy projects with a lot of investment are run in this area. Each organization works better when it is constantly kept in mind what is essential. Values are valuable in value processing. Value can be viewed e.g. as "a type of belief, centrally located within one's total belief system, about how one ought or ought not to behave, or about some end-state of existence worth or not worth attaining" (Rokeach 1972, p.124). Values are the connecting thought, which determine the direction of organization's actions: "who we are and where do we want to go - supported by our common values" (Mattila & Aaltio 2004).

This study concentrates on the social and discursive construction of values in organizations. The aim of this research is to study this more closely at company level: what kinds of processes lie behind value management and how words and deeds encounter. Key words in this research are e.g.: values, value management, ethics and moral.

One main theme in this study is the argumentation about value management in organizations. Values are part of our everyday lives, both at home and at work. But still, the phenomenon seems quite difficult to really understand. Especially in the empirical findings of this study it can be seen that values as a phenomena mean different things to different people. The main problem seems to be the congruence and unity in organizational values. Since every individual has little different understanding about values, it makes value management even more complicated. The challenge towards superiors and managers is huge, but possible to accomplish, through will and values.

Values and value processes are needed in every organization nowadays. World is changing and companies have to have something to "keep it together". Typically mergers and acquisitions require value change. Organizational values, which are approved and used by every employee in a company, could be the crucial thread. The biggest and most crucial challenge is the feasibility of the value process. Value management is a common term in today`s organizations. But can values be managed? What is the management`s role in value processing and how the personnel experience these processes? What are the results and how they can be "measured" or even interpreted at the company level? These questions are approached in this paper.

In this research there are three case companies (forest industry, bank and market) and their value processes: how people experience companies values, how values have been disseminated etc. It is studied how values are processed in different companies and especially how individuals in different hierarchial levels experience value processing. Data is gathered by interviewing personnel in the head office and at the local level in all three companies with multiple managerial hierarchical levels. In all three companies values are "made" in the head office and then disseminated locally. Each company has its own way of performing the process. One of the most interesting issues is personnel's experiences and opinions about the value process. Interviewees from different hierarchical levels make the study extremely intriguing.

As happened, in all three case companies there was an intention at the head office to determine the values of the local case-company and disseminate them "down" in the hierarchy. It is studied what kind of social constructive processes emerge while disseminating values from the head offices to the local levels. It is further studied especially how people experience companies` values in both places, at the head office and at the local level, how the "value makers" describe values and their values, and how management and personnel in different levels of the organization speak and experience values and value dissemination.

2 The Interpretative Paradigm in Social Theory

Burrell and Morgan (1998) have presented four paradigms for analyzing social theory: radical humanist, radical structuralism, interpretive and functionalist paradigm. The four paradigms define fundamentally different perspectives for the analysis of social phenomena. They approach this endeavor from contrasting standpoints and generate quite different concepts and analytical tools. The paradigms offer means for identifying the basic similarities and differences between different theorists and the underlying frame of reference which they adopt. The paradigms also provide tools for mapping intellectual journeys in social theory.

SOCIOLOGY OF RADICAL CHANGE

Subjective	Radical humanist	Radical structuralist	Objective
	Interpretive	Functionalist	

SOCIOLOGY OF REGULATION

Figure: Four Paradigms for the Analysis of Social Theory

The paradigm in this particular study is the interpretive paradigm. Due Burrell and Morgan (1998) the interpretative paradigm emphasizes that the social world is nothing more than the subjective construction of individual human beings who, through the development and use of common language and the interactions of everyday life, may create and sustain a social world of intersubjectively shared meaning. The social world is thus an essentially intangible nature and is in a continous process of reaffirmation or change. The interpretive sociologists have sought to show how the supposedly hard, concrete, tangible and "real" aspects of organizational life are dependent upon the subjective constructions of individual human beings.

Due Parker (2000,70) the interpretive paradigm stresses the local nature of cultural processes and, in reducing the object of enquiry to actor level phenomenon, its epistemology cautions against any conception of a system, however open or negotiated. The proper objects of study are symbols, languages, actions and so on – hence we could refer to actors` understandings of a system but should be careful not to confuse them with our own. (Ibid 2000)

Due Burrell and Morgan (1998) the interpretive paradigm is orientated to obtaining an understanding of the subjectively created social world "as it is", in terms of an ongoing process. It sees the social world as an emergent social process, which is created by the individuals concerned. This is the main aspect in this study also: the social construction of values in organizations, based on the personnel`s experiences.

3 Introducing Case Companies

This study is a multiple case-study which consists of three cases. The case companies were chosen from different business sectors. This was done because the aim was to get case- companies from different areas of business, so that the comparison between companies and their value processes could be done. The

forest company, a bank and a market company where chosen for further research. The aim was to get a more through knowledge and understanding about values and value processing in companies.

Company A is a forest company. It`s has a long history as a family business before several mergers and internationalization. The local mill has become dependent to the head office (in Helsinki) through several mergers. Nowadays it is an exchange-listed company.

Company B operates in bank business. The head office is in Helsinki. This bank-group consists of several local banks and is cooperative.

Company C operates in market business. It is also a cooperative company. The head office is in Helsinki and different local corporations operate in their own provinces.

Due the empirical part it can be said that company A takes values straight from the head office , company B takes also head office`s values, but works a lot during dissemination (with the staff), and company C makes own, local values keeping the head office`s values in the background.

4 Processing values: individual`s experiences in different hierarchial levels

Ethical values can evolve as deliberated process, after top management or other members of organization have decided that values must been processed. Despite the means how the need for value processing has emerged, top management has to be truly committed in the process. After that total commitment can be processed through the whole organization. In this section the personnel`s opinions about value processing in their companies are introduced.

Due Crane (2004, 172) the management and organizational studies literatures have effectively demonstrated that the deliberate management of culture is a difficult, lengthy process, which is rarely successful except at very superficial levels. Indeed, there has been precious little empirical evidence in the literature that provides wholesale support for the claim that culture can indeed be managed in the realm of ethical behaviour. Existing cultural beliefs and values about what is right or wrong tend to be very resistant to change (Crane 2001, 673-96).

The value process has many targets: e.g. ruling change, make customer relationships better, improving working environment, helping decision making, developing management culture and adding value knowledge. In merger situations values are often considered, like in the forest case-company. (Aaltonen and Junkkari 1999, 232-233)

The company A (forest) : Values as an option to rules

The company had "usual" reasons for starting value process: the top management wanted to create a common organizational culture after several mergers, internationalization and changes. Something had to be done to keep it together. Values were given and taken straight to the local level.

Manager, local level:

"The reason (for valueprocessing) was of course the fast distention of the company… From Finnish forest company to an international corporation… there has to be some cornerstones. And with these values the cornerstone has been built."

Values are said to be the corner stone especially in new, surprising situations in organizations. "Wherever there is uncertainty, a common vision and shared values can allow commitment and unity to be sustained for longer than might otherwise

be the case." (Coulson-Thomas 1992, 18)

Top manager (the head office):

"We were trying to create, and we still are trying to create a common organizational culture. That we could define who we are, how we work, how we behave in this company. The idea behind the values process was to keep the company together: values are like a glue which keeps us together. We can`t write down all the rules and orders. We have to trust our people"

Without organizational values organization members will, by default, follow their individual systems. These may or may not promote behaviour that the organization finds desirable. Therefore organizations establish values to provide their members guidelines for behaviour. Organizational values provide the framework for the organizational culture.

Values are considered crucial in nowadays changing world. Corporations grow, merger and internalize all the time. For a larger organization, where desired behaviour is being encouraged by different individuals in different places with different sub-groups, an articulated statement of values can draw the organization together (www.teal.org/uk 31.1.-05) There can`t be made enough strict orders how people should behave in different situations: by common (and working) value basis it is easier.

Employee, head office:

"In my opinion the thing behind our values is a sensible thought that world is changing... We can`t live anymore in a similar hierarchial organizations where the superior always knows everything and the exact advises always come from up. We have to trust people and their intelligence and they have huge capacity to solve problems and act when they have the opportunity to do so."

Top management in the head office started the process. The most crucial and important stage, was the dissemination to the local level. Despite differences in experiencing values in different hierarchical levels (further in the paper), majority of interviewees, both head office and local level, agree on reasons behind the value process.

Employee (local level):

"I could assume that they wanted to have some kind of unity to this whole company. We had in a way three, four corporate cultures which were smashed together and it`s ruling has been quite difficult in the beginning. Probably there has been this idea about common way of action…"

Cultural values are developed to control member`s behavior. Ethical values fall into this category. Organizational ethics are the moral values, beliefs and rules that establish appropriate way for organizational members and the organization`s environment (Jones 2001, 140).

Employee, head office:

"These values were discussed quite widely, in different job training events and it was discussed in working groups what could be our company`s values. From these discussions raised these values, what we need here."

Employee, head office:

"It was the merger situations… Two different organizational cultures come one… In my opinion our culture is open: we can discuss about things, we don`t have to swallow our opinions."

Manager, local level:

" There were very strong values in the local company already in the 80`s. I think quite many people here still long for those times.  Values were officially written after the merger in the late 90`s, when two different organizations with two different cultures were put together."

In company A the values where due empirical findings proc-essed because of organizational changes, e.g. the merger situation. There were several mergers which made the organinizational culture complicated. Since the company grew bigger through the mergers, there were many different sub-cultures inside the corporation. By value processing the management tried to get unity to the company, so that there would be the common value basis instead of numerous rules and orders.

Company B (bank) : values supporting the strategic changes

The bank has a long history with its` determined ethical principles. The corporate strategy has always included four ethical rules. The main reason for value processing seemed to be the strategic changes in the organization. Still, the value process was started also because it seemed to be "the spirit on the times". Values were given from the head office, and processed locally.

Manager, head office:

"At least in some level the reason for values process was that values became more and more like a household topic: people wrote about values, they spoked about values, there were several literature… Values were "must", every organizations had to have them. I have never been in a bank were people would some how been awakened to values."

Companies` line of business, history, size and many other factors have effect on how value process is carried out and for what values are needed.(Aaltonen and Junkkari 1999, 230) Very often value process is started when organizational changes occur; for example when organizational strategies and policies are reformed.

Manager, head office:

"The value process was started at the same time when we renewed our organizational strategy and management system… We renewed our strategic frames in connection with values."

Values are often considered as the thread through the whole organization. Values are the basis for everything. There can`t be rules for every and each situation which occurs in everyday life; then values give the guidance.

Manager, local level:

"Each individual and every company has to have the guiding star. The guiding star is the vision, which has to be so clear that mit guides… Values are the leading marks which keep the company on the right track when there are no other rules to follow."

Still, also the image is important factor when dealing with values. Especially in big companies and corporations it`s seen as a vital tool to promote and improve the public image.

Manager (has been in the process):

"I think more important than the value headlines, is how the contents are understood. What each defined value means in and how it is disseminated."

Employee, local level:

"I think that the aim was to get a good image and profit, so that the bank would have success. That`s the basis."

Manager (has been in the process):

"Value process has always the goal to find the common spirit to the organization. They search for the values, they adopt the values, they understand the values, they understand the contents of values, and after that they commit to the values. The commitment is possible only by personnel participation. By participating they start to think issues by themselves."

Organizational culture controls the way members make decisions and how they behave in different situations. (Jones 2001, 130)

Top manager, head office:

"It means (the values) creating a new culture here; what we are, how we act, how we behave in this company."

Due the empirical data it seems that the culture and the values in the local level are more "softer" than in the head office. The historical aspects should also be emphasized.

Manager, head office:

"In our traditions, our traditional culture we have this group unity, trust and humanity… It is obvious due the research also, that our bank differs from others in these things… We have a soft and reliable image, for a bank. We`ve had the same name for 100 years… reliability... Customers see us as a solid bank."

The bank processed the given values locally with its personnel. The values were "given" from the head office, but widely under discussion at the local level. It`s argued that also in bank business values became fashionable in the end of 90`s. Earlier there had been severe bank crisis when banks concentrated only for surviving. After the bank crisis new strategies were built up, and they included values. It could be said that good financial stage made value dissemination possible.

Employee, head office:

"… For years banks just tried to survive… After that they wanted to find new ways to operate, they started to think about strategies etc. And at the same time the whole society seemed to talk about values… so it came to the bank sector also."

Employee, head office:

" We were living a transitional phase, the upswing was starting, the shakedowns were over; we had to develop new things and make the future with noble plans…"

The value basis at the local bank seems to have a strong history. Values have "always" been there, in the ways of thinking and acting as bank employee.

Manager, local level:

"These values have been in our policies long before they were clothed in words."

Manager, local level:

"We don`t have the stock owners who should be paid dividends. We have the real will to success with right things… (cooperativity, locality) "

Manager, (process coordinator):

"Cooperation is working together. The bank success, the area success."

