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In this issue:

Manuscript Submission and Information for Authors

PAGE 3

Marjo Siltaoja

Editorial: Why did the rose wither? If it is all about values, let's discuss them

PAGES 4–5

Olli-Pekka Viinamäki

Intra-organizational challenges of values-based leadership

PAGES 6–13

Betsy Stevens

Corporate ethical codes as strategic documents: An analysis of success and failure

PAGES 14–20

Lise-Lotte Hellöre & Björn Vikström

Newspapers on sustainable development – a postmodern business perspective

PAGES 21–30

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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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Why did the rose wither? If it is all about values, let's discuss them

EDITORIAL

Marjo Siltaoja, Assistant Editor

*That which we call a rose by any other name
would smell as sweet*
Romeo and Juliet (II, ii, 1-2)

During the past couple of years we have witnessed one of the most severe global economic recessions. The question has frequently been asked, who should we blame for this catastrophe? Was it the housing markets, financial institutions and bankers, governments or academics? All of the aforementioned actors have received their share of attention in the search for the culprits. In this editorial, instead of pointing a finger at a particular group or institution, let us have a look at what it eventually is all about, namely people and their values. Thus, the question remains how to continue to promote ethical values in business life and societies overall?

In business as well as in other areas of life people have certain values, beliefs, ideologies and attitudes when they perform actions, and these are often simply referred to as *values*¹ (Sharfman et al., 2000). According to the definition by Schwartz² (1999, 24) *Values are conceptions of the desirable that guide the way social actors (e.g. organizational leaders, policy-makers, individual persons) select actions, evaluate people and events, and explain their evaluations and actions.* Yet people do not act or choose their values in a vacuum; perceptions and behaviour are not only influenced by their own personal value priorities, but the social value priorities of a group often connect people who are behaving in similar ways (Rohan, 2000).

Values often have a strong connotation with ethics. What we consider desirable is also our conception of what is good or bad. Values are further considered as rather enduring while it is attitudes that can change quickly. Yet our own values are rarely static or the same throughout our lives. Socialization processes and education have an important role in how we come to understand and define

our own values. The multidimensional importance of values is clearly stated by Rokeach (1973, 5).

Values are determinants of virtually all kinds of behaviour that could be called social behaviour or social action, attitudes and ideology, evaluations, moral judgements and justifications of self and others, comparison of self with others, presentations of self to others, and attempts to influence others.

Values in business are not a new field of study; they seem to be linked to nearly everything from interconnectedness between national values and organizational behavior to organizational performance, strategic competence, management ethics and organizational identity. A rather recent phenomenon has been the explicit definitions of corporate values on websites and annual reports. This phenomenon was originally more common in US companies but has steadily spread to Europe and across the world. Since the 1990's, this enthusiasm in defining organizational values has been followed by an interest in codes of ethics. However, as studies (and common sense) have shown, explicit values are not the same as the implicit values that actually guide our actions. If it were so, Enron's values (1998) of *respect, integrity, communication and excellence* should have prevented their catastrophic misbehaviour. And this applies to many other companies before and after Enron.

Indeed, business is an intriguing field for an exploration of value; do we mean issues than can be considered value-adding and beneficial, for example in monetary terms? Or do we mean human values, the principles guiding human actions (e.g. Allport, 1961). These two sides of the coin can be understood as complementary: if an organization has values that help people to achieve and understand common goals and the way things should be done for the desired goal, it can increase organizational commitment, efficiency, the ethical climate and good monetary

¹ Concepts such as values and beliefs seem to imply something desirable and esteemed, whereas attitudes and ideologies refer to characteristic ways in which individuals or even organisations respond based, perhaps partially, on those values and beliefs (Sharfman et al., 2000, 145).

² Schwartz has presented several definitions, all of which are quite similar. Other definitions in the field of social psychology can be found from e.g. Rokeach, 1973.

value (Kidron, 1978; Mathieu and Zajac, 1990). Yet the question remains: who determines organizational values and does everyone understand them in the same way?

This issue of EJBO includes three articles that tackle important questions related to values. Viinamäki (2009) points out the difficulty of leadership in putting ethical values into practice. He shows how values-based leadership can be complementary to other leadership approaches. This is a challenge we do need to focus on more, as the current era has shown. What is the point of having values or codes of ethics if we do not consider them worth pursuing? In the spirit of codes of ethics, Stevens (2009) examines a major investment bank. She emphasizes that the very act of creating a code is not only a strategic process but also reflects the values of the organization. Thus, codes of ethics also communicate to employees what kinds of values the company is striving for, and insufficient understanding of this has adverse effects. Hellöre and Vikström (2009) study how certain values are embedded in media articles on sustainable development. They point out how messages of sustainable development often imply a self-interested focus on the part of the businesses. The paper also has practical relevance that could be examined in other contexts.

Though previous research has suggested excellent recommendations for further research on values in business (see e.g. Agle and Caldwell, 1999), I would like to take this opportunity to propose some future directions. Clearly, one of the challenges in

studying values is that studies of values often use questionnaires that focus on people's responses about how *they would act* in a particular situation, but the response does not necessarily apply in any given situation. The responses can rather highlight the institutionalized norms of a culture or things that people appreciate and consider preferable but do not necessarily act upon. Fortunately, there are also other ways in scientific research of approaching this dilemma, some of which can be mentioned here. First, one can study language use as *an action in itself* and examine how certain values are, for example, discursively produced, resisted or institutionalized. Second, instead of conforming to the idea of studying what we should do in the sense of a normative approach, we could learn far more by focusing on what people actually do. One can take a more longitudinal and behavioural approach to examine what people have actually done and what kind of values these acts and decisions represent and manifest. Third, more critically oriented approaches could examine the explicit value statements as a form of managerial control or how people within organizations can (il)legitimize their orientation towards organizational values.

We hope you find these articles thought-provoking and that they stimulate discussion about values and ethics in 21st century business. Above all we should not forget that values are not fixed or static through our lives but can be taught and encouraged to develop in more ethically sustainable directions. This is an interesting and important field in which much remains to be done.

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Intra-organizational challenges of values-based leadership

Olli-Pekka Viinamäki

Abstract

Recent discourse on modernizing leadership has often placed strong emphasis on values and ethics. This article elaborates challenges in leadership of large organizations, most notably in regards to appraisals of values-based leadership (VBL). It is proposed that if challenges are not identified, it would lead to unintended consequences, such as insignificant value-statements, inappropriate use of values and illegitimate leadership practices. The discussion deals with intra-organizational leadership challenges, namely changes in organizational structures and authority, participation, communication, image and perceptions, and integration of values.

1. Introduction

Values and ethics are at the heart of organizational behavior and leadership. It is becoming increasingly apparent that the full integration of ethical standards into business practice is not only preferable, but also necessary for long-term organizational survival (Parry and Proctor-Thomson, 2002). Especially, in terms of leadership and management, Values-Based Leadership (VBL) discussion has evoked the role and importance of ethics and values in leadership (Graber and Osborne Kilpatrick, 2008; Buchko, 2007; Mussig, 2003; Pruzan, 1998). Scandals throughout corporate America and Europe have encouraged many organizations to seek leaders who can sustain profitability and embody ethics and positive values within the organization (Reilly and Ehlinger, 2007). At the bottom level, the scandals in which CEOs and other top leaders demonstrated a severe lack of ethical conduct in businesses have also demonstrated enormous impact on leaders of their organizations, through their direct actions as well as creating a climate that sanctioned ethically questionable practices (Grojean et al., 2004, p. 224).

As such, introducing values into business and leadership is not a new thought. The concept of values as central to organizations and organized societies has a long history in the sociology of organizations, as well as, to understanding guiding principles of institutions, organizations, and individuals (Schwartz, 1992; Cummings and Worley, 2001). Yet, the overall consensus seems to be that values are an important factor in the successful management of large organizations (e.g. Mintzberg et al., 2005; Hofstede, 2005) and in creating a competitive edge (Blanchard and O'Connor, 1997).

This article addresses the question, why values-based leadership tends to be difficult to put in practice, especially in large organizations? Indeed, the challenge to operationalize values and ethics is not the problem only for large organizations, but also for professional, as well as, production and service-oriented organizations. There are several studies representing the introduction of the values-based leadership as well as suggestions to improve

leadership (Buchko, 2007; Grojean et al., 2004; Treviño et al., 2003). However, a systematic analysis of thresholds which we face in executing the VBL is missing. This article attempts to elaborate intra-organizational factors that help clarify potential challenges of the values-based leadership. By identifying the challenges of the VBL, we could contribute to more precise content domain for the VBL itself and to develop its ways to overcome difficulties that leaders face in practice.

Of course, moves towards values-based leadership are cultivated by instrumental thinking and the desire to obtain more efficient performance (Pruzan, 1998, p. 1380). It is said that it is important for businesses to display ethical behavior in order to attract and retain staff, increase profits, attract investors and government funding and to enhance their reputation within the corporate world. Additionally, as McDonald (1999, pp. 143–144) notes, organizations are looking for material of a more pragmatic nature that will assist them in making values operational and mechanisms by which values can be integrated into their organizations. However, values-based environment would offer an alternative, especially in terms of better stakeholder value and legitimacy of the organization activities as well as managerial actions (Brytting & Trollestad, 2000).

2. Introducing the Values-Based Leadership

Before entering to elaborate and analyze the potential challenges, it is necessary to explicate the content and thought of the VBL. Peter Pruzan (1998, pp. 1379–1381) argues that leaders actively introduce the notion of organizational and stakeholders' values into the managerial culture and develop a values-based perspective on management. Accordingly, Van Wart (1998, pp. 319) notes that the art of values management for practitioners has already become the leading skill necessary for private and public managers.

Within the field of organization management, early writers such as Chester Barnard (1938) suggested that shared values were useful in addressing the problem

of managing and coordinating complex organizations. Selznick (1957) wrote that organizations become mature and 'institutionalized' only when leaders infuse them with values. Others have noted the importance of shared values in creating a strong organization culture (Minzberg et al., 2005; Schein, 1985), motivating behavior by providing direction and emotional intensity to action (Schwartz, 1992), representing standards to judge and justify actions (Mills and Spencer, 2005), and socialization activities and individuals to organization and leadership (Gorjean et al., 2004).

From a management perspective, values are seen as the underlying attitudes and beliefs that help determine individual behavior, both personnel and leaders (Barnard, 1938, p. 279; Treviño and Brown, 2004, p. 75). This view largely explains the fascination many leaders have with the concept of shared values. In such way, values are a means of influencing behaviors without the need to resort to formal structures, systems, strategies, or control mechanisms. Values would also provide leaders with a means of directing the organization in a desired way without having to resort to authoritarianism (Buchko, 2007, p. 38) and using tight or confusing rules (Mills and Spencer 2005, p. 26). Moreover, to explicate challenges in the introducing VBL, we would need quite a broad definition on values. Thus, values are relatively enduring beliefs and conceptions about what kinds of behaviors (instrumental values) or end-states (terminal values) are preferable to others (Rokeach, 1973), and furthermore, the values are a common set of shared beliefs on goals, means, and ends which all together create the organization and leadership (Buchko, 2007; Meglino and Ravlin, 1998) and values can provide coherence and a sense of purpose to an individual's behavior (Lord and Brown, 2001).

VBL refers broadly to leadership based on foundational moral principles or values such as integrity, empowerment, and social responsibility (Reilly and Ehlinger, 2007, p. 246). VBL operates in several directions in intra-organizational relations. Mussig (2003, pp. 73) argues that "values-driven leadership sets the function of the relationship as putting values into practice" and "the function of the leader may be to bring values to the relationship." O'Toole (2008, pp. 84) suggests that value-based leaders "task, role, and responsibility is to help followers realize the most important ends that they hold dear but cannot obtain by themselves".

The VBL in a certain way applies thoughts of ethical leadership. Ethical leadership as such lies at the intersection of two literatures – business ethics and leadership (Treviño et al., 2003, p. 6). Pruzan (1998, pp. 1381) remarks are more instrumental and present more cynical thinking in addition which has to be considered in regards to the VBL: some tools are simply being updated to provide legitimacy and a license to operate to leaders who in reality continue to promote their own personal ambitions as to wealth, prestige and power by maximizing shareholder value.

Despite diversity in the definitions, organization values hold the key position in the VBL. Also the questions, how values are introduced, used and evaluated in leadership form most of the discussions. According to Sims (1991, pp. 495), the institutionalization of values takes place in: 1) managing the psychological contract between its employees and the organization (reciprocal expectations), 2) reinforcing employees' organizational commitment, and 3) encouraging and nurturing and value-oriented organizational culture. Additionally, to mention some examples, values can be used to establish and communicate a unifying vision; making strategic decisions; establish structures, processes and control systems; develop and educate new leaders; create

and manage the organization's culture and climate; and establish the organization's ethical code and value system (Gorjean et al., 2004, p. 233).

Arguments towards increased value-consciousness can be described by using Kenneth Goodpaster's (1994) reference to a 'common managerial disease with three symptoms'. First, leadership contains an intensive goal-fixation. Leaders are engaged with short-term goals which are dealt with recklessly. In turn, values and ethics often stand for longer perspectives and responsibility. Secondly, leadership emphasizes rationalization i.e. tendency to fit emerging problems into socially approved statements, for instance, competitive necessity. In turn, values represent more profound and morally detached development. Thirdly, detachment which is a tendency to separate head from heart with the support of expressions like 'it is a jungle out there' or 'in the real world'. Values, instead, try to capture the essence of corporate life, strategy and vision, as well as, culture nurtured issues and organizational and personal self-awareness and identity.

Moreover, Goodpaster (1994) critically conveys that spirituality and ethics are everywhere. The buzzwords and phrases on servant leadership, stewardship, empowerment, values-based management, and sensitivity are widely used. He uses a quotation from the Training Magazine to describe situation: "in an environment racked with stress, insecurity, tough decisions and 60-hour weeks, you might expect a resurgence of a management model based on Machiavelli's Prince... or Theory-X icon. Instead, there's a stirring in the opposite direction: A flood of management books, articles and musings tries to make sense of the current chaos by proposing a management model filled with heart – and soul."

The anecdotal perspective tends to tell stories about or provide case studies of various leadership practices on introducing values, then infer that values are essential components of the organizations' success. Such discussions conveniently ignore the fact that some very unsuccessful companies – such as Enron and Arthur Andersen – had a well-defined and well-articulated set of core values. (Buchko, 2007, p. 37; Graber and Osborne Kilpatrick, 2008, p. 179.)

3. Potential Causes of Challenges

On the basis of positive yields as well as critical notions, it is important to analyze challenges that we often face in regards to the VBL. In this article, the suggestions for better values-based leadership are critically discussed in terms of elaborating the potential challenges Values-Based Leadership in large organizations face. The key arguments that the article discusses can be listed as follows:

- Traditional power is becoming powerless in flat and professional organizations
- Participation of stakeholders is suggested to be intensive and extensive
- New forms of control and feedback are needed
- Communication of values should be clear and straightforward
- Leadership stands for fostering good image and perceptions
- Integration of values and actions are vital for organizations and development

Additionally, it should be recognized that the approach in this article is leader-centered. This approach is encouraged by the hypothesis and research findings that the ethical orientation of the leader is a critical issue to consider in understanding ethical and values-based practices in organizations (Hood, 2003). Thereby, organizational structures and managerial functions are

seen as issues that could be affected by leadership, and thereby, the challenges revealed in the article can be solved by leadership activities. The alternative approach would be for example to represent that leadership is a complex interaction between the leader and the organizational environment, when leadership is partially determined by the changes in both, the environment and leadership itself.

3.1. Alternating Hierarchical Structures and Authority

The first set of challenges is expected to be related to authority, structures, and changes in leaders' positions. Often reforms are labeled with terms such as greater flexibility, performance, accountability, and simplification (Rouillard and Giroux, 2005, p. 334). To answer these demands, more flat and flexible organizational structures are introduced. But, what kinds of challenges these changes put for the VBL particularly?

The formal definitions of who has the power and right over whom and how to distinguish leaders from those who are led, has become increasingly more complex, to say the least. It is argued that primary symbol of organizational power (i.e. hierarchy) is somehow replaced. Moreover, a formal position does not entirely allow authority to make decisions, set and enforce control mechanisms, or influence people to achieve managerial goals. Thus, leaders face demands on supplementing hierarchical power with legitimate power, which is not coercion and fear, but more shared values, visions, and goals, as well as, trust and mutual confidence (Pruzan, 1998, p. 1381.)

One of the challenges is that within new organizational structures and new leadership positions, values and ethics are often introduced as an alternative way to maintain classical power and hierarchies. Since the point of rules is to control behaviors and actions, allowing rules to be suspended implies that the organization trusts as well as empowers its stakeholders (Mills and Spencer, 2005, p. 27). Additionally, when values start to dominate, organizational leadership also begins to be understood as a shared responsibility among all individuals in organization, as well as all hierarchical levels. Another is to let employees, at least the key persons, be informed and trained in the right value-policy. (Brytting and Trollestad, 2000, p. 65; Treviño et al., 2003, p. 20.)