Still, naturally the profit has to be made in the cooperative bank too.

Employee, head office:

"It comes through working here (the value basis).. When you work here you see if you fit to this company, this company culture…or do you think differently.."

Manager, local level: "Our bank group has common value basis, so we haven't (at the local level) defined them, but they haven`t been dictated to us. We are committed to them, and we have processed them in our bank: what these values means as deeds, in our bank, in my job etc."

The company B started the value process in a transitional phase. The bank strategies were renewed, so the values seem to come naturally along. The bank`s history with ethical principles seemed to help the value processing, since people were already familiar with ethical codes in the bank. Values were not totally something new for people, so the dissemination at the local level was easier. Naturally the personnel´s participation in value processing made it also easier.

Company C (market) : value processing with the personnel

The market connects values with the company policy. The local corporate has made its own, local values. Values from the head office lie behind the own, providence values. Values were processed as a part of the local company strategy.

Manager, head office:

"Behind the values is our business idea and vision and: to produce service and benefits to customers. There are some differences in the local level… they may have five or six values instead of out official four values. Still these four basic values are the basis. This kind of tailoring is acceptable in our company."

Through value process the personnel is tried to become engaged to the company. The aim is to achieve credibility both in personnel's and in the outsiders´ eyes. Healthy business image requires kept promises. (Aaltonen and Junkkari 1999, 232-233) Naturally, values of the organization should support the mission of the organization

Manager, local level:

"We needed to find the common foundation, which united our personnel."

Employee, local level:

"They were made to the basis for the action. And that we would differ from our competitors and could offer better service to our customers. Those were the basic things."

Nowadays companies has to be modern and keep up with the times. Values are a fad, but also crucial basis for companies.

Manager, local level:

"Nowadays companies just can`t operate like out of the civilization. Modern company needs values to guide the actions forward."

Employee, local level:

"Every organization has to have values."

Organizational values should provide a guide or framework for the organizations members in accomplishing their part of the organization`s mission

Manager, head office:

"We defined certain frames… People can`t be ordered to discuss about values without telling them what it`s all about. We started from the background, history, values, vision and framed the references for value discussions."

Employee, local level:

"The aim was to get the personnel aware of values. What we are going to do and why."

Organizational values define the acceptable standards which control the behaviour of individuals within the organization. Without such values, individuals would pursue behaviours that are in line with their own individual value systems, which may lead to unwanted behaviour from the company`s point of view. (www.teal.org.uk/mat.page6.htm. 31.1.-05)

The economic situation was also one important factor when values were taken into organization.

Top manager, local level:

"We were almost bankrupt then (in the late 80`s)… We had to start thinking more and start a total change in the culture and management here.."

Top manager, local level:

"Values are connected to the corporate span, and our country is also quite long so local markets have different values. Espe-

cially in these kind of cooperative markets, we have different life spans."

Top manager, local level:

"It all starts from the individual level and work unit level… it takes years to process.."

Manager (been in the process):

"The corporate image is the organizational culture which has been born by the values."

Just like an organization`s structure can be used to achieve competitive advantage, an organization`s culture can be used to increase organizational effectiveness (Smircich 1983, p.339-358 in Jones 2001). The company employees feel that they represent the market all the time, at work and in their civilian lifes.

Employee, local level:

"We are a living advertisement to the market, that`s why it is important to contribute the personnel significantly."

To conclude company C`s value processing, it could be said that the most important factor was the participation of the personnel. People felt they are listened, and that their opinions in values matter. This created positive feelings in value processing, and the commitment to the values grew bigger. In short, the people felt that they matter, and this made the value processing easier compared to companies A and B.

5 Managers`role in constructing the organizational culture

Organization has to have a goal and boundaries within to achieve its goal. Organizations need certain principles in every action. The management has a special responsibility in solving the goals and principles. Solving doesn't mean dictating but learning together: discussions, negotiations and agreements. Agreements of the values which direct all the actions. (www.paideia.fi/frames/arvojohtaminen2 5.2. -02)

Managers have a central role in shaping the organizational culture, that`s why both culture and management are studied in this chapter. Managers and leaders are not strictly separated in this study, instead they are handled quite similarly. This because the aim here is to get more information about value management in organizations, not the separations between manager and leader. Every individual who has subordinates, is important in value dissemination process. "The very first challenge any leader of an organization is facing is to acknowledge the fact that moral values are integral intangible assets that influence the organization`s core activities. Moral values are present when setting goals, developing strategies and in everyday decision-making."(Korten 1999)

Organizational culture and company values are constantly affecting each other, they can`t be separated in to two different things. In this study the value management and organizational culture are treated together. This decision was made since the empirical findings in this study support it. In interviews the management and organizational culture constantly emerged together; they are interconnected when value processing is concerned. The manager`s example in creating value-based culture emerged in many ways from the empiria, so they will not be separated when reporting the findings.

The values held by the members of an organization determine the organizational culture, which according to Simmerly (1978, 15) is the most powerful internal force affecting any organization. Due Simmerly "organizational culture defines expectations about behaviour, how work is done, how decisions are made, how social interactions are structured and how people communicate". Safrit argued (1990) that before any organization be-

gins to plan strategically for change within the organization, the organizational values held by its members must be identified, clarified and validated (Seevers 2000, 71).

The leadership and organizational discourse of the 1990s strenuously emphasized the importance of organizational reform and innovations: it has been said that investments, no matter how great they are, in e.g. new technology or education, do not boost productivity or competitiveness unless attention is also paid to the development of organizational practices. (Koski-Räsänen-Schienstock 1997, 1-2)

It is common rhetoric amongst several serious academics that hierarchy in organizations a factor inhibiting creative, flexible, effective etc. performance. Tall hierarchies are supposed to foster tight supervision with narrow spans of command and also alleged to clog and contaminate the communication channels. (Chakraborty 1991, 188)

To be most effective, the value process should be implemented in an organizational climate that supports ethical behavior. Top managers value ethics is extremely important in realization of a value processes: effective managers articulate a vision that includes ethical principles, communicate the vision in a compelling way and demonstrate consistent commitment to the vision over time. The reputation for strong ethical cultures in companies can be traced directly to inspirational leaders who consistently, by their words and deeds, signaled the importance of a commitment to high moral standards. (Buller et al 2000, p.63)

Leaders identify appropriate and inappropriate conduct, and they convey their expectations to employees through codes of ethics and values. The ethical conduct is influenced by our environment. In work settings, managers, and the entire cultural context are an important source of this influence and guidance. People are interconnected in the workplace. This means work is an important source of meaning in their lives. Business is no longer just about products and bottom-line profits. Words "products" and "profits" join with words like "meaning" and "values". (www.web6.epnet.com/citation.asp. 23.9.-02)

Company A: managers as examples

Manager, head office: "It depends very much about the local top management, about the organizational culture and about the willingness to receive these kind of things.."

Effective managers in all walks of life have to become skilled in the art of "reading" the situations they are attempting to manage or organize. (Morgan 1997)

Manager, local level: "I believe in leadership, in real leadership with big L. Through this leaderhip the values can be processed, not by orders. By being a manager, by being an example."

Manager, head office:

"Well… communication is difficult because… Usually the subordinates think that the superior knows much more than he really does. And in a big corporation like this it isn`t necessarily like that. It can be that even the superiors don`t know about things… The information just doesn`t move on…"

Managers are the examples. Value management means that the superiors find the ways and means, which follow or pay attention to as many person's values as possible. (www.kehitystaito.com/arvojohtaminen 25.2. -02)

Manager, head office:

"This whole process culminates to the superiors. People feel that they can`t be initiative, if their superior doesn`t support that kind of behaviour. Superior is the bottleneck in many things. If she/he doesn`t give the space to act, the space really doesn`t exist."

Employee, local level:

"Managers are the examples with their own behaviour"

Rational activity is not necessarily the basis of the success of an organization, or even the most essential factor. Organizational success is also to a great extent a matter of the heart and a question of faith. This is why leaders must also have an understanding of values and beliefs, the organization's deep structure which can be sensed through its activity, but can not be observed in e.g. its bookkeeping or balance sheet. (Nurmi 1992, 16)

Manager, local level:

"Managers have big role in this… How they behave, what they emphasize… They can`t just go and give an order that people in the factory should behave like this and like this… It all starts from the top, by being an example. You can`t say like `don`t do what I do, do what I tell you to do`. There are some conflicts in this, the feedback has been like that…"

Manager, head office:

"People want to do the right things, something good. And it motivates people. When people are motivated, satisfied and happy etc., it makes more good to everyone."

Manager, local level:

"Here are different organizational cultures, it`s very difficult… But it is the management`s job to create the way to make things work."

According to Bennis and Nanus (1985, 48) all organizations depend on the existence of shared meanings and interpretations of reality which facilitate coordinated action. "We can assume an organization possess a healthy structure when it has a clear sense of what it is and what it is to do".

Manager, local level:

"If every manager/superior act openly, it creates trust. If we are open, it makes more trust. If the managers are not committed to these values, it is very difficult to process them downwards to the organization."

Manager, local level:

"Of course the management should act due these values… If the management doesn`t, it`s like… Like the values didn`t even exist."

Manager, local level:

"In my opinion it is a management question. That`s why the values are brought here. If people behave due the company values, it of course makes the management easier. I think this is purely a management question. Like an automatic management… as a beautiful basic idea.."

Organization`s ethical values evolve through negotiation, compromise and bargaining between organizational members. Ethical rules can also evolve from conflict and competition. (The Economist 1993, 25) Top management`s individual values effect greatly to the organizational value processing, because they are the key people in all actions concerning organization.

Employee, local level:

"I think it depends a lot from the superior; what kind of example he is to his employees, how he behaves."

Employee, local level:

"It is the management with it`s own example what creates certain ways to behave."

Top manager, head office:

"We are starting to consider this (values) more and more, e.g. when nominating people, it means that persons` behaviour, not just their competencies and productivity. It really (values) effects in nominations. I have e.g. fired one top manager because he didn`t act due our values, he wasn´t suitable to our company."

Employee, head office:

"I know that in this company the very top management has made big decisions based on values."

Values in organization culture are important shapers of members` behavior and responses to situations, and they increase the reliability of members`behavior (Weick 1984, p.653-699). In this context, reliability does not necessarily mean consistently obedient or passive behavior; it may also mean consistently innovative or creative behavior (Chatman and Barsade, 1995, p.423-443).

Employee, head office:

"This way we can success. If we let the people here flourish and work independently, use their own brains, at the end of all it shows in the last line that we are also successful"

Company B: managers leading the way

There are countless questions and theories related to leaders and leadership. It is easy to list leadership characteristics, but no one can say what a perfect leader is like: such a leader hardly exists - no more than a perfect person. Personality is currently the trait that has an increasing importance in leadership. It has become the most important tool, resource and object of development. The personal, professional and cultural roles are united, which removes the historical division into general and professional education. (Lehtisalo 1999)

Top manager, local level:

"Someone has to have the "puzzle" in his mind. And in my opinion it has to be the management." " The management and superiors have to be the first example."

Managers are the primary designers in personnel`s welfare and value processes.

Employee, head office:

"In our bank managers has been briefed so that they have facility for helping and supporting the personnel, and give chances to education. Both in and outside the workplace."

Top management`s individual values effect greatly to the organizational value processing, because they are the key people in all strategic actions concerning organization.

Manager, local level:

"Well.. I have thank the God for that my personal values and this job`s values are quite close to each other.. It makes it a kind of completeness…I have been here for 15 years and I`ve never had to act someone else, that`s what is important."

If a company can develop a set of commonly held values among its personnel, it is creating a specific corporate culture which might differentiate it from its competitors, thus giving it competitive advantage.

Manager, head office:

"We are aware that in this competition we can`t manage without a competent and committed personnel. We do appreciate that, we have a rewarding system that reflects that it isn`t just a fad here nowadays."

Manager, local level:

"Our general manager is the best example in value processing."

Employee, head office:

"An example person… Well, the whole bank management should be the example… But I wouldn`t give a huge cheer that the top management stands greatly behind these values… There is room for improvement in their work… Still there are no big exaggerations…"

Employee, head office:

"Chances for education and training are offered here… It`s up to you if you take advantage of it. You have your own responsibility too."

Employee, local level:

"Through the personnel the values are reflected to the customers."

Employee, local level:

"The general manager is our example."