The importance of goals tends to increase when we are moving from hierarchical structures towards flexible and non-coercive authority. Then, the values and goals of most organizations may be so closely intertwined that their separation is, in practice, impossible. However, decisions in organizations are not always straightforward; achieving one goal or value may mean sacrificing or impinging on the other. (Mills and Spencer, 2005, p. 19-20.)

Moves toward specialized and autonomous organizational functions can, however, turn problematic. In fact, in highly specialized or loosely-structured organizations, leaders have limited authority over professional and licensed personnel, as well as, capacity to influence professional values and gain value-concurrency with organization's values. Sometimes professionals may have strong professional identities and values, which are difficult to overcome if professional values clash or represent too much heterogeneity with organization's values.

3.2. Importance of Extensive Participation

In most organizations, a code of values or an ethical code is developed by top management with the help of outside consultants. There are a lot of critics in the leadership literature against this straightforward top-down procedure (Graber and Osborne Kilpatrick, 2008; Mussig, 2003; Brytting and Trollestad, 2000;

Pruzan, 1998). Most of the critics argue that stakeholders (i.e. personnel, customers) should participate in formulation of values and institutionalizing the organization's values. Otherwise they would consider values as simply a new set of rules. Also, if they have not been involved in interpreting the value code, their capacity for motivating, advising, and coordinating will be severely limited. Furthermore, trust, respect, and reactivity of and in the organization can be displaced and misused. (Blanchard and O'Connor, 1997; Pruzan, 1998, p. 1382; Mills and Spencer, 2005, p. 26.) Thereby, an evident challenge is how to engage people with values and the VBL itself? Furthermore, how organizations can develop shared values by using a participative process (Covey, 1991)?

In establishing a participative process, a challenge in leadership is to establish credibility and trust between the leader and the constituents who choose to follow (Kouzes and Posner, 1993). This is part of the shift away from the concept of the leader as the primary or sole creator of an organization's values. This means that personnel should have the possibility to reflect and formulate values on their own. Some propose value-process to be that the employees discuss the management's vision and break it down in subparts adjusted for each area of operation. Others prefer a communicative strategy where employees processing the values themselves, and through an open dialogue with the management. (Blanchard and O'Connor, 1997; Pruzan, 1998.)

To overcome this challenge, Mills and Spencer (2005, pp. 26) argue that values-based leadership would establish a basis or a platform on which stakeholders can communicate and collaborate. The most beneficial in stakeholder involvement is that when stakeholders accept the goals and values of the organization as legitimate, and if they for instance agree that both quality and cost control are primary goals, then responsible leadership can no longer occur as totally 'managerial' decisions.

In large organizations, the fact that staff and leaders may have to act through several layers of bureaucracy, rules, roles, and professional groups to implement actions, strategies, and values should be turned as an advantage. They all represent stakeholders who could be used in formulating values and groups who implement values.

Yet, even extensive participation does not offer a simple solution for the success of the VBL. As Graber and Osborne Kilpatrick (2008, pp. 186, 191) remind us, implementing value systems is almost always much more difficult than processing them.

3.3. New Forms of Control and Feedback Are Needed

Brytting and Trollestad (2000, pp. 62) argue that the market-oriented way of thinking in business and the introduction of more loosely knitted and flexible organizational structures with delegated decision-powers, demand new forms of control.

Traditionally control has been exerted via systems of rules and regulations, especially through a variety of accounting and reporting systems. The more complex the organizations and the more uncertain their environments, the greater the demands that have been placed upon developing and implementing control systems to monitor and steer the experienced complexity (Pruzan, 1998, p. 1379-1380). Over the past decades leadership discourse has emphasized the partial rejection of regulatory constraints in favor of increased autonomy for managers, in order to increase organizational performance and efficiency.

Most reforms are firmly rooted in the post-bureaucracy paradigm where rules and regulations need to be circumscribed and counterbalanced by values and ethics to foster greater flexibility,

additional empowerment, and further down the line, better performance in terms of efficiency, efficacy and economy. Values and ethics, according to this perspective, provide a better framework for decision-making and leadership, since 'imposed rules' are being replaced by leaders' and employees' judgment and accountability. (Rouillard and Giroux, 2005, p. 345.) Then, an evident challenge for the VBL is, how increased judgment and accountability demands are turned into criteria of preferred outcomes?

In Brytting and Trollestad's (2000, pp. 64) study, most leaders stressed that a modern flexible organization has to find new ways of keeping both co-workers and the business as such together, and that this calls for a new kind of 'glue'. Striving towards common values is one way of working in that direction, and as Collins and Porras (2000, pp. 73) note, "values form the glue that holds an organization together as it grows, decentralizes, diversifies and expands".

In loosely knitted organizations, much depends on the leader's capabilities to create interactive and cooperative platforms. This is not an easy task to do, and thus, control and feedback tend to be based on easily measured and expressed factors that values often do not represent. Furthermore, as Rouillard and Giroux (2005, pp. 331) put it "under the yoke of managerialism", values and ethics are presented as a means of circumscribing and supporting the decisions and actions rather than referring to the codified rules on which they are traditionally based. In other words, would this instrumentalization of ethics and values cause unintended tensions between the democratic processes (social responsibility) and the pursuit of organizational efficiency and operational results? Or, does instrumentalization lead to a significant perverse effect, namely, the construction of an organizational culture of illusion (*ibid.*, p. 333).

In flexible and flat organizations, coercive and uniform feedback mechanisms are not the most appropriate ones. They may cause difficulties, if there is lack of consistency between expressed values and actual values. Kerr's (1995) survey of executives describes conflicts between expressed values and the reward system. Innovative thinking and risk-taking are emphasized, but proven methods and not making mistakes are rewarded; leaders encourage employee involvement and empowerment, but reward tight control of activities and resources. Yet, there is an evident link between leader's capability to use reward systems and the organizational values that are supposed to be followed. Conflicts between values and feedback will contribute to uncertainty about what the organization really appreciates from employees and customers, and lead to a lack of personnel motivation. (Graber and Osborne Kilpatrick, 2008, p. 190.)

Relinquishing a degree of control and rules may be both frightening and uncomfortable to leadership, personnel, and other stakeholders. Then, leadership will have a 'teaching' role, and effective leaders remove fear by ensuring that their 'students' are aware of appropriate values and goals, by motivating, and by providing guidance to them (Mills and Spencer, 2005, p. 27). Another point of view is that to create common values can be a pedagogical tool which may increase loyalty with the top level of the organization. Also, leadership would be built on communication and collaboration rather than formal relationships (*ibid.*, p. 27).

It is argued that leadership is based on creating inspiration, motivating people, and renewing the reward systems. People need feedback on accomplishment and performance. Building shared values into processes for rewards, recognition, advancement, and excommunication will send a clear message to members regarding the importance of ethical conduct. Criteria regarding organizational values can be incorporated into performance evaluation

and management programs, sending also a clear message of the importance of shared values. (Grojean et al., 2004, p. 230.)

People pay close attention to behavior that is rewarded, and that what is punished. Employees understand that the reward system carries powerful meaning about what leaders truly care about (Treviño et al., 2003, p. 28). Especially, the disciplinary events are salient because they are relatively rare, they symbolize the value of conformity to organizational norms, and they make an example of rule violators. In the implementation of values, many practices underline the importance of recruiting staff, and staff that embraced and followed the 'right' values, as well as, dismiss the people if a code is not followed.

Organizations often tend to fail to reward members who uphold or enact the organizations' values. This can lead to lack of motivation and commitment to the organization and leadership. Grojean et al. (2004, pp. 231) argue that a key point for the VBL regarding rewards and feedback is that leaders will communicate important values, standards and assumptions. Leaders should also pay attention both, to formal (financial incentives, pay raises, and higher positions) and informal rewards (recognition, opportunities to work more autonomously and interact, or increased feelings of trust, respect, and peer-interest) that are consistent with the organization's value system.

3.4. Shortages in Communication

Leaders should communicate values and visions to the organization. The more complex an organization is, the more hierarchical it will tend to be. This affects the classical principle that the line of communication must be as direct and short as possible (Barnard 1938, p. 176); increasing the hierarchy tends to extend the line of communicating values, and might cause the separation of a decision from an operation. Under these challenges, much depends on 'communicative capacity' (Brytting and Trollestad 2000, p. 66).

To overcome problems in communication and communicative capacity, basically, two strategies exist. The first is a more authoritarian and hierarchical leadership ideal. Here, the leader is for instance, a 'teacher' who gives information, persuades people and has sanctions over those who do not follow the values. A tight commitment to position and hierarchy may prevent the use of communication as an error-correcting mechanism because the lower level does not have the possibility or willingness to criticize the decision of a higher level. Despite this criticism, centralized design, stability, and continuity can all be used to promote the creation of common meanings in communicating values.

The second stresses the leader's ability to release the creative powers and willingness to take on responsibility that exist in employees. Communication on the values grows from within and from below. It is marked also with notions of clarity, sensitivity, and credibility because patterns are not determined in advance. However, communication may become fragmented and occasional. There might be a lack of common meanings and symbols, as well as, lack of acceptance of diverse values and deliberate misrepresentations. Then, communicative functions are related to removing obstacles, to stimulating and to creating dialogue on values, and to allocating resources for value-processes.

Values-based leaders can fail in demonstrating that they care about people. Perhaps, the most common are complaints about leaders not listening to people or visibly demonstrating concern for the long-term best interest of the organization. To overcome this, executives should communicate with employees regularly about ethical issues and values, and use socially salient action, such as rewards and punishments, to signal support for the com-

mon and shared values. (Treviño et al., 2003, p. 30.) Meglino and Ravlin (1998) suggest that people who hold similar values view the world in similar ways, enabling them to communicate more clearly, predict each other's behavior and more efficiently coordinate activities resulting in reduced role conflict and ambiguity and increased satisfaction with the interpersonal relationship.

With new communication technologies (email, www, intranet) the issue is not so much failure in transmission; it lies in the interpretation and the use of communication and of processing, and in developing the communicative value of communication. Communication is never a transmission of purely neutral or value-free information. Scott (1967, pp. 304) uses the term 'filtering' in which information is interpreted at all levels of the organization. Subordinates constantly observe, hear and analyze the qualifications, personality and information needs of leaders. And, often the subordinates tend to tell their superiors what they are interested in, not what he/she does not want to hear, and to cover up problems and mistakes which may reflect adversely on the subordinate, all of which reflect the mentality of 'let the boss hear only the good news'.

3.5. How to Create a Good Image and Adequate Perceptions?

Multiple factors, both internal and external to the organization and leadership, are likely to influence members' perceptions of an organization's norms and expectations of ethical conduct. But, why is the creation of a good image and adequate perceptions difficult? In what ways can the VBL be enhanced in large organizations?

Lord and Brown (2001) suggest that perceptions play a significant role in understanding leadership. They differentiate perceptions of executive leaders and lower-level supervisory leaders. Most employees in large organizations rarely have face-to-face interactions with senior executives, but rather from more distant images of the leader (Treviño et al., 2003, p. 24). Therefore, their perceptions of executive VBL probably come indirectly from images, symbolic behavior, policies and communications. However, as Treviño et al. (ibid., pp. 20) remind us "ethical people can be bad leaders or unethical leaders".

Values-based leaders are supposed to be first and foremost people-focused. As Treviño et al. (2003, pp. 14) concretize "they care about people, respect people, develop their people, and treat people right: An ethical leader needs to downsize, they do it, but they do it with as much concern and interest for their people as possible.". The credibility depends upon leading by example and "walk the ethical talk". To lead people, often qualifications or traits such as integrity, honesty, respect, and trustworthiness are mentioned. Part of these values is consistency, credibility, and predictability. (Ibid., p. 18.)

The value-based and ethics based conduct is thought to be essential to charismatic, as well as, transformational and transactional leadership (Grojean et al., 2004, p. 227-228; Treviño et al., 2003, p. 7). The 'charisma/inspirational' dimension has been defined as providing 'followers with a clear sense of purpose that is energizing', being 'a role model for ethical conduct' and building 'identification with the leader and his/her articulated vision' (Treviño et al., 2003, p. 7). Charismatic leaders often invoke values as part of their compelling vision for an organization (Cha and Edmondson, 2006, p. 58).

In other words, the challenge is to use charisma to convince people that the leader is simply 'doing the right thing'. Charismatic value-based leaders are often characterized with terms influential, inspirational, courageous, and strong. However, Parry and Proctor-Thomson (2002, pp. 75) suggest that especially transformational leaders have sometimes been labeled 'narcis-

istic, manipulative, and self-centered'. Furthermore, trusting, admiring, and respecting a leader does not necessarily mean that followers will behave with integrity, or that followers are automatically elevated in their motivation or ethical behavior. In this way, charismatic (or transformational) leadership may in fact be undesirable or sometimes, representing the 'dark' side of charisma (ibid., p. 92).

A solid, strong and inspiring base for values need time to evolve. Studies on organizational culture argue that most organizational values are stable, and therefore, organizations face difficulties changing them (Agle and Caldwell, 1999; Campbell, 2004; Schein, 1985). All the difficulties are not intra-organizational. Customers and other stakeholders also find themselves in difficulties to change their attitudes and to adopt the new values. Often values evolve as results of interaction of people, and then, leadership can focus on creating value-platforms for the interaction, and creating spaces for deliberation and reflection.

3.6. To Integrate Values

Leaders must somehow cope with changing and increasingly heterogeneous values, both in their organizations and society at large. Why is the establishment of shared values difficult? Why is there a need to integrate values in organizations?

As Brytting and Trollestad's (2000, pp. 62-63) interviewees argued, most leaders had instrumental motives behind the widespread talk about values in working life. Their interviews indicated that efficiency and economic growth is often looked for when leaders say that they want to manage values, to create a common value-base, or to build a strong company culture. This was regarded as an important tool for the leaders in their efforts to unite and control the organization.

One way of understanding the increased occurrence of values in leadership is to start with the changes taking place in society. They seem to shift from having relatively homogenous cultural patterns to something less stable and heterogeneous or even fragmented. Many researchers have reported a clear shift in values. This is often described as a slow but steady shift from high estimation of material safety values to post-material freedom values (Inglehart, 1990; Hofstede, 2005). This implies that an increased value is granted to the individual's autonomy, well-being, and personal development. For instance, involvement, responsibility, meaningfulness, and self-fulfillment are put forward to characterize good working conditions. (Brytting and Trollestad, 2000, p. 56.)

The roles of various departments or subsystems and the stakeholders to whom they are accountable provide different frames of reference for values, which may cause different subclimates regarding values to evolve throughout an organization (Weber and Seger, 2001). Furthermore, they have to adjust to, or re-interpret, the organizational developments taking place. (Brytting and Trollestad, 2000, p. 57.)

In short, organizational culture may be understood as the ultimate source of ethical and unethical behavior and values, or values are an extension of an organization's culture. (Schein, 1985; Schwartz, 1992.) In both cases, culture holds some integrating values, goals, and intentions, but often some contradicting issues tend to arise. It is important to note, that organization values and organization culture are not one and the same thing. To simplify, while values are the beliefs, the culture is the outward representation of certain key underlying beliefs. Culture consists of the myths, legends, rituals, symbols, and language that define a social group (Meglino and Ravlin, 1998; Schein, 1985).

A complex organization has multiple goals and a plurality of values, which must be held in balance in order for the organiza-

tion to be successful. However, a leader may lose contact with the subcultures that exist in the organization, the goals, as well as with processes. Large organizations tend to rely on hierarchies and the bureaucracy, which sustain the feeling of security, routine, and habits. Values are part of the organizational culture and habits, and therefore, to change values might turn into a difficult task because change may break security and customs. (Brytting and Trollestad, 2000, p. 67.)

One of the most important questions to the VBL is how well managers have begun to realize that there is a need for managerial structures, processes and attitudes that reflect corporate values what the employees experience as being in harmony with their own personal values (Pruzan, 1998, p. 1387)?

Within the complex organizational settings, Graber and Osborne Kilpatrick (2008, pp. 190) propose that leaders should consider advocating a parsimonious set of values and also determine if these key values are within the scope of the typical organizational member to achieve or internalize. Such reflection will make it far more likely that the final set of organizational values are embraced and actualized. Secondly, they argue that we should apply Senge's (1990) thought on differentiating expressed values from the values we really act upon. Thus, leaders should explicate beliefs (e.g. empowerment) from practices (e.g. tight control) and how well they fit together. If leadership is capable of providing a shared value-basis for intra-organizational relationships, it may also alleviate the potential of 'shadow relationships' to hamper the achievement of organizational goals. Blurring the boundaries between groups and individuals would result in shared goals and better performance. (Mills and Spencer, 2005, p. 26.)