Many cultural values derive from the personality and beliefs of the founder and the top management and are in a sense out of the control of organization (Jones 2001, 140). This is correct when dealing with companies with strong binds to founders and managers. Their values and image are compared and affect to the organization. This is correct with Microsoft and Bill Gates: Gates is a workaholic who works 18 hours a day. His terminal values for Microsoft are excellence, innovation and high quality, and the instrumental values are hard work, creativity and high standards. Gates expects his employees to have the same commitment what he has towards Microsoft. Cultural values are out of the organization`s control because they are based on Bill Gates. (Jones 2001, 140)

Employee, local level:

"Almost every meeting is started (by the general manager) by putting the value slide on. It reflects strongly the ambition to the value behaviour."

Employee, local level:

"The general manager`s role is huge in this (value process). He has been a great example and has drawn the value conversation very strongly here. Sometimes it feels even like too much, like "hey we already know this." As a person he really operates due the values, as an example."

Employee, local level:

"All the decisions made as a superior are based on values; all actions are based on values."

Manager, local level:

"Our bank group has common value basis, so we haven't (at the local level) defined them, but they haven`t been dictated to us. We are committed to them, and we have processed them in our bank: what these values means as deeds, in our bank, in my job etc."

Company C: management and the words to deeds process

"Leadership is a mystery. Is leadership an innate inclination or the product of education? Which criteria lead to selecting the best possible leaders? Is leadership a skill or a question of pure luck?" (Kasanen 2001, 10). Leadership as such is already very complicated and challenging area. When organizational values are added to this, the aggregate becomes even more versatile. Managers have to be committed to the values before they can disseminate them further to their employees.

Employee, local level: " I think they (top management) are committed to the values. My nearest supervisor and the managers who I meet are supporting the values… Of course it depends about the person…"

It is obvious that values can`t successfully be disseminated without management`s commitment. Values' mission is to keep the organization together, to create goals, to motivate employees, create permanence, conformity and sense of community. The real value discussion and the greater level of commitment start from functioning values. Values are real values only when they are can be inspected in companies` performance. Value discussions and declarations are useless if nothing is done in real actions. (Kotilehto 2001, 42)

Top manager, local level:

"Values are very important part of management behaviour…

How the leaders and the managers experience values… Being an example is very important in management, values are reflected straight through the manager`s behaviour."

Everyone who trains new employees creates new values, regardless of their organizational status. Those who create values not only add momentum to the corporate strategy and symbolism but also help newcomers to understand how company-wide values affect employee performance. Values that are efficiently internalized by personnel are the source from which leadership springs. (Peters-Austin 1989, 377-378)

Employee, local level:

"We superiors have disseminated values to our employees here… The top management, about five persons, has been as an example, especially the managing director."

Top manager, local level:

"Being an example, I think that has a huge role, kind of an ethical question. How the manager act, how a superior acts, how he makes decisions, how he deals with conflicts etc. When talking about manager`s or superior`s work, it is all the time about the own benefit, company benefit and personnel´ benefit."

Managers are the primary designers of the total organizational form employed - the combination of strategy, structure and internal mechanisms that provide the overall operating logic and resource allocation and governance mechanisms of the organizations.(Kramer & Tyler 1995, 19) Values are one of the most crucial determinants in defining organizational strategy.

Top manager, local level:

"Top management has to take the responsibility for the personnel and personnel welfare. Tools for management are related to this, and values are related to the tools."

Top manager, local level:

"We were almost bankrupt. We had the options to merger or to start success. We had to make a complete change in leadership culture."

Top manager, local level:

"If the management spoils things, if the superior spoils the things, by their own example… Values are tools for management, for managerial behaviour."

Manager, head office:

"These basic responsibilities are very essential; that you have the responsibility for your own group and their competence and knowledge. That they know how to behave."

Managers have responsibility for their employees and their actions. They have to keep control in different situations, motivate people and be an example. Control in organization is exercised through individual, interpersonal influence, in which those in roles of authority motivate and direct others to act as they would like (Pfeffer 1997, 127)

Manager, head office:

"The importance of the superiors should be very essential; if that group doesn't act due the values, it`s no use to hope that the organization could work due the values."

When cultural values are developed, top management must constantly make choises about the right or appropriate thing to do. To make these decisions, managers rely on ethical instrumental values embodied in the organization culture (Jones 1991, p.366-395). Ethical values and rules are an inseparable part of organization`s culture because they help shape the values that members use to manage situations and make decisions. (Jones 2001, 141)

Manager, head office:

"The top management has a very central role, they can spoil these kind of things quickly."

Manager, head office:

"The ideal would be that the values were disseminated to new people by their superiors and work teams. Values can be teached and people trained, but it isn`t the right way to do it. It can support the process but the main thing should come by the superior: in the everyday behaviour and working, through that the values will be processed right."

In organizations there must be a high degree of overlap and consistency between individual and corporate values. (Salopek 2001)

Employee, local level:

"In my opinion the values are important in the working community, not on the notice board but in the actions; it is the superiors` responsibility and consequential behaviour. It (values) can be put on the notice board too, and then have discussion about it. But the most important thing is to have the values inside the management culture, in the practices."

Values are heavily integrated into many other facets of people`s personality and behaviour (Griseri 1998, 9). They are personal and intricate. Every individual has his own opinion what value really is.

Employee, local level:

"Each individual interprets values differently… it is the main thread in responsible management, but each employee should be able to speak with their superior, that what the responsible management means, so. It comes through the conversation, that it isn`t confined to certain one thing."

Employee, local level:

"If the top management follows the values, it disseminates to the culture, to the local level, to the units, the message goes correctly through the organization.."

The role of the top management in processing values is very much emphasized in company C too. The general manager is seen as a personification of organizational values.

Employee, local level:

"I say that he (general manager) is a person, who demands much from his employees and these values are followed literally, but he is also a person, who rewards employees always when things go right."

Cultural values are important facilitators of mutual adjustment in organizations. Cultural values can smooth interactions among organizations` members. People who share organizations` values may identify strongly with the organization (Etzioni 1975 in Jones 2001, p.131). This includes commitment and proudness of being part of the organization. Organizational and personal values don`t have to be necessarily similar, but in balance with each other, when they support and complete each other.

Employee, local level:

"There are in every company people who direct the actions for example by their own value basis. It is the superior`s job to find these persons, to find the leaders from the others."

Articulated values of an organization can provide a framework for the collective leadership of an organization to encourage common norms of behaviour which will support the achievement of the organization`s goals and mission. (www.teal.org.uk/mat/html 31.1.-05)

Employee, local level:

"The superiors have been educated to the wisdom that they lead by values, and then the personnel experiences it in their own work. In my opinion it works like this. Like you don`t say to a child that "now you are raised by value basis", you just tell to the child what is right and what is wrong."

Employee, local level:

"Value processing WITH the personnel is essential. By working together the personnel becomes committed to the values and it shows in the work quality and motivation."

Employee, local level:

"The unit superiors are nearest to the field (the customers), the feedback reflects through them."

Employee, local level:

"It can be said that in this value issue it is true that if the top management is like traditional, authorical "patron leader", the value basis comes naturally into action: they direct the company by their own value basis, differently than today`s professional leaders. If you think about old times patron leader, the factory leader mentality; they had a strong value basis. People might say that it was an authorical ordering mentality, but I would say that the patrons were not so much authoritative, but more like charismatic leaders, who had earned the position of a patron. Nowadays when companies grow and expanse the "old patron" can`t anymore keep the whole orchestra in order."

This comment above is a very interesting value-wise. The historical aspect about value management is emphasized. Earlier, when companies were smaller and there was one, great leader, the values personified to him very strongly. Nowadays, when companies grow and merge, the value management gets even more challenging for organizations.

Conclusions

From plans to actual realization of values is a long process in a company level. In this paper the studied focus is the management`s role. As found, they are key designers in the process even if the final activity of the personnel is needed. Value dissemination is a mutual, interactional process between the leaders and the led. This raised from the empirical findings in all three case companies. Despite the different ways of value processing, in all three companies the management`s role as an example was emphasized. Due the empirical data it seems obvious that the top management (in the head office) has clear and sincere vision about how the values can strengthen and support organizational culture and make results better. Values are a basis for well-organized performance (Kotilehto 2001, 42).The problem is the process itsel. In the light of three case-company findings management tools used in the process also have a role in the results, when we consider that personnel`s resistance or adaptability are a big part of those.

Company A (forest) disseminated values from the head office to the local level, as order-like. The local mill has become dependent to the head office through several mergers: while analyzing interview data it is apparent that people on local level experience that organizational culture has changed radically. Managers at the local level have crucial roles in value dissemination and they are acting as examples. Due the data both the head office and local mill have people who experience value process good, but part of them think it`s just a fad. It is important to emphasize that these different opinions often culminate to the relationships between employees and their managers.

Company B (bank) processed values from the head office to the local level by discussing with personnel about them. The local management concentrated hard on the dissemination, which seems to keep the resistance towards values quite low among the personnel. Again it can be said that managers role is crucial. Still, some employees feel that values are too much customer-oriented and and there should be also "inner" values for the personnel.

Company C (market) created locally own values with it`s personnel. Values from the head office lie there behind. Partici-

pating to company`s operations, including value process, seems to be very important. Many interviewees emphasize the importance of taking staff into consideration when strategic decisions are made. Managers example is again very important factor.

The social construction of reality is very complicated and multiple process and short results are hardly available from value processing. Communication and voluntary interaction between the individuals and the groups is needed because of their multifold nature. The social construction of organizational reality happens through different strategic processes, e.g. creating common value basis and culture to the whole organization.

Because of the very fundamental nature that the values have in the organization, it is not easy to demonstrate if values have changed or not, or something between. Value change projects look to create discourse and interaction between organizational members, including managers. There is thus an element of auto-communication: the organization speaks inside, from member to member level, from group to group level. As a method, surveys of value change are often superficial and do not reveal this deeper process of value change, that is increased communication between organization members and therefore richer company culture with meaning to the organization members. Stimulation, not only control is then the actual role of the managers.

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Conducting Research on Organizational Identity

Anu Puusa

Abstract

The concept of organizational identity has its roots in the exploration of identity in an individual level. The concept of organizational identity was introduced by Albert and Whetten in 1985. They suggested that organizational identity embodies the characteristics of an organization, that its members perceive to be central, distinctive, and enduring (or continuing) in an organization when past, present and the future is taken into account. Organizational identity seeks to answer to the question of "who are we as an organization". Researchers have explored the characteristics of organizational identity. Especially the features "distinctive" and "enduring" as characteristics describing organizational identity has been subjects of critical investigations. At the individual level, identity research has been conducted rather extensively in the fields of psychology, social psychology, symbolic interactionism, and psychodynamics. Recently more and more research has been conducted at the organizational level. However the concept itself still has varying meanings and interpretations to it. Conceptually, two levels (that have a reciprocal relationship) of an organizational identity can be recognized, the inner level and outer level. The levels limit the main interest area of the researcher and the study in hand. In addition, differing statements among organization theorists and researchers trying to analyze organizational identity arise from differing paradigmatic assumptions about the ontology and epistemology of organizations.

When organizational identity is being studied through different basic assumptions, it is being understood differently both in terms of a concept and as a phenomenon of social reality. Therefore studies leaning to different paradigmatic assumptions have different interests in terms of objectives of the study. Identity is a multilevel notion that can be explored at individual-, group- and organization level. Organizational identity can be considered as a construct, question or as a metaphor. Organizational identity has found to lend insight into the character and behaviour of organizations and their members. There are several intriguing and current questions related to identity at organizational level that seem to be as yet inadequately explored but which constitute an ambitious agenda. In addition it is also significant to continue exploring the concept theoretically.

Keywords

Identity, organizational identity, research

From individual level exploration to exploring identity in an organizational context

Identity as a phenomenon has interested early philosophers and psychological and sociological thinkers for a very long time. Thereby it can be stated that the concern with identity is literally an ancient one. The concept of organizational identity has its roots in the exploration of identity in an individual level. Later researchers' started researching identity within groups and finally in an organization context. The concept of organizational identity was introduced by Albert and Whetten in 1985. Based on their empirical research results, they suggested that organizational identity embodies the characteristics of an organization that its members perceive to be central, distinctive, and enduring (or continuing) in an organization when past, present and the future is taken into account. According to Ashforth and Mael (1996), the central character of the organization is rooted in the "more or less internally consistent system of pivotal beliefs, values, and norms, typically anchored in the organizational mission that informs sensemaking and action". (Ashforth and Mael, 1996). Therefore, according to Empson (2004), the concept of centrality reflects the needs and preferences of the senior management but only to the extent organizational members in general share that understanding. Ashfort and Mael continue, that the member's perceptions of the distinctive character describing identity on an organizational level are formed on the basis of comparison with referent organizations, mostly the companies considered as main competitors. As with characteristics of both central and distinctive, conceptualisations of the enduring characteristics are open to selective perception and interpretation by organizational members. According to Elsbach and Kramer (1996), for organizational members, organizational identity may be conceptualized as their cognitive schema or perception of their organization's central and distinctive attributes, including its positional status and relevant comparison groups. According to Whetten (2006), attributes signify

organization's self-defining unique social space and in practical level, organizational identity claims "function as organizational identity referents for members when they are acting or speaking on behalf of their organization.." (Whetten, 2006) Organizational identity is trying to answer to the question of "who are we as an organization", which leads to characterization of organizational identity being a "self reflective question". Organizational identity, in the phenomenological sense, captures the essential features of an organization. (Albet and Whetten, 1985; Gioia, 1998) Research results indicate that identity is the key concept that can provide an organization with a viable framework for understanding an action. Organizational identity can simultaneously filter, constrain and shape organization members interpretations and action. (Dutton and Dukerich, 1991; Gioia, 1998; Whetten, 2006)

When Albert and Whetten published their research results, several researchers became interested in investigating organizational identity. The initial definition of organizational identity has strongly characterized research conducted. However, it has resulted in certain critics, too. Especially the "distinctive" and "enduring" characteristics have been targets of a debate. Researchers such as Gioia and Thomas (1996), Gioia (1998), Fombrun (1996), and Otala (1996), have questioned distinctiveness as a characteristic describing identity with the argument that nowadays organizations seem very much alike with a notion that similarity seems to be intentional. Enduring as a characteristic describing organizational identity on the other hand, has been found problematic due to the fast changing pace of business life nowadays. With all changes occurring, how could there be something unchanging within an organization? Researchers that have contributed especially to this debate are for example Poikolainen (1994), Gioia and Thomas (1996), Whetten and Godfrey (1998), Pitkänen (2001), Brown and Eisenhart (1997), Gustafson and Reger (1995), Barney et al. (1998), Gioia et al. (2000), and Hogg and Terry (2000). Most researchers, however, use Albert's and Whetten's original definition of organizational identity as the basis for their research. Despite that the definition has furthered investigations, it can also have limited the exploration of the concept's richness and dynamism.

Organizational identity domain – what do we know about identity so far?

Organizational identity is a rich domain with a huge potential for exploration. However, given the apparent explanatory power of the concept of organizational identity, there still is only relatively little investigation on the topic in organization context. (Gioia, 1998; Reger, 1998; Stimpert et al., 1998) Identity research both at the individual level[1] and the organizational level appears frequently in the literature of organization science, but many questions about organizational identity still remain open. According to Brown (2001), while research linked to notions of identity has a lengthy pedigree in organization studies, it is only in more recent years that the term identity itself has become widely deployed. A wide acceptance and usage of the notion reflects a new interest in issues centred on identity not only at the individual level, but also as the concept applies to collectives. At the individual level research has been conducted rather extensively in the fields of psychology, social psychology, symbolic interactionism, and psychodynamics[2]. Researchers have very often explored identity from a cognition point of view. Organizational identity research in a social psychology perspective has focused on the development and maintenance of collective identities and their relation to individual identities.[3] According to Empson

(2004) organizational identity at the individual level represents the distinctive attributes, which individuals associate with their membership of a particular organization. At the organizational level, on the other hand, identity is formed by the agglomeration of the distinctive attributes of individual members. Therefore it can be stated that organizational members both shape and are shaped by their organizational membership through this dynamic dialectic process. At the group level the theoretical frame has been based on the social identity theory and various perspectives on genre, racial or national identities. (Ashforth and Mael, 1989; Ashforth and Mael, 1996; Albert et al., 2000; Hatch and Schultz, 2002; Ravasi and Van Rekom, 2003) Exploration of the features of individual identity supply the basis for the extension of the notion to organizations. However, despite of the research conducted so far, the concept of organizational identity can still be perceived as somewhat problematic due to the fact that there are many definitions proposed. Given definitions differ from one another by their very basic assumptions concerning the ontology and epistemology of the phenomenon. Therefore several different meanings are being related to the concept of organization identity. In addition, for example Albert (1998) suggests that identity cannot be measured with all of the connotations of measurement. Instead, identity at both individual and organizational level may be "the last refuge of the qualitative in a world of invading armies wielding rulers and compasses. In other words, an identity may express a need for uniqueness and privacy. It honours the ineffable". (Albert, 1998) In addition, due to the fact that identity is a multilevel notion that can be explored at the individual-, group- and organization level and that the concept of organization identity has its origins in self-identity, has led to conceptual confusion. Researchers from different fields of study understand the concept in various ways. Even researchers within the same study field link various meanings into the concept of organizational identity and therefore understand the concept and the phenomenon differently.

In order to clarify and understand different meanings related to the concept of organizational identity, I explored the various meanings systematically by using concept analysis as a method. The objective was to analyze and to increase understanding of the concept. I analyzed its interrelation with related concepts such as self-identity, identification, organizational culture and organizational image in order to understand how the concept of organizational identity differ in terms of content in comparison to its related concepts and thereby, what features can be determined to be the critical characteristics of the organizational identity concept? I also studied how the concept can be understood according to the assumptions of three different research paradigms, functionalist-, interpretative-, and post-modern perspectives.

Based on the research one can conclude that the concept of organizational identity is a multilevel notion that holds many meanings. Its multilevel notion refers to the fact that identity can be studied or posed at any level of analysis, for example individual, group, organization or at the industry level. Conceptually, two levels can be distinguished from the concept, the inner level and outer level, which limit the main interest area of the study. The outer level is related to the study field of marketing. By concentrating exploring the outer level of organizational identity, researcher perceives identity visually and with the help of intentional marketing communication. In other words, external and visual signs of identity are of interest. Such signs could be organizational logos, symbols, name or the brand. With this interpretation, by nature it is assumed, that organizational identity can be (at least to some extent) managed and "outsourced".

This refers to using the services of for example consultants and marketers in building identity to an organization. The goal of creating such visual identity is to help organization's stakeholders and shareholders both to identify the organization and to distinguish it from other companies with the help of external characteristics. When identity is perceived with this frame of reference, it also helps understanding and analyzing the desired-image of the organization and thereby organizational identity can be understood having a close relation with organizational image too. (Albert, 1998; Puusa, 2005)

The inner level of organizational identity on the other hand relates to organization behaviour studies, mainly to the issues of management, human resource management, performance management and strategy. Inner level of organizational identity can be explored from the point of view of management, personnel or as an organizational level phenomenon. Organizational identity is perceived as a development process that takes place within an organization. It cannot be outsourced. The most crucial characteristics of identity is centrality. Very often the concepts of meaning, understanding, identification and interpretation are central in the attempts to understand the inner level of organizational identity. Organizational identity is understood to be collective by nature, which leads the researcher to explore its distinctiveness characteristic. When perceived with this frame of reference, there are varying opinions whether or not identity can be managed. At both ends, researchers agree that even tough identity could not be managed per se, there are different means and ways to try to affect it. (Puusa, 2005)

Potentially differing statements among organization theorists and researchers trying to analyze organizational identity arise from differing paradigmatic assumptions about the ontology and epistemology of organizations. A functionalist perspective has mainly dominated the conceptualization and research of organizational identity. (Gioia, 1998)

An analysis of the concept of identity according to different research paradigm assumptions reveals that in research it is more relevant to clearly report the basic assumptions made by the researcher than to present a precise definition of the concept of identity. (Puusa, 2005) When organizational identity is being studied with different basic assumptions, it is being understood differently both in terms of a concept and as a phenomenon of social reality. Therefore studies leaning to different paradigmatic assumptions have different interests in terms of objectives of the study. Organizational identity can be considered as a construct, question or as a metaphor. Understanding identity as a construct leads to the question of whether or not it can be measured. However, if one considers identity to be a question leads the approach to discussions of identity's relevance and importance in a chosen context. Furthermore, if organizational identity is understood being a metaphor rather than a construct, an interesting question is which metaphors individuals within a particular context choose to apply when trying to describe their organization. (Albert, 1998)

Organizational identity domain – what should we explore even further?

When exploring organization identity, one can explore its features and characteristics as well as different meanings related to it[4]. One can also study organization identity's significance in the relation to change[5]. An interesting research topic is also organizational identity's relevance in crisis situation.[6] In addition, exploring identity and its manifestation within an organization is a very interesting and revealing research agenda. This kind of research concentrates on analyzing if there occurs one or multiple identities within same organization context simultaneously and seeks to understand the effects of such manifestation.[7] Ravasi and Phillips also suggest that further investigation of the factors that make a monolithic or a pluralistic identity beneficial to the organization could be a promising path for future research[8]. Brown (2001) suggests that the exploration of organizational identities may also assist both empirical and theoretical explorations of organization-environment relations. Whether or not organizational identity can be managed is also an interesting theme, as well as is management's influence on organizational identity and its formation[9]. Understanding organizational identity as a valuable and socially complex resource that can be a source of competitive advantage is a compelling idea that needs further investigation. In other words, questions such as "how is organizational identity related to strategy" or "what kind of a role does organizational identity play in creation of competitive advantage" should be explored further[10]. Organizational identity and organizational image have a reciprocal connection. Does a change in identity affect image? How about vice versa? According to Ravasi and Phillips much more study is needed to explore the dynamics to provide a deeper and broader understanding of the dynamics of identity and image and of their management. In addition, studies on identity change have pointed to problems arising from a discrepancy between the images an organization projects and the expectations of external constituents[11]. Also this topic needs to be explored further. All and all, it has been stated by several identity researchers that research should concentrate more on exploring organizational identity instead of exploring self-identity in organization context. Only that way the impression of organizational identity as a seriously taken and revealing and analytic phenomenon that it truly and fundamentally is, would enhance. (Gioia et al., 2000).

Due to the fact that organizational identity still does not have a firm footing in organization- and management literature, it is therefore still significant to explore the concept also theoretically. In that line of study attention should be paid to at least to the following issues: What makes the concept of organization identity unique? How does the concept differ from its related concepts? Can identity be explored as a process or as some kind of concrete phenomenon or as an organization's resource? Is identity about behaviour or is it about cognition? Most of the known identity theories rely on the assumption that identity is somewhat a combination of all of those. It combines cognitive processes, different interpretations and constructions, shared understanding, feelings and common values. (Albert, 1998; Brown, 2001; Ravasi and Van Rekom, 2003; Puusa, 2005).

To sum up, questions are at the heart of the academic endeavour. According to organizational identity researchers (Bouchikhi et al., 1998) there are several questions related to identity at organizational level that seem to be as yet inadequately explored, but which constitute an ambitious agenda. They raise for example the following research topics: What are the processes that facilitate or inhibit the evolution of organizational identity? What is the role of power and politics in the construction, maintenance, and alteration of identity? How, if at all, will organizational identity tend toward hybrid identities as organizational environments become increasingly complex? How does identity facilitate or hinder organizational change? What are the empirical relationships among identity and the concepts in indentity's nomological net: image, reputation, culture etc.? What are the implications of gaps or discontinuities between identity, image, and reputation? What are the implications of asserting that identity is simultaneously an internal and

an external concept?

Discussion

According to Brown (2001) one of the most interesting developments in organization theory to occur in recent years is the appropriation and application of the concept of identity to groups and organizations themselves. However, there are fundamental issues about organizational identity that are very fluid. In recent years organizational identity has become a subject of rather intensive organizational study. The applicability of the concept at multiple levels of analysis and its capacity for integrating analytical insights at the micro-, mid- and macro-levels further underscores its cohering potential. Organizational identity has found to lend insight into the character and behaviour of organizations and their members. I hope this review on the literature and research concerning organizational identity will encourage more researchers to explore organizational identity both conceptually and empirically.

[1] Lindgren and Wåhlin, 2001; Alveson, 2001

[2] Brown and Starkey, 2000; Hogg and Terry, 2000; Brown, 2001.

[3] Rindova and Fombrun, 1998; Huemer et al., 2004.

[4] Barney et al., 1998; Puusa, 2005.

[5] Whetten and Godfrey, 1998; Markkanen, 1999; Hatum and Pettigrew, 2004.

[6] Reger, 1998; Davies et al., 2003.

[7] Ashforth and Mael, 1996; Golden-Biddle and. Rao, 1997; Reger et al., 1998; Gioia, 1998; Stimpert et.al., 1998; Barney et al., 1998; Albert et al., 2000; Brickson, 2000; Pratt and Foreman, 2000; Foreman and Whetten, 2002.

[8] Ravasi and Phillips, p. 34.

[9] Gioia and Thomas, 1996; Barney et al., 1998; Gioia, 1998; Gioia et al., 2000.

[10] Hamel and Prahalad, 1994; Stimpert et al., 1998; Barney et al., 1998; Markkanen, 1999.

[11] Ravasi and Phillips.