Ethical and values-based leadership involves an integration of personal values and the needs of the social system in the development of an ethical framework. Thus, it is important for leaders to have awareness of personal values, ethics and morals as they influence the choices they make and the behaviors in which they engage. If individuals' personal values totally conflict with the organization's values or values of their supervisor, organizational values are likely to be ignored or be slowly followed (Grojean et al., 2004, p. 226, 231.) If values are more or less congruent, this is related to increasing in job satisfaction, organizational commitment, and credibility of leadership (Meglino and Ravlin, 1998).

Much depends on how leaders themselves perceive values in both its rhetorical and factual aspects. On the other hand, to an individual employee within an organization, the organization's values represent a touchstone to personal values. It is argued that a positive relationship can bring about greater personal loyalty, identification, and commitment to the organization (Chatman, 1991). Therefore, as Pruzan (1998, pp. 1388) summarizes, the key question is how well in the VBL are we able to create productive organizational structures, systems of communication, and measurement- evaluation – and reward systems which can attract, hold and develop intelligent, responsible, creative, independent and loyal employees?

Do leaders of complex organizations shape the values of their followers, or are organizational values transcendent, surpassing even individual leadership behaviors (Buchko, 2007, p. 41)? Do leaders impact the values of their subordinates and organization's stakeholders, or does the impact occur the other ways around? For instance, some OD practitioners suggest that leaders are the key in developing and implementing organizational values and value-based behaviors (Driscoll and Hoffman, 2000; Coleman, 2000). Additionally, Fernandez and Hogan (2002) propose that the most effective leaders are those whose values are most like those of the organization.

Most definitions of leadership share the common assumption that leaders influence the subordinates' task and social behaviors (Yukl, G., 1992. Theory and research on leadership in organizations. In: Dunnette, M.D. and Hough, L.M., Editors, 1992. Handbook of industrial and organizational psychology vol. 3, Consulting Psychologists Press, Palo Alto, pp. 147–198. Yukl, 1992). Yet some have questioned the ethics of attempting to change the values of others. There are some arguments that it is inappropriate for leaders to attempt to instill their values in subordinates. Some of these arguments contain negative flavored tones of 'clever ones' who oversee and manipulate subordinates' fundamental values with impunity. Furthermore, not every person who attempts to influence another does so with the best of motives. On the contrary, Grojean et al. (2004, pp. 228) disagree with these arguments, arguing that in most cases, leaders do not instill totally new values and identities in the followers'; rather, they raise their salience and connect them with goals, and required behaviors.

If we agree that leaders are role models of appropriate behavior and their actions are supposed to have a strong influence over the ethical conduct of followers, then the Social Learning Theory provides some additional clues. One way that people learn is by observing the behavior of others and the consequences of it. Thus, a leader's action might be viewed as the standard of acceptable conduct and are modeled by individuals as appropriate and necessary for achieving goals, efficient performance, and even for career advancement. Basically learning influences via at least two routes: increasing trust in leaders, and facilitating value congruence. (Grojean et al., 2004, pp. 228.) Leaders tend to be trusted because they act consistently upon values and organization's mission; they lead with practical example. If leaders also manage to create a climate that organization's values, as well as, the stakeholders' values are congruent, personnel may feel that they should integrate their values with organizational values. In other words, inducing attraction and retention of members who have similar values, 'fit' the organization.

Organizational size is often related to a number of organizational subcultures. So despite the leaders' ambition to create a homogenous and strong values-based culture, often subcultures still survive and new ones develop. As such the subcultures are not the challenge, but, the diverse and sometimes competing sub-cultural values may clash among groups in the organization. (Graber and Osborne Kilpatrick, 2008, p. 189.) Yet, as Hartman (1996, chapter 8) and Solomon (2004, pp. 1032) argue, cultures and values can be shaped by the creation of new value platforms, as long as there is established a consensus around them among the members of the organization.

4. Conclusions

This article has discussed Values-Based Leadership (VBL) in broad and simple terms, but concentration on challenges in putting VBL into practice facilitates better, a more focused understanding. Introducing VBL evidently has positive effects, despite the fact that this article has discussed the challenges i.e. in most cases the difficulties of putting VBL into practice.

Values-based leadership is not purely an alternative approach; it is complementary to other leadership efforts (Parry and Proctor-Thomson's (2002, pp. 92 conclusions). As Treviño et al. (2003, pp. 21) conclude, ethical leaders do many of the things 'leaders' do, but within the context of an ethics agenda.

The focus was limited to intra-organizational challenges, namely changes in organizational structures and authority, participation, communication, image and perceptions, and integra-

tion of values. In table 1, the key arguments of this article are repeated (left column), then particular challenges that each argument gave are expressed in the middle column. Furthermore, to depart the limitations and the challenges of the VBL, some alternative strategies to overcome the explicated VBL challenges are presented in the right column.

One should note that tackling challenges is not simply a matter of 'ethical policing'. Rather, it opens up the possibility to re-think organization, strategy, and operative goals, and motivating and rewarding people. Also, recognizing challenges would contribute to the personal and professional development of leader-

ship via promoting increased harmony and awareness between individual and organizational values.

To an organization, values are a set of shared beliefs and basis for mutual recognition. At best, the VBL can create a feeling of 'organizational fit' at the personal and group levels. For the leaders, values are to set criteria for rewarding, to enact beliefs, and are tools to create continuity and to set guidelines. Values benchmark a bottom-line for decision-making, and explain the ground for selections, as well as, a choice between strategies and policies.

Table 1. Identified potential challenges and proposed solutions

Arguments	Particular challenges	Alternative strategies to overcome
Traditional power is becoming powerless in flat and professional organizations	<ul style="list-style-type: none"> – Leader's position do not meet the actual needs and requirements – The ineffective combinations of formal and informal value-processes – Independency and lack of cooperative actions and trust leads to several, parallel key values 	<ul style="list-style-type: none"> – To create consensual decision-making and cohesive authority – To decentralize responsibility for value-congruence – To operationalize common goal precisely
Participation of stakeholders is suggested to be intensive and extensive	<ul style="list-style-type: none"> – Too restricted participation – Problems of finding key stakeholders within organization 	<ul style="list-style-type: none"> – Empower and motivate stakeholders – To ensure that stakeholders are aware of the goals, and that goals and actions are precise
New forms of control and feedback are needed	<ul style="list-style-type: none"> – Formal values do not constitute a solid base to assess actions or performance accordance with values – Moving from controller to enabler is partial 	<ul style="list-style-type: none"> – Receive and provide feedback actively – Specify leader's role
Communication of values should be clear and straightforward	<ul style="list-style-type: none"> – Low acceptance of formal values – The length of communication lines increases the possibility of breaks and misinterpretations – Information is 'filtered' 	<ul style="list-style-type: none"> – Provide guidance when situations are ambiguous – To increase familiarity with participants – To ensure a common base of know-how
Leadership stands for fostering image and perceptions	<ul style="list-style-type: none"> – There is no example to be followed – Lack of time and continuity 	<ul style="list-style-type: none"> – Determine what is expected and illustrate what leader's can implement and influence – To commit in the VBL
Integration of values and actions is vital for organizations and development	<ul style="list-style-type: none"> – Too plural value-basis – Bargaining hinders the achievement of mutual and shared values – Leadership does not contain role-modeling 	<ul style="list-style-type: none"> – Put efforts to lead value-congruence – Create neutral platforms for negotiations and invoke the organization's strategy – Try to increase trust and lead with practical examples

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Corporate ethical codes as strategic documents: An analysis of success and failure

Betsy Stevens

Abstract

Ethical codes state the major philosophical principles and values in organizations and function as policy documents which define the responsibilities of organizations to stakeholders. They spell out the conduct expected of employees and articulate the acceptable ethical parameters of behavior in the organization. Most large US and multinational firms today have a code. If utilized effectively and embraced, codes can be key strategic documents in organizations for moderating employee behavior and reducing unethical actions. To be effective they must be communicated well and become a part of the culture of the organization. An ethical code from a major investment bank is analyzed in terms of code effectiveness, transformational communication, and its role as a key corporate strategic document.

Keywords

Corporate ethical codes, strategy, ethics, Lehman Brothers

Introduction

Ethical codes are documents which state the major philosophical principles and articulate the values embraced by an organization. Effective codes are policy documents which define the responsibilities of organizations to stakeholders, the conduct expected of employees (Kaptein & Wempe, 2002) and articulate the ethical parameters of the organization—what is acceptable and what is not (Stevens, 1996). A code can be used as a key strategic document in an organization or it can simply be window dressing—an artifact to make the organization appear more ethical to its stakeholders. Some firms draft codes to create a positive public image or receive a break under Federal Sentencing Guidelines; others attempt to guide and focus employees on ethical behavior appropriate to the organization. This paper analyzes corporate codes as strategic documents and examines why some are successful while others fail. When codes do not function as key documents, they usually have not been communicated effectively or culturally embedded in the organization. As a case study, the ethical code from a major failed investment bank is analyzed in terms of code effectiveness, transformational communication, and its effectiveness as a key corporate strategic document. Some ways a different code might have helped the company are examined in light of the company's demise.

Definition and scope of ethical codes

Codes range in length from one paragraph to more than fifty pages and are intended to impact employee behavior (Stevens, 1994). Also called codes of conduct, business principles, codes of ethics and corporate ethics statements, they typically contain open guidelines describing desirable behavior and restrictive language prohibiting other behaviors such as bribery and conflict of interest (Nijhof, Cludts, Fisscher, & Laan, 2003). Codes enhance social responsibility and clarify the norms and values the organization

seeks to uphold. Most importantly, they are messages through which the corporations attempt to shape employee behavior and effect change through explicit statements of acceptable behavior (Stevens, 1994). Codes differ from mission statements by articulating the value system and answering the question—with what ethical standards and values should the mission be pursued? In contrast mission statements spell out the objectives of a company and articulate organizational goals. Firms frequently attempt to manage and articulate ethics through their codes which are designed for internal and external audiences.

An effective code enhances social responsibility and clarifies the norms and values the organization seeks to uphold. It is visionary and transformational, providing guidance in difficult circumstances (Stevens, 2008). It sets the tone for the organization and can be the key corporate strategic document upon which all decisions are based. Adherence to the code in ethical organizations is a commitment an organization can undertake to ensure a strong ethical climate. When codes are embedded in an organization's climate and both leaders and employees embrace the codes with words and actions, they can help create and maintain successful ethical organizations. Embedding the code means prioritizing strategies and policies so the code occupies a central position in the organization.

The use and content of codes

Most large U.S. corporations today have an ethical code, after increasingly adopting them in the 1980's and 1990's (Chonko et al, 2003; Trevino et al, 1999) and they can be found in about fifty three percent of the largest companies worldwide (Kaptein, 2004). Code content in the 1980's showed that most reflected concern over unethical behaviors that could hurt profits, and showed a weak commitment to social responsibility (Cressey & Moore, 1983). Complying with federal laws and avoiding conflicts of interest were common themes at that time (White &

Montgomery, 1980). A content analysis performed by Mathews (1987) showed that firms primarily emphasized avoiding illegal activities, employee misconduct and placed little emphasis on the environment, product quality, or safety. Another study confirmed that the most frequently mentioned topics in codes were conflict of interest, gifts, and misuse of confidential information (Pitt & Groskaufmanis, 1990). Steven's study several years later showed that codes were primarily designed to defend organizational against egregious behavior by employees and were lacking in ethical guidance and vision (1996). Snell and Herndon agreed, concluding that codes were focused largely on corporate self-defense (2000).

Code content also differs across countries and continents. Langlois and Schelgelmilch's study of codes from England, France, Germany and the U.S. revealed that British and European codes discussed government and customer relations less frequently than American codes (1990). Kaptein's study (2004) identified content differences among European, Asian and North American codes. European codes focused far more on the environment than American codes and honesty was a more significant issue with Americans. Sixty four percent of American codes mentioned honesty as compared with forty five percent of European codes and thirty eight percent of Asian codes, but fairness was mentioned more frequently in European and Asian codes. These content differences reflect varying cultural beliefs and values held by managers and employees in these countries.

The value of codes in organizations

Codes can help improve a company's reputation and discourage government intervention, allowing companies manage themselves with less regulation. European companies have increasingly used codes to regulate labor relations and discourage government intervention (Sobczak, 2003). They can improve work climate and leave employees feeling positive about the company (Manley, 1991), shape employee behavior, and positively influence ethical decision-making (Trevino and Weaver, 2003, p.258). Trevino and Weaver's research showed that open discussions about ethics in the organizations contributed to increased ethical behavior. Additionally they found that strong leaders who share their values with others positively affected the organization and its code (2003, p. 8).

Laufer and Robinson's study surrendered information showing that when employees' and managers' behavior was consistent with codes, their behavior positively influenced others in the organization (1997). Ford and Richardson noted fewer instances of unethical behavior in companies with codes than without (1994). Findings from another study showed management accountants perceived less wrongdoing in organizations with corporate codes and respondents in organizations without formal codes were more aware of wrongdoing (Somers, 2001). His study also revealed that accountants in firms with ethical codes were influenced positively by codes in the areas of profitability, moral behavior and charitable donations. Valentine and Barnett (2002) found a positive effect with sales professionals' perceptions of their organization. Additionally codes of ethics can help develop patterns of trust among employees (Scalet, 2006). All of these studies indicate that codes can encourage employees and managers to act with integrity and can serve as valuable managerial tools. Kaptein and Schwartz reviewed sixty seven code studies and found codes positively affected behavior in many organizations (2008). This study added to the growing body of knowledge supporting the use of codes and provided additional evidence that codes work.

What makes codes work effectively?

Good communication

Codes can serve as core foundational documents that give organizational members a sense of shared values and commitment to ethical purposes (Stevens, 2008). A number of studies have yielded evidence that they work in deterring unscrupulous behavior, but codes must be communicated effectively and supported by the management team. Good communication is the first requirement for effectiveness.

Communication plays a central role in code effectiveness; members must be aware of the code and know why it exists. Weeks and Nantel (1992) and Adams and Rachman-Moore (2004) noted the relationship between codes and organizational communication. They saw that codes were effective if they were communicated well through the right channels. The manner in which ethical codes are communicated contributes directly to their success or failure. Schwartz's study of codes found that they are most effective when they are readable, relevant and written positively rather than negatively (2004). When communication is discouraged or absent, silence can kill a company. Perlow and Williams cited the Enron corporation as an example of silenced organization where individuals felt they could not speak freely about wrongdoing (2003).

Conversely, the lack of communication has been attributed to code failure. While strong evidence exists showing that codes are effective under the right conditions, they sometimes fail to prevent unethical behavior. The Enron corporation had a code, but it also had three sets of books and the board of directors twice suspended the code (Sims & Brinkman, 2003). Many other examples of companies with ethical codes acting unethically can be found. Codes fail when communication is ineffective.

Communicating a code from the top often leads to the code being ignored. Mandated codes in a highly centralized structure have been rendered ineffective because employees rejected attempt at control (Trevino & Weaver, 2003). Creating a code will not insure that ethical behavior will occur; ethics, the code, and ethical decision-making must be infused into the organization and not ordered from the top down (Neube & Wasburn, 2008). One U.S. study examined whether an ethical compliance program of ethical codes, training, and communication would result in fewer OSHA violations. Researchers found no positive correlation and concluded that the ethics programs might simply be artifacts to deflect any criticism of the corporations' ethics (McKendall, DeMarr & Jones-Rikkens, 2002). Attempts at regulation and control through codes are problematic, so it is not surprising that codes in these compliance programs did not achieve their goals. Forced code compliance does not work because codes communicated downward to employees by senior management are seen as edicts.

Codes are typically communicated in orientation literature or posted on the company website. Hence many employees do not read the code until an event or crisis occurs. Several decades before the exponential growth of electronic messages such as e-mail, instant messages, memos, faxes, and voice mail, Davis noted the "overpublication" occurring in organizations (1972). Many employees are overwhelmed by a plethora of messages to which they must respond. McKibben recently observed that employees faced with many messages absorb and respond to bursts of information automatically, rather than thinking carefully about them (2003). Reflection time is absent from many organizational cultures; A code can become simply become another compliance document that is easy to ignore.

Embedded in the culture

The second key factor for code success requires they become embedded in the organization and integrated into the culture. When coupled with the right ethical behavior from managers, they are more effective than formal ethical training (Adam & Rachman-Moore, 2004). Code effectiveness is identified with corporate boards setting the tone in organizations at the top (Schwartz, Dunfee & Kline, 2005). Codes which become organizationally embedded have effective leaders who can create and manage ethical cultures. Codes work when employees see organizational actions which are in line with the code. Discussions about values, and debates in companies with codes help organizational members realize that taking the right action often requires dialogue with others (Adams & Rachman-Moore, 2004).