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Organizational Identity and Trust

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Abstract

This paper focuses on organizational identity and trust. The paper is being created from a theoretical point of view. Exploring concept and their interrelation is important and valuable scientific work with the purpose of better understanding their meaning and interrelation. This kind of conceptual and theoretical examination has an important task as a basis for theorizing and theory creation. Both identity and trust are multilevel notions. Both concepts describe an abstract phenomenon that is of growing interest in organization field of study. Despite of the conceptual ambiguity both identity and trust can be argued to be relative and qualitative by nature. In addition, they both are commonly seen as the property of a collective at the organizational level analysis. They both can be understood being affected by meanings, understanding and interpretation. They can also be understood being created and maintained in social interaction. There are several concepts that are related to the concept of organizational identity. In this paper we create a link between organizational identity and trust. The link can be understood by exploring organizational identity's related concepts self-identity and identification. Both concepts are also crucial in understanding trust. In addition, in order to understand organizational identity's and trust's interrelation one must also explore the concept of commitment. Identity in an individual level, self-identity, can be characterized as individual's theory of oneself. Identification in

turn, has been defined as an individual's sense of oneness or belongingness with an organization. Organizational identity can be understood as if a part of an answer relating to identification: To what is someone identifying themselves with? Commitment has commonly been characterized as the psychological strength of an individual's attachment to the organization or as the relative strength of an individual's identification with the organization and involvement in a particular organization. Trust in return is the key in creating greater commitment to an organization. Trust however, does not create identification. Instead we believe organizational identity affects the level of identification of individuals within organization which in return creates trust. In general the approach presented here encourages an enhanced awareness of interdependence and embeddedness of the concepts organizational identity, membership identification, commitment and trust.

Keywords

Organizational identity, self-identity, identification, trust, commitment

Introduction

This paper focuses on organization identity and trust. The paper is created from a theoretical point of view. Exploring concepts and their interrelation is important and valuable research area with the purpose to better understand their meaning and interrelation. This kind of conceptual and theoretical examination has an important role as a basis for theorizing and theory creation. There are several concepts related to organizational identity. In this paper we create a link between organizational identity and trust. The link can be understood by exploring the concepts of self-identity and identification that are related to organizational identity. Identification is also a significant trust-making mechanism. In general the approach encourages an enhanced awareness of interdependence and embeddedness of the concepts. First, we explore the multilevel notion of organizational identity. Then, we present the concept of trust within organization. Finally, we conclude by building a bridge between these two phenomena.

Identity as a multilevel notion

Exploring identity has its origin in examining it at an individual level. The phenomenon has interested philosophers such as Socrates, Plato and Aristotelian in the ancient Greece. Concepts of identity and self can be perceived as the most important concepts in sociology and social-psychology. Identity at an individual level can be characterized as individual's theory of oneself. Identity helps seek answers to questions like "who am I?" "Who do I want to be?" "Who could I be and what are my goals in life?" "How do I handle my relationships to other human beings?" "What is my place within society as a human being?" Thus, identity can be understood as referring to different meanings that individuals associate with themselves. Typically humans characterize themselves based on structural features of a group membership or with the help of characteristics that an individual him/herself associate with herself. In other words, identity is formed by different characterizations of oneself. It has also

been stated that identity illustrates the desire and need human beings have to interpret themselves as being part of something, a certain entity. Therefore, it can be concluded that humans have a natural desire to belong to a group. (Aaltio, 2004; Barney et al., 1998; Bernstein, 1986; Houtsonen, 1996; Huotelin, 1992; Rönnholm, 1999). According to the social identity theory, self-image is largely defined on the basis of how individuals are perceived and interpreted by others and how others bring out the impression they have formulated.

As time went by, researchers became interested in exploring the phenomenon of identity more systematically. They extended the research to identity and its illustration at a group level. Based on, for example the work conducted by Erickson (1964), it was discovered that not only does identity have an effect on how we perceive ourselves or how we categorize ourselves in relation to others, but it simultaneously creates team spirit between individuals in tight relationship and interaction with one another.

Finally, research was extended to organization level when Stuart Albert and David Whetten began their research at the University of Illinois in 1979. In the year of 1985, the very first definition of organizational identity was introduced. Albert and Whetten suggested that organization identity consists of those attributes that members feel are fundamental to the organization, uniquely descriptive of it and persisting within it over time. In other words, organizational identity refers to what is central, distinctive and enduring in an organization, when considering its past, present and the future. Organizational identity is commonly seen as the property of a collective. In other words, organization's identity defines a more or less shared and collective sense of "who we are as an organization".

Based on the previous chapter it is easy to understand that identity at the individual level and identity at the organization level are interrelated. Theory and research results have also indicated a close relationship between self-identity and organizational identity. (Ashfort & Mael, 1989; Dutton et al., 1994; Elsbach & Kramer, 1996; Scott & Lane, 2000). The relationship between individual and organizational identities is regarded as reciprocal, such that organizational identities can influence individual behaviour, and individual behaviour can influence organizational identity. (Pratt & Foreman, 2000; Huemer et al., 2004) According to Empson (2004), organizational identity at the individual level represents the distinctive attributes which individuals associate with their membership of a particular organization. At the organizational level, on the other hand, identity is formed by the agglomeration of the distinctive attributes of individual members. Therefore it can be stated, that organizational members both shape and are shaped by their organizational membership through this dynamic dialectic process.

Identification and identity are constructs closely related to one another as well. Huemer et al. (2004) have also considered the interrelation and point out that consideration of identity of an organization is not unrelated to the question of identification. Organizational identity can be understood as a part of an answer relating to identification: To what is someone identifying themselves with? Or as Hatch & Schultz (2000) describe it: "Organizational identity, as the object of commitment and a sense of belonging, is seen as providing a cognitive and emotional foundation on which organizational members build meaningful relationships with the organization concerned. Identification has been defined as an individual's sense of oneness or belongingness within an organization. (Mael & Ashfort, 1992)

The question of identification is relevant and current nowadays when organizations are going through constant changes. In addition, relationships between supervisors and subordinates

constantly change as well. Identification as a construct can be understood as creating a kind of a mental bridge between an individual and an organization. It helps analyze the individual's perception of herself, her relation to the surrounding world and therefore her relationship to her associated organization. Huemer et al. (2004) also suggests that identification processes provide links between identities at different levels. However, i.e. Rock & Pratt (2002), even though they agree with the interrelation, state that so far there has been little research on exactly how these processes can be managed over time and across contexts. Empson (2004) suggests that a well defined, clearly differentiated, widely shared, and positively construed organizational identity can provide a focus for member identification in an insecure employment context, like many are nowadays.

Organization identity, when realized by organization members, has an effect on how strongly individuals within the organization, identify themselves with the organization. Strong identification then, results in stronger commitment to the organization and its goals. How to create identification and commitment to an organization? Can it be created by someone or does it create on its own?

Trust within organizations

Trust as a phenomenon is very abstract. Like organizational identity, trust can be examined at different levels. Trust at the level of organizations refers to a collective commitment and co-operation in order to achieve organizational goals. At the individual level, trust affects to willingness to co-operate and to commit to organizational changes.

Trust has been described as the "social glue" that can hold different kind of organizational structures together (Atkinson & Butcher, 2003). Trust is an essential element in constructive human relationships. It creates togetherness and gives people a feeling of security. (Mishra & Morrissey, 1990.) Shamir & Lapidot (2003) suggest that trust is both an interpersonal and a collective phenomenon. Trust is expressed at three levels within an organization: individual, group and system level.

At the individual level, trust is based on interpersonal interaction (Atkinson & Butcher, 2003). Trust can be defined as "the willingness of a party to be vulnerable to the actions of another party, based on the expectation, that the other will perform a particular action important to the trustor, irrespective of the ability to monitor or control that other party." Willingness to be vulnerable, to say take a risk, implies that there is something of importance to be lost. (Mayer et al., 1995.) Different definitions and models of trust focus on features such as integrity, competence, openness, vulnerability, reliability and positive expectations (Appelbaum et al., 2004; Bhattacharya et al., 1998; Kramer, 1999; Rousseau et al., 1998; Jones & George, 1998; Huemer, 1998). These features refer to trust as a positive expectation, that another person will not – through words, actions or decisions – act opportunistically.

At the group level, trust is a collective phenomenon. Teams represent collective values and identities. (Shamir & Lapidot, 2003.) Interactional histories give information that is useful in assessing dispositions, intentions and motives of others. Individuals' judgements about others' trustworthiness are anchored, at least in part, on their priori experiences about the others behaviour (Kramer, 1999). As values are commonly believed to guide behaviour, sharing common values helps team members to predict each other's and leaders' behaviour in the future. Shared values and shared goals reduce uncertainty, but also determine which types of behaviours, situations or people

are desirable or undesirable. (Gillespie & Mann, 2004; Jones & George, 1998.) Teams also have rule-based trust. Rules, both formal and informal, include the knowledge that members have about tacit understandings. Rule-based trust is predominantly shared understandings relating to the system of rules regarding appropriate behaviour. By institutionalizing trust through practices at the collective level, trust becomes internalized at the individual level. (Kramer, 1999.)

At the system level, trust is institutional and based on roles, systems or reputation, from which inferences are drawn about the trustworthiness of an individual (Atkinson & Butcher, 2003). Trust can be seen as given, based on the role that an individual acts. Trust is tied to formal structures, depending on individual or firm-specific attributes, e.g., certification as an accountant, doctor or engineer. (Atkinson & Butcher, 2003; Creed & Miles, 1996; Ilmonen & Jokinen, 2002.)

Trust in organization refers to the global evaluation of an organization's trustworthiness as perceived by the employee. Employees continually observe the organizational environment when they consider whether or not to trust their organization. Organizational processes communicate the organization's views of its employees and their roles, and employees will respond to trust relations communicated by the organization. (Tan & Tan, 2000.)

According to some researchers, managers play a central role in determining the overall level of trust within organizations. For example, managers design reward and control systems that are visible displays of base levels of trust or mistrust within the organization as a whole. The beliefs and actions of managers also directly and indirectly influence trust in organizations. (Creed & Miles, 1996.) Employee's trust in an organization is also affected by organizational justice and perceived organizational support. Procedural justice is the degree to which those affected by allocation decisions perceive that those decisions were made according to fair methods and guidelines. Distributive justice refers to employee's perceptions of fairness in the allocation of resources and outcomes. Perceived organizational support is the general belief of employee that the organization values their contributions and cares about their well-being. Good treatment by the organization creates an obligation in employees that they should treat the organization well in return. (Tan & Tan, 2000.)

According to Tan & Tan (2000) organizational commitment and turnover intentions are the salient outcomes of trust in organization. Commitment has commonly been characterized as the psychological strength of an individual's attachment to the organization (Maranto & Skelly, 2003) or as the relative strength of an individual's identification with the organization and involvement in a particular organization (Lahiry, 1994). Employees who trust the organization will most likely enjoy working in the organization. They also will likely be interested in pursuing a long-term career in the organization. Therefore, such employees are less tending to leave the organization.

Lewicki & Bunker (1996) distinguishes between three types of trust, calculus-based trust, knowledge-based trust and identification-based trust. The three types of trust are assumed to be organized in a hierarchical manner. The first level of trust is an ongoing economic calculation in the situation where parties risk losing too much if they cheat. Compliance with calculus-based trust is often ensured by the rewards of being trustworthy and by the threat that if trust is violated, ones reputation can be hurt trough the person's network of associates and friends. The second form of trust (knowledge-based) relies on information and ability to predict the other's behaviour. Trust develops over time

as a function of the parties having a history of interaction. Information contributes to the predictability of the other, which in turn contributes to trust. The capacity to predict the other's behaviour makes possible to make plans, investments or other decisions contingent on the behaviour of the other party. The most interesting here, however, is identification-based trust. This type of trust means that the trustor fully internalizes the preferences of the other party, and identify with him/her on that ground.

According to Borgen (2001), strong identification is a significant trust-making mechanism. When trust is based on identification with the other's desires and intentions, trust exists because the parties effectively understand and appreciate the other's wants. They have a mutual understanding and each of them can effectively act for the other. The other can also be confident that his/her interests will be protected and that no monitoring of the actor is necessary. Identification-based trust develops when both knows and predicts the other's needs, preferences and choices and also shares some of those same needs, preferences and choices as one's own. (Lewicki & Bunker, 1996.) Calculus-based and knowledge-based trust may also allow a person, group or firm to become more dependent on others, but the exclusive advantage of identification-based trust is that both of the parties can act independently, knowing their interests will be met in the long run (Borgen, 2001).