Members respond to visible justice so if managers' or employees' behaviors do not match the code and nothing happens, it will fail. Nitsch et al observed that frustration, anger and cynicism develop when code violations are unchecked (2005). Employees are sensitive to fairness issues and perceived unfairness or unequal treatment can cause low trust in the organization (Kickup, 2005). As distributive justice is important in organizations (Greenberg, 1990), organizational leaders who build trust by ensuring justice prevails strengthen members' commitment to the code.

Codes can fail if rejected by the organization's culture. Marnburg studied a group of Norwegian businesses with codes, measuring the ethical attitudes of engineers and economists and found that the mere existence of a code did not influence the attitudes of respondents. He observed that it was not enough simply to have a code. Organizational members need to acknowledge and accept the code for it to be effective, and in this case, they did not. In another example, Chinese organizations failed to adopt best practices of a code because of the collectivist features in the culture. Pseudo-support was given, but companies did not adhere to the code even when it was in their best interests to do so (Snell & Herndon, 2000). The authors hypothesized that power distance and culture caused the behavior since subordinates are under pressure to publically support their superiors even if they do not agree with a decision. Snell and Herndon's study illustrates the interplay between culture and codes; codes imposed on workers by external agents are ineffective. Simply put, managers cannot order employees to act ethically; codes attempting to impose legal controls and regulate ethics do not work.

Healy and Iles found that codes issued by London IT firms attempting govern information and technology did not work and behavior of IT end users in organizations was not changed (2002). Again using codes to achieve governance and compliance failed. Top down attempts to control used in this fashion fail, which explains why Marnburg, McKendall et al, Healey and Iles and Snell and Herndon reported unsuccessful results. In all of these studies, codes failed to regulate behavior. Schwartz (2000) also observed that codes cannot be compliance control systems and Trevino and Weaver agreed saying forced legal compliance places codes outside the climate and culture boundaries where employees feel ownership (2003, p. 194). Culture and cooperation—not mandatory compliance—create the climate where codes become effective.

Transformational leadership and codes

Transformational leadership was first discussed in depth by Burns (1978) and furthered developed by Bass (1985) as embodying the characteristics of influence, intellectual stimulation

and inspirational motivation. More recent empirical studies have explained relationships between transformational leadership and motivation, attitudes and organizational performance. Followers have higher trust levels in their leaders (Podsakoff, MacKenzie, Morman & Fetter, 1990) and consider their leaders more effective at communicating organizational goals (Berson and Avolio, 2004).

If one of the goals of transformational leadership is to "make better citizens of both leaders and followers" (Burns, p. 461), then the ways leaders communicate is extremely important. But transformational communication has not been widely studied and little information exists on the subject. Fairhurst (2007) argues that more attention be paid to the communicative process of transformational leaders which might undermine some of the simplistic notions about all-powerful leaders. He stresses a more dialogic approach focusing on communication and leadership, upward communication and effective communication with followers. More research about how transformational leaders communicate and ways they engage followers in stimulating, motivating, and influential ways is needed. However, one useful framework exists which is appropriate for analyzing codes.

A model which captures discourse interaction is the Competing Values Framework (Quinn, Hildebrandt, Rogers, & Thompson, 1991) which is used to assess communication. The transformational, instructional, informational, and relational elements represent different rhetorical dimensions of managerial communication which are opposite values.

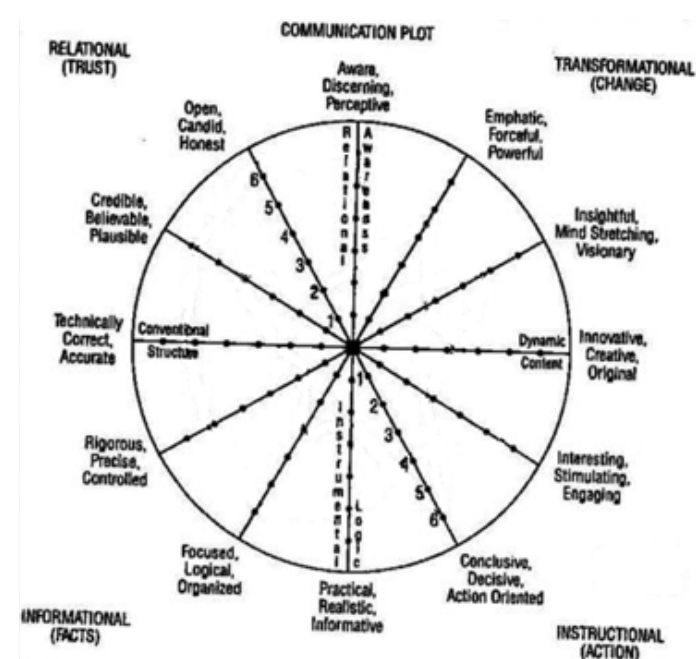


Figure 1
Competing Values Framework

Central to the model is the concept of competing values or the understanding that a document may have strengths or weaknesses in more than one area. The model reflects a multi-dimensional approach where strength in one area may directly cause weakness in another. This is particularly important in examining ethical codes as they involve complex, multifaceted, and often conflicting ideologies. Hence architects of a code may design it to be both transformational and instructive. Using this model helps identify more than content; it reveals some of the philosophical underpinnings of the code itself. If a code shows strength or weakness in a quadrant, it helps identify some of the key characteristics of that code.

Code studies provide rich information about which subjects are present or absent, yet some fundamental questions remain. Would perspicacity be increased by looking at code dimensions which extend beyond topical analysis? For example, are they visionary? Do they instruct? Do they motivate? Are they written in ways which encourage or discourage compliance? Content analysis usually does not discern subtexts and more subtle messages buried in text. A rhetorical analysis using the Competing Values Model can accomplish this more efficiently and this was used to analyze the Lehman Brothers code.

Documents with transformational aspects reflect language which is change-oriented and values-driven. Central descriptors of transformational communication include words such as “emphatic, powerful, forceful” and “insightful, mindstretching, visionary” (Quinn, Hildebrandt, Rogers & Thompson, 1991). Transformational communication typically talks about change, the value of change and encourages commitments to change. It is likely to be organized in a persuasive fashion and incorporate reason-giving messages and the tone may be inspirational and visionary (Stevens, 1996).

Lehman and the investment bank crisis

Lehman Brothers, Inc., a 158 year old investment bank, closed its doors in September, 2008. Its shares plummeted shortly after announcing a \$2.8 billion loss in the third quarter of 2008. Lehman was widely exposed to toxic subprime mortgages and the Federal Government declined to rescue the bank, citing its size and lesser impact on the economy. Like those at several other investment banks, managers at Lehman did not consider the risks of defaulted subprime loans or a downturn in the economy, yet both occurred simultaneously. They were audited by Ernst and Young who also failed to weigh in the risks (Richard, 2008). The company filed for bankruptcy of September 15, 2008 and its New York operation was purchased by Barclay's Bank. Other investment banks also needed emergency assistance. Bank of America bought Merrill Lynch for \$50 billion. Bears Stearns was subsumed by JP Morgan Chase which also bought the bankrupt Washington Mutual Bank, whose collapse represented the largest bank failure in U.S. history.

The financial crisis

The US is suffering from a financial crisis caused by banks selling numerous subprime mortgages to people who could not afford them. Banks reduced their risks by moving mortgages off their books and selling them in bundles. Evidence of wrongdoing by those who issued mortgages is visible (Efrati & Perez, 2008; Miller & Fallati, 2007). The ultimate losers were the large insurers, stockholders, taxpayers and the investment banks. Although its assets exceeded \$600 billion, Lehman Brothers was one of the casualties.

Lehman's demise was caused largely by their deep involvement with derivatives, a way of allowing investment banks to shift money from firm to firm. They are contracts or bets that put a value on a security during a specific time and their attraction to banks is that they smooth over fluctuations of interest changes, bond defaults, and financially rough periods. The owner then uses collateral from the “new” money to finance other deals. Lehman transmogrified large amounts of money in this way. It does not take an economist or financial analyst to understand that if the same investment is used as collateral for multiple transactions and moved around to different locations, something is not right. While the investment banking industry has been hard

hit and shares of Bear Stearns and Lehman became worthless, one has to ask if Lehman's ethics were based on values, building wealth without exploitation, and honesty? Were diligence, care, reason, fiduciary caution and the desire to take care of employees and shareholders reflected in the code and the culture?