Building the bridge between organizational identity and trust

"How", as stated earlier, is the key question. Our answer is that the concept of trust is a key in understanding the link between organizational member identification and strong organizational identity. We believe that trust and the creation of trust is the key in creating greater commitment to the organization. Trust however, does not create identification. Instead we believe that strong organizational identity affects the level of identification of individuals within an organization, which in turn creates trust. Organization identity, when realized by organization members has an effect on how strongly individuals within the organization identify themselves with the organization. Therefore, a strong identification results in the level of trust and in that way creates stronger commitment to the organization and its goals. (Figure 1.)

Figure 1. The connection between organizational identity and trust.

Conclusions

As demonstrated in the text, organizational identity reflects the multiple perspectives of various constituents that comprise the organizational membership and exists only in the sense that members share an understanding of what it might be. The aim of this paper is to build bridge between organizational identity and trust from a theoretical point of view. The link between organizational identity and trust is a reciprocal one. An interesting avenue for future empirical research would be to study the relationship between organizational identity, member identification and trust. Our discussion here has been framed around the idea that identification is an important element for creation of trust. The creation of strong organizational identity has significant influence on identification and therefore the creation of trust.

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Management Models in Organizations and Problems of CSR Promotion: Lithuanian Case

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Abstract

The article tackles the problems of CSR initiatives and human resource development in Lithuanian organizations. Proceeding from the results of empirical researches the authors analyze social-cultural obstacles, which blocks up the headway of CSR processes, and particularly emphasize the problems of social responsibility in organizations of state/public administration, and especially in educational system. They maintain and prove necessity of value management and reconstruction of management models through introducing of ethics infrastructure in organizations.

Keywords

Corporate social responsibility, value management, human resource management, organization ethics, business ethics institutionalization.

Introduction

In this paper we rely on the results of the researches and monitoring that furthered creation of appropriate training programs on business ethics, CSR and HRM as well as their approbation conducted within recent years. Our simultaneous participation within 3 years in NORDplus project "Creation of training programme for human resource development and promotion of social responsibility" contributed to it as well.

Hereinafter we emphasize business ethics, since it is the interdisciplinary science, which study and assist in factual CSR realization and HRM development in various practices. The research methods used preparing the paper include content (mass media) analysis, study of articles and information on the web, case studies, narratives, comparative analysis, participant observation, informal interviews and surveys. Namely the obtained data enabled to display generalized problems as well as to express and substantiate theoretical assertions.

The position of internal observer enhanced possibilities to correct our hypotheses, ideas, considerations, techniques, proposals and recommendations related to the programs on CSR and HRM. The above NORDPLUS project enabled to approve elaborated programs among business people from different organizations in Lithuania, Kaliningrad region of Russia and also in Latvia. The findings of researches conducted during the project period showed an especial importance of some problems that must be emphasized and solved. Particularly the problems of HRM and CSR implementation in state/public (budget) organizations became obvious and the most urgent during the recent period. Proceeding from this situation it proved to be ex pedient to compare it with that of business organizations.

The idea to compare the differences in implementation of CSR/business ethics in practice emerged as a result of our experience gained through ethics training in different organizations, meetings with representatives of business enterprises during various events, working meetings, researches carried out in some organizations, as well as through the content analyses of local mass media. Large volume of data on CSR and HRD in educational organizations was regularly provided by the members of Lithuanian Association for Business Ethics. Considerable experience in dealing with public organizations was accumulated within the recent decade in Lithuania. Our position of insiders in academic circles and local educational organizations also gave a lot of facts for reflection, and especially the experience in creation and implementation of CSR and HRM programs along with the subsequent feedback. We have found out that the CSR and HRM implementation progress take place mainly in big industrial enterprises and financial companies related to private sector. Contrary to them required positive changes in this direction do not occur in organizations of public sector.

CSR and HRM implementation progress in advanced companies

The assertion about considerable progress of CSR promotion firstly in private business should be regarded with the proviso that we take only the part of businesses explicitly or implicitly involved in CSR promotion campaign. In fact the rate of enterprises really implementing CSR is not too large and comes to some percents from the total amount of companies in the country. So we take them as the patterns of emerged good business practice, as well as the exponent of tendencies and mechanisms of organizations' development. In some companies CSR had really become their policy and practice, especially in Lithuanian branches of multinational corporations. Most of them has recently joined the Global Compact, and actively support both local and international activities on CSR/business ethics promotion.

First the idea of CSR officially emerged in public discourse in autumn 2004. Shortly thereafter due to joint efforts of Lithuanian branch of the United Nations Development Program (UNDP) and the Association "Investors' Forum", the National Network of socially responsible business was established. They initiated a number of conferences and seminars on

CSR issues and gave an impulse for consolidation of all CSR advocates and supporters in the country.

Only since that period the CSR appeared on the agenda of state institutions especially after the request from EU headquarters for the report on CSR promotion in Lithuania. By now all the activities related to CSR are being coordinated by the Ministry of Labor and Social Affairs. Being engaged into the ad-hoc group coordinated by this ministry the authors of this paper could monitor and evaluate the CSR related activity in public institutions. The state strategy on CSR promotion was prepared and formally adopted in 2005-2006.

The real processes of CSR development are more obvious through the activities of enterprises involved into National Network of Socially Responsible Business activities. This Network, operating as a part of the United Nations Global Compact Network "seeks to improve business strategy of the companies, serve as discussion, exchange and learning forum for responsible businesses and, together with United Nations, Government, non-governmental sector develop solutions to social and environmental problems thus contributing to more inclusive development of economy" (UNDP Programme). The activities of the Network made a sound contribution to CSR idea dissemination and providing with appropriate information in local business community. At the same time the monitoring of their activity witnesses that many local CSR activists still try "to invent bicycle" and often fail to implement concepts and data of scientific researches on CSR and HRM. It also should be admitted that all these developments took place mainly due to the external impact – UNDP, ICC, MNC initiatives and encouragement as well as the direct transfer of multinational corporations' managerial practice to their Lithuanian affiliates.

Nevertheless one can verify that for advanced businesses the introduction of CSR/business ethics elements and appropriate procedures, socially responsible policy and practice become the means to increase effectiveness, further development of effective management, communication and motivation systems, solution of social problems caused by business expansion and its impact upon a community. These changes display the situation how market relations and real competition becomes true in Lithuanian business community.

What the CSR initiatives are stumbling over

At the same time the situation in organizations of state/public (budget) sector unlike the one in business community essentially varies. One should note that ethics and values are also much talked about there, however ethics is mainly comprehended as words, but not as definite processes and actions, it is interpreted as a concern of individuals, but not as a matter of an organization as a responsible moral agent. Meantime in organizations of public administration even the very term of responsibility is still interpreted only in legal sense of subordination and accountability in the vertical power structures.

Significant differences in private and public sectors become obvious, while studying organizational processes and properties of ethics infrastructure. Such elements as ethics committees and commissions, ethics codes and public debates on ethics issues became daily routine. But one can evidently see how public institution use ethics mainly for image and reports, while many business organizations through ethics institutionalization pursue better performance and effectiveness. For the sake of this aims businesses already purposively resort to the practice of social responsibility and use ethics tools even when they do it without declarations, by transforming appropriate organizational processes inside.

Yet it has not take place in organizations of public sector including educational organizations. That is why the backward models of management that determines poor effectiveness, multiple dysfunctions and even organization pathologies (corruption, nepotism, abuse of power, simulated facts, mobbing, and women discrimination) still exist in these organizations. Such a blocking of innovations in public sector, especially in educational system has an influence on the whole society preventing from dissemination of ideas and practice of social responsibility.

The period of the recent 15 years in Lithuania obviously demonstrates how market system inspires improvement of business and its responsible behavior, as well as compels to master and apply the latest science achievement including advanced managerial technologies, in which business ethics is directly integrated. At the same time state/public structures proved to be unable to keep up to date. Instead of being creators and promoters of new knowledge and managerial technologies they become the storehouses of backward management and an obstacle for the community progress. Numeral critics from business structures, state officials, politicians, academicians and other social groups witness it (Aleksandravičius, 2006; Donskis, 2005; Maldeikienė, 2006; Motuzas, 2006; Putinaitė, 2006; Rubavičius, 2006; Steponavičius, 2006; etc).

Such a situation may be explained by several reasons: a) lack of political will and volition of police makers and officers responsible for decision-making to change anything in pursue to preserve existing status quo; b) avoidance of institutionalization of rigorous processes to improve the quality of products and services; c) lack of public comprehension that operationalization of CSR and HRM standards is a must and should be fulfilled not on paper, just formally, but on a factual level; d) the ignorance of higher officials about the possibilities of modern social sciences, i.e. unawareness of methodological background for social changes management based on the paradigm of social constructivism; e) lack of purposeful funding for change management in organizations of public sector.

To illustrate these assertions, one can compare activities of personnel departments of a modern industrial company and any state university (the same state of affairs is typical for the departments of communication, audit, strategic development and their appropriate functions). Then it is possible to maintain that the latter mostly has no process and system approaches in personnel management and does not comply with the criteria of today HRM. First of all some differences may be detected in number of personnel department staff and scope of their duties. Though the total number of employees in many universities exceeds that of the biggest industrial companies, the personnel departments at universities constitute very small groups with narrow duties. The staff of personnel Dept in educational organizations as in previous times are mainly engaged in keeping personal files, registration of employment/dismissal/retirement and other clerical works. Besides the staff of this unit, as a rule, has no special education in HRM. Unlike the staff of the personnel department in the industrial enterprises that of the universities do not rise the level of professional skills in modern HRM.

It may seem trivial that organizations introduce individual job performance assessment systems pursuing increase in effectiveness. However in most Lithuanian public organizations it is almost absent or non-functional as just formally existing on paper while the daily routine remains the same. The evaluation of employees' job performance is not included into the duties of university personnel department staff, while neither

communication department, nor some other department takes it up. As a result the assessment of employee's job performance is fully dependent on the subjective will of a boss. It takes place since structural subordination has not reconstructed yet into the functional accountability for the results of employees job performance. Consequently it stipulates high level of abuse of power among chiefs of structural units. That is why the facts of arbitrariness, nepotism, favoritism, toadying, mobbing are wide-spread phenomena in most public organization. It determines multiple conflicts, deterioration of performance quality, prevent from productive team work.

Contrary to them the personnel department of advanced industrial company with regard to the number of staff, its proper educational level as well as its real functions, conforms to the requirements of modern HRM with its goal orientation, and is in accord with the company management system and valid organizational processes.

The awareness of HRM issues also witnesses the proper skills of personnel department staff. The appropriate staff in industrial company always keep up to data, track all innovations in HRM, real latest literature, regularly participate in special training, and raise the level of professional skills. It is displayed both in daily routine and during ethics training in enterprises, at the conferences where these people actively participate in debates and demonstrate both theoretical knowledge and practical skills in HRM.

All the employees in industrial companies can see what are the definite functions carried out by the HRM department, they are well aware of who and how have to "defend their rights", "establish fair salary", "assess job performance according to their merits". At the same time in the organizations of public administration in 16 years after the beginning of reforms the employees have to recall trade unions that could fight for justice, for the rights of teachers (both in schools and universities), doctors, or even policemen and firemen. Meanwhile the need to put in good order the organizations' activities, delegated to management and by appropriate functions defined as duties of separate structural units, in backward organizations not only hasn't been met yet, furthermore is still interpreted as a struggle of "workers and exploiters", in the spirit of Marxian stereotypes about "class confrontation", but not as a result of social consensus.

In general, while in advanced companies one can obviously see orientations to the demands and expectations of a modern community and appropriate progress in this respect, yet in educational organizations there remains a fertile field for parochialism namely due to the legal self-government of universities, where daily routine is stipulated not by norm, standards and regulations, but the will of those who are in power. It is the vivid example of how self-regulation in post-totalitarian societies turns into arbitrariness and archaic forms of management. "The fact, that there are a lot of instances of seamy-hazing and great power concentration on the level of higher officials in the Lithuania universities is well-known, but complaisantly concealed. That is why it is it a joy that there are people ready not to conceal it anymore" (Bielskis, 2006).

Recently not only in universities' internal disputes but also in public discourse there appeared statements that universities only imitate democracy. The recent pronouncement of a famous professor that feudal relations, ingrained between university teachers and administration like that of serfs and landlords (Donskis, 2005), initiated the avalanche of similar negative witnesses.

In May, 2006 during the Round Table discussion in the President Office the higher officials of Ministry of Education and Science and other stakeholders' representatives admitted the failure

of 10 year lasting academic science reforms induced by the recommendations of Norwegian Research Council[1]. Even in such official circles the „feudal" nature of management in Lithuanian Universities was also emphasized during the discussion on today state of Lithuanian academic science (Valiokas, 2006).

Dozens of critical publications in mass media and thousands comments of common people express their concern what for they should finance state universities. There formed the public opinion that university autonomy during 16 years after destruction of soviet high school management came to the crisis: "The chronicle of university life witnesses about growing disability of all communities with big autonomy to control their bosses and decision-making" (Steponavičius, 2006). At the same time the managers of some universities and faculties advocate the university autonomy and ignore the fact that universities' freedom is possible only together with their social responsibility.

The very idea of social responsibility as applied to educational system was definitely articulated since olden times (Bakshtanovsky, Karnaukhov, 2001; Davis, 1999; etc) and today is expressed in many contemporary politics and international initiatives. "The effectiveness of the university over a period of more than 900 years has depended on maintaining a judicious balance between freedom and responsibility. On the one hand, this balance has involved institutional autonomy and freedom of inquiry, expression, and teaching. On the other, it has relied on self-regulation, educational integrity, scholarly impartiality, and professional responsibility. This balance has served as the basis for the social compact in which society supports the university – both financially and in granting a remarkable degree of institutional autonomy and academic freedom – with the understanding that its resources and its freedom will be used responsibly to serve the public interest" (The Glion Declaration II, 2000).

Thus in spite of the fact that idea of CSR politics and practice purposely promotion in educational organizations is not articulated like in business yet, the issue of responsibility for the quality of their work and professionalism has already emerged in Lithuanian public discourse. Today the community already asks why enterprises bear responsibility for the quality of its product and working condition according to definite standards, while the educational organizations still avoid any practical actions to assume responsibility for their performance and graduates.

Not only students, university teachers, but also some members of parliament began to speak publicly about shortcomings in public sector management. "Education and health care are the domains of social life in which a consumer in 16 years after independence is still deprived of civil rights; bureaucracy and parochial priorities predominate while the internal groups of interests are only concerned about their existence, but not about purposeful efforts to meet the needs of society in a proper way" (Steponavičius, 2006). However nobody tackles reconstruction of status quo on the managerial level. Just groups of interest continue the fighting between each other paying no attention to the managerial science and advance organizational practice.

 The above dysfunctions in Lithuanian educational organizations impede human resource development and do not contribute to the promotion of social responsibility. Due to such factual destruction of human resources a lot of people do not identify themselves with the organization they work in, getting inclined to escapism, serving out working time formally, many of them turn from educational system to other spheres of business or leave for foreign countries[2]. All this calls for necessity of a proper stakeholder's management (that constitutes a kernel of

CSR) in public organizations.

Under the existing conditions the problem of women discrimination emerged particularly. Today the women discrimination in organizations is not only the issue of social responsibility, fairness, humanism or similar values. Besides, the EC emphasizes another aspect, that elimination of women discrimination is the source of human resource enhancement. Indeed purposeful implementation of CSR and HRD policy would help to solve this painful problem. In post soviet domain it is needed instead of waiting for better in one or another field of social life "after changing generations". The researches on organisational behaviour show that such changes do not occur naturally, since the young generation take over the same behaviour habits or being unsatisfied and disappointed with existing human relations, do not work at their full potential or leave for foreign countries. We should admit that only not many in post soviet domains comprehend that destructive behavior and unfavorable work environment, which undermines human resources, is not so much the consequence of separate persons' behavior, but rather irresponsible organizations', i.e. the one of nasty organization management. Yet hitherto existing vertical model of organizations determines inefficient interrelations, lack of respect and adequate communication, law level of trust and knowledge sharing between employees. This kind of relations in organizations needs methodologically based management tools.

Defining obstacles on the headway of CSR & HRM

It is notable that legal basis, as required by EU directives, is taken over, simultaneously the EU managerial models are empha-

sized and introduction of other world educational standards' are declared. However further processes of operationalization of standards, reaching real goals of organizational responsibility and HRD policies do not take place, and the Lithuanian society is still unaware of their purposes. In spite of the fact that EU documents on CSR have been translated and are much spoken about, in practice those policies do not adequately function because the goals, guidelines and orientations, expressed in them, are not operationalized, and appropriate processes in organizations are not factually being purposely constructed in deterministic way. The CSR and HRM standards and norms are comprehended as "commandments" prescribed from above and having little in common with local reality. Pure copying of such metaphysical "ought to" goals is resulted in their contrast with real practice and further deepening of the conflict between "is" and "ought", i.e. putting obstacles for integrity formation of organizations (see picture No.1). There is no pressure on organization to stimulate it pursuing outstanding goals and own integrity. In such a situation the mission of business ethics is to explain to a society how this distinction can be eliminated by ethics tools, how to construct in organizations such values as integrity and responsibility by managerial methods (see picture No.2). So it is necessary to carry out intensive and proactive promotion of modern management without fail in public sector applying postmodern ethics concepts and practically approved by enterprises methods of business ethics infrastructure implementation in all organizations.

At this point the problem how to implement values (social responsibility, integrity, justice, compliance, trust, solidarity, subsidiarity, etc) into the real behavior of people becomes critical.
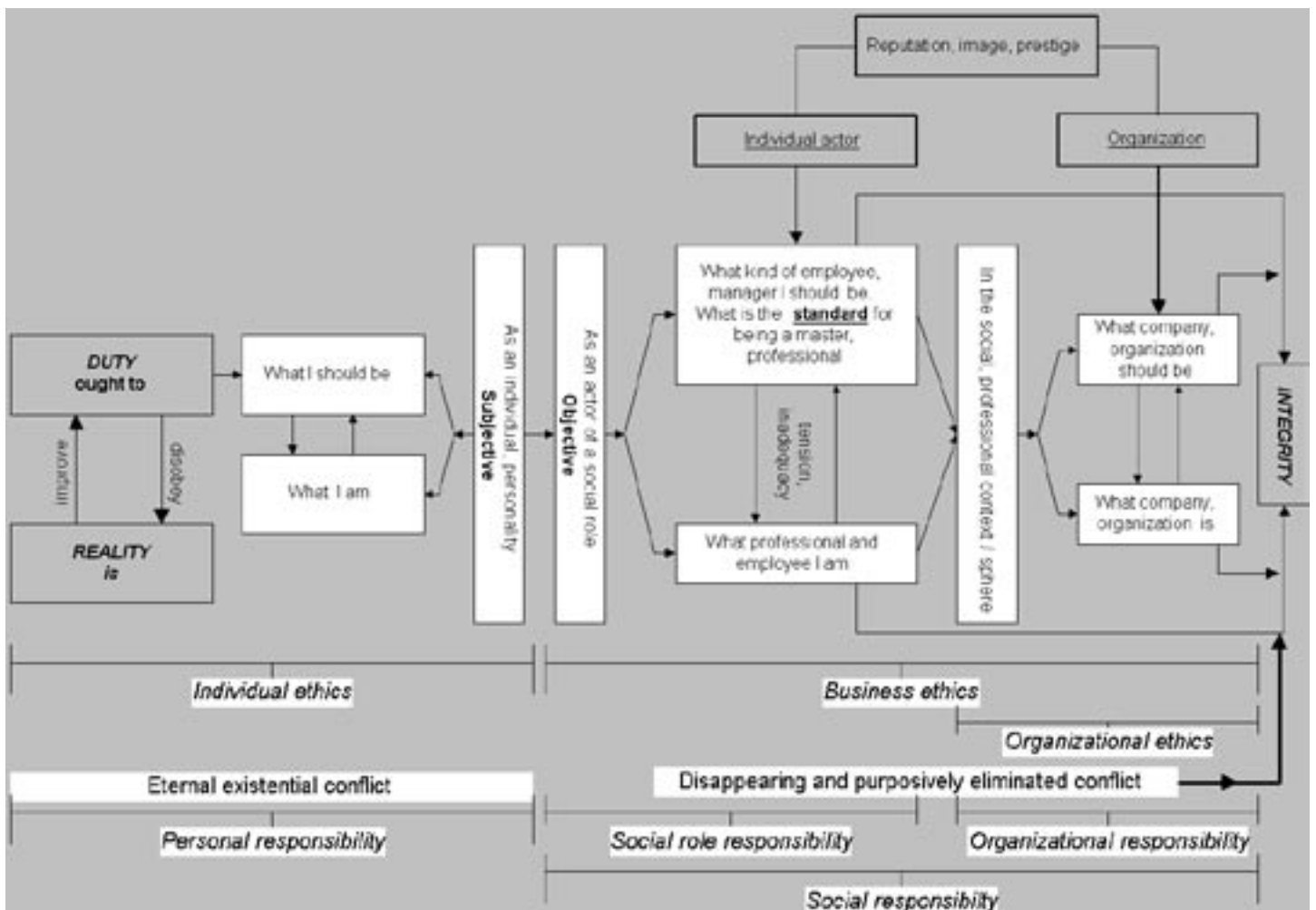
Picture No1. Building Integrity of organizations (as terminating conflict between Duty and Reality in the Context of Organization Ethics).

The culture of post-totalitarian society especially needs particular researches and ethics methods adaptation in order to reconstruct moral stereotypes and to form more responsible people attitudes looking for the way how to make them real norms of people behavior. That is why it is important to use the instruments of modern procedural ethics.

the organization a person works in. During our works in ethics training with different organizations we have found out some distinctions in this respect. The differences in comprehension of business ethics issues and different attitudes to them during ethics training sessions are often pretty obvious. In private enterprise one can see better mutual understanding and common
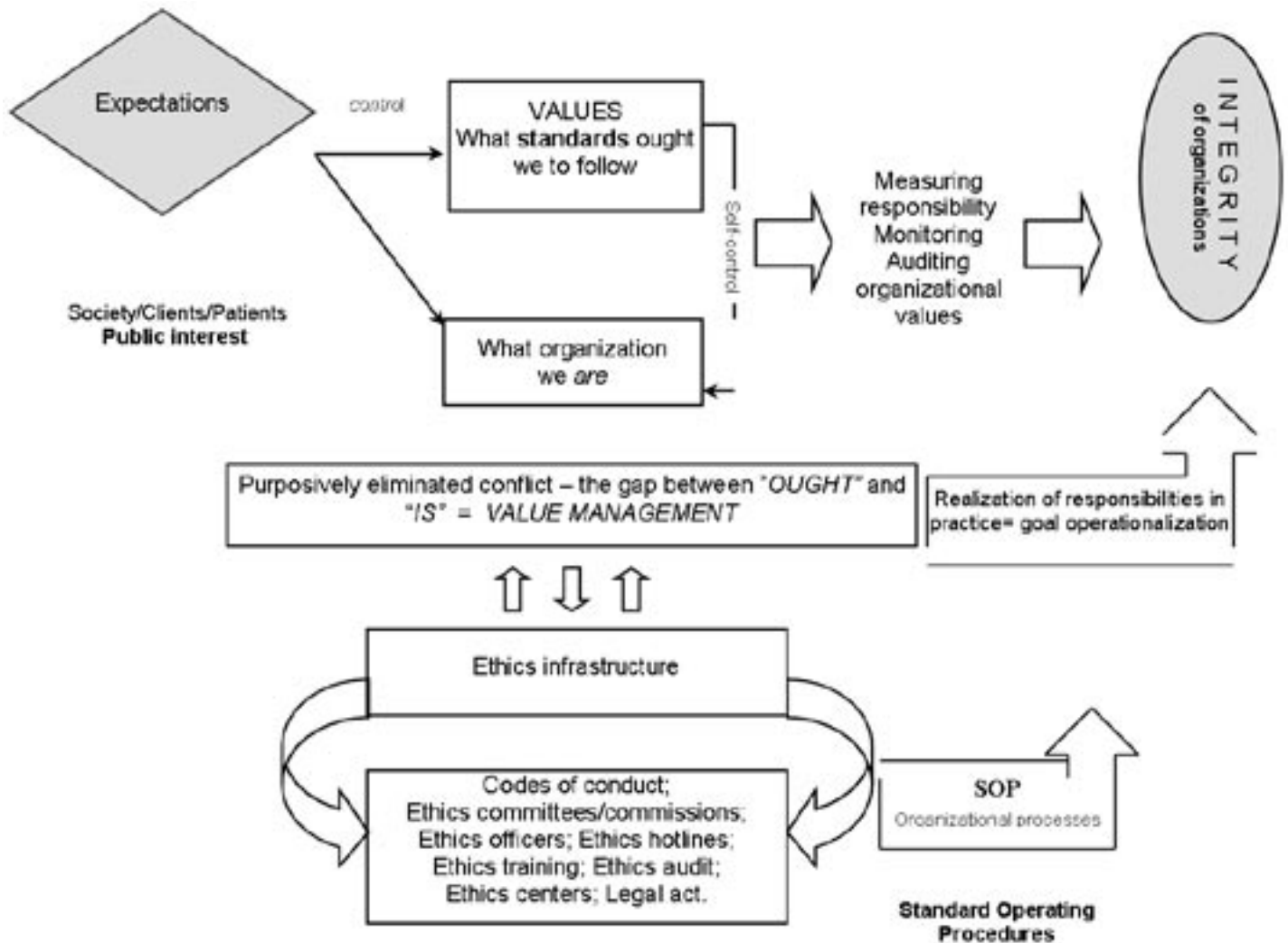
Picture No. 2. Values management by ethics infrastructure and Standard Operating Procedures

However some circumstances prevent it because: a) yet ethics as academic discipline is not regarded soundly enough; b) social sciences are generally regarded as "belles-lettres", but not as a tools to reconstruct human behavior, to remove dysfunctions from different fields of social life (the latter was determined by the crash of Marxian approach to the function of social science); c) general defects of educational system negatively affect ethics teaching.

Business ethics is not adequately supported institutionally and is left in the charge of not numerous enthusiasts. Worst of all ethics teaching and training is left by itself – there are no generally certified programs of modern applied ethics of appropriate academic level. In addition the most part of teachers are unable to teach effectively this kind of ethics oriented to the changes of practice. Those teachers engaged today in ethics teaching and training cannot link it with organizational processes, since they are unaware of managerial science ABC and also cannot admit that business ethics is the managerial science.

The problems with the CSR and HRM ideas acceptation directly connected with the professional level of ethics training, though to a greater extent they are stipulated by the state of

language, morally concerned participants, long range outlook, constructive communication, seeing CSR as real processes, search for actual problems and decision-making. To the contrary, in public organization one often faces with typically skeptical attitude to ethics training: "We have met here just to talk and nothing is going to change about it" or "Your CSR is just a sort of social game and window dressing like in communist past". The employees of such public organizations cannot discover any connections between ethics values and organizational processes.

The employees in public sector organizations comprehend business ethics and CSR issues discussed during ethics training as blink words, spell or abracadabra. For them under the existing vertical managerial system, there is factually no function of HRM, as well as functional dependence of job performance assessment on the final result. The public sector organizations demonstrate a reactive approach to ethics institutionalization processes and engage in them following the fashion or as a result of an inescapable pressure from EU structures. In contrast to them industrial companies regard ethics institutionalization as means for better organizational relations and job performance.

That is why private companies more actively integrate ethics into practice and for them CSR is seen like a set of real processes. The feedback from representatives of private companies that took part in ethics training showed their interest in CSR promotion for further development of functional management, communication and motivation systems, HRD, and determination to tackle social problems stipulated by business expansion and its impact upon a community.

To form such attitudes to business ethics it is necessary to use new techniques, tested in applied/business ethics (science) and adapt them to a definite type of the organization, management style and definite socio-cultural environment. It can be effective remedy to diminish/remove cynicism and skepticism with regard to ethics/CSR. Our experience proves that due to the peculiar social-cultural environment in post-soviet area the appropriate adaptation of ethics teaching techniques is required, e.g. to place the emphasis on utilitarian concepts. The social experience of post-communist domain proved that in the absence of morally reasoned knowledge about the utility of compliance any progress in ethics standards implementation is impossible. First of all to make ethics standards valid in practice it is necessary to ensure people compliance with them. It is especially true in the country with intrinsic (in mass consciousness) attitude that "laws are needed just to break them". In this region the attitude to rule-breaking is often morally positive. Yet in all post-soviet regions it is customary to regard standards just a formality ignoring real practice that breaks the norms. Proceeding from multiple scandals a propos of "double standards" that burst out in a local society, one can maintain that it will take a lot of time to get rid of such behavioral models.

Many modern models of management are successfully functioning under the appropriate cultural environment of western culture. The similar models, "borrowed" from them fail to function properly or even give negative results in local environment of post-communist countries, since there is no required set of factors, which determine effective functioning of these models. Management of organizations often suffers from a lack of system approach. Besides, there is no permanent pressure from a community, and its clearly grasped expectation toward professional integrity and social responsibility in all organizations.

There are many real life examples how separate elements of functioning systems when transferred to different socio-cultural environment may become exact opposite and cause dysfunctions. For example one can take some recommendations given by Norwegian Research Council 10 years ago in a practice of Lithuanian universities, i.e. the recommendation to enlarge the units in higher schools to make them more capable in scientific researches (Apskritojo stalo diskusija , 2006). In reality some of these advises often undermined effectiveness of such scientific units and even ruined some productive ones. It took place since the employees has been mechanically brought together though any clear ways to pursue joint aims and job performance assessment criteria have not been formed. Besides, in many organizations there was neither a base for team work, nor prior skills of co-operation. Under the influence of strong rudiments of post-socialist mentality teamwork is still regarded as the former "collective farms". The employers of units, formed in this way anew, were involved into mutual competition not by their job performance results, but by subjective evaluations, sympathies or antipathies that provoked conflicts, discrimination, intrigues, and mobbing. As a result, many of the most talented professionals were forced to leave universities since such an environment was not acceptable for them.

For another instance of a recommendation that was resulted in negative consequences one can take the one, which emphasized better finance results of university activities that turned this imperative into the end in itself. It factually turned into faulty practice to enroll more than maximum students, to employ assistants or maintenance staff to deliver lectures instead of professors, since it is cheaper and gives better financial results. In abundant publications devoted to the troubles of universities and in readers' comments it is emphasized that "university authorities are interested that only assistants, which never conducted any scientific work before, would carry out all teaching and training. For a University professor or an associated professor is the great burden. The point is that they should be well-paid, that is why it is necessary to get rid of them…" (Vernickaitė, 2006). That is why both students and employers from industrial organizations express outrage cause of poor knowledge of graduates.

Neither formally nor in fact today commercialization of higher education correlates with the quality of its product and the responsibility for it to consumers. Therefore in public discussions one can hear a lot of angry voices of tax-payers: "When I think what kind of people eat away hundreds of millions of tax-payers' money, my hair stands on end…" (ibid.). Often the parents of students express their deep concern because of their hardly earned and wasted money, when they let children to study at the Universities that provide inadequate knowledge (Juškienė, 2006).

The very academic experts admit that only small part of foreign advisers' recommendations has been realized and it comprised only the ones favorable for university nomenclature. "The main idea of Norwegians' recommendations was that universities can teach students only because they carry out scientific researches. But this essential idea proved to be forgotten" (Aleksandravičius, 2006; comments, Omni.lt).

In spite of the fact that in Lithuania it is a sort of fashion to reason innovations by "good experience of Western countries", and not by discourse, (i.e. by arguments, scientific knowledge or calculations) the functionality of such copying of western experience is often put in doubt. Within recent 16 years not only positive results, but also multiple negative consequences of such borrowing of foreign experience, done without scientific substantiation and analyses of deterministic interactions, become obvious. Now according to some experts this exchange of experience has to be also revised in respect of university reforms and education management, i.e. to check up if the experience of the best world universities fit for Lithuania (Daujotis, 2006).

Thus, Lithuanian practices and empirical data testify that there exist a lot of social-cultural obstacles on the headway of CSR initiatives and HRD. There are more barriers and problems in high schools' and other public organizations' management than in that of the industrial enterprises. It determines the greater scale of negative consequences, since educational system preserves supports and reproduces backward models of social relations. That is why the social responsibility of all organizations and their accountability to stakeholders should be introduced not only by declarations but by real actions in reconstruction of management models.

Social constructivism of Business ethics as a must for CSR realization

Analyzing the failures of various reforms in organizations that took place within 16 years of sovereignty one can maintain that the reforms could be more successful if the knowledge of social science would really be introduced in practice. That is why it is

notable that social constructivism on which business ethics as a science should be based was especially required in such transformations.

Today postmodern business ethics as a new managerial discipline (tool) purposively teaches how to manage values practically, how it is possible to model and construct social reality on mezzo- and macro- levels. There are a lot of special methods and related literature devoted to "Building organization integrity", "Constructing trust", "Managing dignity", or "Modeling responsibility", etc. In such literature one can find how applied ethics instrumentally teach organizations to create and integrate the formalities (conventions, norms, rules, standards, principles) and real practice/performance, to model and reconstruct existing anomalies and nasty order, to repair dysfunctions and to develop responsibility and integrity standards in all workplaces (Brown, 2000; Danielson, 1998; Hummels, 1996; Pritchard, 2006; Trevino, Nelson, 1999; etc). For it in post-soviet area the teaching and training in new decision-making is needed firstly, besides advertising standards authority and developing organizational ethics in the compliance context (Worthley, 1999) should be emphasized especially.

Taking into consideration the paradigms of business ethics it is very critical to transfer from individual ethics to the ethics of organization (see picture No.1), from a personal life to structural functional commitments at workplaces and to verify all decision-making of employees by expectations of society (see picture No.2). This is exactly the objective of business ethics to inspire both individual and organizational reflection on related public interest (Jonas, 1992; Ulrich, Sarasin, 1995). That is why business ethics is not called to form "goodness" of each individual, but appropriate option of an organization, i.e. organization responsibility on a system level. In contemporary business ethics it becomes absolutely clear that responsibility for ethical practice is not only the concern of separate persons, but the corporate responsibility of the whole organizational system. It creates the work environment that motivates its staff to behave responsibly or vice versa. Existing relations in socially irresponsible organizations require particular investigation and reconstruction by methodologically reasoned ethics tools. In order to assure organizational change management, only positivistic approach in ethics may be duly effective. No other metaphysical ethics theories can be applied in the hope of practical results. Under these conditions the behaviour technologies and social engineering methods contained in business ethics may serve for positive changes. However in Lithuania these remedies are rejected not because of some scientific data but deeply entrenched cultural stereotypes or mental inadmissibility, lack of knowledge about purposeful reconstruction of social reality through change management. Up to now people mainly hear about behaviour technologies only in the context of political "black technologies". However being scientifically-based, purified from negative stereotypes and indecent goals, behaviour technologies can be helpful for organizations pursuing its real progress. The competition based on job performance, objective criteria, defined indicators (if needed it is developed till the level of standard), and their realization through ethics infrastructure and operationalized procedures can to optimize organizations (see picture No.2). These managerial models verified in private business sector, should be applied in management of public organizations. In this way it is possible to manage integrity and responsibility, to construct horizontal relations in organizations that constitute soft management assuring implementation the principles of distributive justice, participation ethics, formation of communicative discourse and consensus, establishment of morally favorable atmosphere as the key elements in a promotion of optimized and humanized organization activity. Procedural ethics methods enable using the competence, initiative and creativity of individuals, i.e. human resources notwithstanding their sex, age and other differences, for which in subjective interrelations they can be discriminated. Transfer of a power to preset rules, principles, indicators and procedures, removes the possibility of an individual to make inadequate subjective influence upon business affairs. This way there appears possibility to turn activity of organizations to one or another direction through reconstruction of corresponding processes. This sort of reconstructions of public organizations' practices needs to be based on a systems approach that responds to societal needs and concerns. In turn, it is possible through implementation of ethics infrastructure and Standard operating procedures (SOP) that firstly ensure independent and competent decision-making.

These considerations require clearly defined operating procedures: 1) as decision-making instruments, 2) as decision-making rules, 3) as instruction for decision-making, 4) as quality standards for decision-making, 5) the practical implementation of decision-making standards, 6) compliance programs in organizations. The implementation of SOP makes good decision-making visible in real practice. All these methods enable building integrity and responsibility in different fields of social life. Only integrating values by SOP in organizations it is possible to operationalize goals and to meet expectations of society with respect to all organizations (see picture No 2), i.e. only this way the CSR and HR development are reachable in society.

Concluding Remarks

Proceeding from the results of our studies on managerial models in Lithuanian organizations we can conclude that the development of organizations is always determined by general regularities. Our observations bring out clearly that only management based on contemporary knowledge enforces the success of organisations, can promote the ideas of social responsibility and apply contemporary science achievement including advanced managerial technologies, in which business ethics is directly integrated. However in the post-communist areas it is complicated by existing models of management especially in public organisations domain. Under such circumstances it is critical to carry out intensive and proactive promotion of modern management in public sector applying postmodern ethics concepts and practically approved by enterprises methods of business ethics infrastructure implementation in all organizations.

[1] "It was this [Soviet model] entire system that had to be dismantled before a new one could be erected. Not surprisingly, the process was far from painless. <…>. An important initiative to help anchor the Baltic republics in Europe was the request for an external audit. In 1991, Estonia requested the opinion of the Swedish Royal Academy of Sciences. The following year, Latvia made a similar application to the Danish Research Council followed, in 1995, by Lithuania's request to be evaluated by the Norwegian Research Council" (Butkus, 2006).

[2] There are a lot of similar situations in many other organizations that is why today emigration from Lithuania is huge and, according to the results of monitoring and mass media content analysis, it is caused not only by unemployment or poor salaries in home country, but rather by lack of order and fairness in employment relations. It was recently detected by EU experts as well (Fernández Macias, 2006).

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