The meltdowns in the financial sectors occurred because companies acted recklessly and assumed too much risk. The U.S. government has not been sufficiently strict with financial institutions or tried to belay aberrant behaviors. Also there is considerable evidence that crime pays—at least in the U.S. Courts there have ordered restitution to victims of corporate fraud, but most are not repaid. A study by the US General Accounting Office (GAO) examined five white-collar financial fraud criminal debt cases and found that victims collected only about seven percent of what was owed to them (Engel, 2005). Nine investment banks were fined in 2003 by the Securities and Exchange Commission, but the fines were minimal compared to the profits companies gained using corrupt practices.

An analysis of Lehman's code

In using the Competing Values Framework to analyze the code, two questions are considered. First, did the Lehman code focus primarily on the relational or trust, transformational, instructional or the informational aspects reflected in the model? Second, were the core parts of the Lehman code sufficiently transformational to provide guidance in the time of crisis?

The Lehman Brothers Code of Ethics is a five page document outlining the behaviors that were expected from its employees. Its first page is an introduction stating that all employees must comply with the code. Four pages of the body then follow. Page one states that the code is meant to be read along with Lehman's internal Code of Conduct, which is also discussed in this paper. These two documents comprise Lehman's position on its corporate values.

Paragraphs three and four contain strong statements about trust (p. 1, Lehman Brothers Code of Ethics). The code emphasizes that strong client relations have been built over the years with the statement, “The lynchpins of that trust are our ethical standards and behavior. We must always do business in a manner that protects and promotes the interest of our clients” (p. 1). Paragraph four takes a stronger position stating that “Ethical business practices are the product of more than a fear of legal ramifications.” Then follows “Ethical business practices entail a clear understanding of right and wrong, and a motivation on the part of our directors and employees to act at all times in a manner of which they can be proud” (p. 1, para 4). These sentences have transformational aspects to them as they can be described as insightful, mind stretching and visionary. They outline the philosophy of ethics and the language used is not a reflection of the opposite concept on the model—rigorous, precise and controlled. So in this passage, one finds transformational elements.

But the remaining four pages of the body communicate in a different way with a legalistic tone and language that is not conversational or insightful. For example, a passage on page 2 states, “The Firm has established procedures for submitting concerns regarding accounting, internal auditing controls or auditing matters to the Audit Committee of the Board and for submitting other concerns to the non-management members of the Board (p. 2, paragraph 3). Here language becomes more dense and it continues as the code progresses. A paragraph on p. 5 about full and fair disclosure is comprised of only three sentences, but the first uses 32 words, the second, 69 words and the third, 56 words. These are extremely complex sentences, considering the average

business document uses sentences ranging in length from 16 to 24 words (Guffey, 2008; Ober, 2006). Many other sentences in the document exceed 50 words.

The code addresses the basic topics found in most corporate codes such as conflict of interest, retaliation, stealing, use of proprietary information, non-retaliation, and compliance with laws, EEO issues and fairness. Not particularly unique as a code, it appears to be written by legal staff to protect the firm against egregious behavior, a typical approach used in corporate codes in the US (Stevens, 1996). The code relies most heavily on phrases reflected in informational quadrant whose central descriptors on the model are "rigorous, precise controlled" and "focused, logical, organized." The vast majority of language and information fits these descriptors as many of the sentences are commands phrased in passive voice, as in "Employees and directors are not permitted to remove, sell, loan, convey, or dispose of any record, voucher, money, or things of value belonging to the Firm without the Firm's consent" (p. 3, para. 4). In stressing informational, fact-based material, the writers sacrificed the transformational aspects which are in opposite positions on the model.

While culture is discussed on page one saying the code will "help maintain a culture of honesty and accountability" (p. 1, para 1), it is never again discussed and no statements are present to help employees understand how Lehman's culture is unique and what values differentiate it from the other investment banks. The clear understanding of right and wrong beyond violating laws is not articulated. So questions are left answered such as --What does Lehman value most of all and how does an employee come to understand Lehman's unique cultural ethical values? Answers to these are other questions are not found in the code. Instead, the remaining four pages stress legal responsibilities, stating that employees must comply with the code, report violations, and not engage in conflicts of interest or personal gain. It cautions against outside employment and affiliations and tells employees not to steal, act on proprietary information, or violate the laws. The code affirms that Lehman follows EEO laws, believes in fairness and full disclosure and ends saying the Board of Directors may waive the code at their discretion. With its extremely legal focus and language, this code would be most useful to Lehman attorneys wanting to legally separate the egregious actions of an employee from the organization.

What is missing? The code is weak in transformational aspects giving little guidance in gray areas. It does not help when wrestling with a difficult decision; rather the code almost exclusively discusses topics that violate federal laws and warns employees not to break them. Also missing are the values of the corporation beyond adhering to laws. Nowhere in the Lehman code can be found a discussion about managing risk responsibly. One does not find any statement telling employees to safeguard the company's assets so the company will endure in times of financial stress. Rather, an opposite message is conveyed with "Employees and directors have a duty to the firm to advance its legitimate interests whenever the opportunity arises." (p. 3, para 2). The next sentence admonishes the employees not to take anything for themselves or their friends. On the fourth page the employee is urged to "compete aggressively in furthering the interests of the firm" which, of course, is a perfectly valid position for Lehman ---but it lacks elaboration along ethical lines. When should the employee compete aggressively? Under what conditions should more restraint be exercised? How far should one go in competing aggressively? What are Lehman ethics and values in those circumstances where it may not be the right thing to compete aggressively? None of these issues are addressed.

Lehman's ethical code and code of conduct are nearly devoid

of transformational language. No visionary ideas are present and it is not an inspirational or thought-provoking document. Generic to the extent that with a few changes in wording, the code could be applied to any bank, insurance company or financial institution, it raises no issues other than those that could hurt the firm. Additionally, Lehman's code says nothing about protecting the environment, a committing to the community in which they lived, or adding value to the world community.

When codes such as Lehman's focus too narrowly on prescribing or dictating behavior, they miss the transformational aspects that could be present and lack guiding, visionary thoughts and language. A 1996 study showed codes were generally framed from a defensive position to protect the organization against egregious behavior and could benefit by being more instructional and transformational (Stevens, 1996). Too much focus on prescriptive behavior means the transformational and instructional elements are compromised. A number of scholars have also argued against the downward, command-style approach of communicating ethical values.

The Lehman Brothers Code of Conduct, accompanying the ethical code, is a brief document which governs the relationship between Lehman and external parties such as suppliers and government regulators. Seven pages in length, this document also focuses almost exclusively upon legal compliance. The first section states that strict compliance with laws and regulations is mandatory and senior management is responsible for this outcome. Protection of "reputation, image and intellectual property" is stressed as very important (p. 3, Code of Conduct). Next it says selection of external parties, primarily with purchasing, should be competitive, based on the nature and quality of the services. The code also admonishes managers not to become overly dependent on a supplier.

Dealing with authorities is addressed and the code reminds employees to not to hinder any investigation by hiding information or documents or providing false ones. Here again is a strong focus on legal matters, for this action would be obstruction of justice, which is a felony.

In the following section concerning auditors and controllers, employees are cautioned to use the "highest standards of fairness, transparency, and cooperation" and to provide full and truthful documentation (p. 5). Finally the code discusses the importance of managing confidential data, including insider information and reminds employees to comply with the law. Accepting gifts of a material nature are prohibited if they might influence impartiality, leaving the judgment of such situations up to the employees. The remaining two sections address reporting violations and warn that termination from the firm could occur.

Discussion

To answer the first question, The Lehman code of ethics and internal code of conduct are not documents offering vision and guidance to its employees. Absent are strong guiding principles and visionary aspects that defined Lehman as an organization and it is weak on the transformational aspects of the Competing Values Framework. While the code lays out the basic rules expected of all Lehman employees, executives missed the opportunity to create a unique code that might have thoroughly defined the Lehman culture. A more transformational code might have identified their unique ethical strengths and values and guided employees through tough decisions. The very act of creating the code is an important managerial process and strategy. Managers need to find the right words to express the ideas and behaviors valued by the organization.

In answer to question two, The Lehman code did a basic job of protecting the organization against illegal actions by employees, but it did little to advance an ethical culture. Perhaps that culture did not exist. A code cannot create a culture that is not present or change the organization by itself.

It would be naive to claim that a different code could have saved Lehman Brothers since a number of complex factors were in play. Regulators were not sufficiently aggressive with financial institutions or nor did they do enough to bely aberrant behaviors. The investment banking industry itself reflects a culture where regulation was ignored. Nine investment banks including Morgan Stanley Dean Witter were fined in 2003, SEC Chairman William Donaldson noted that MWD's CEO Philip Purcell showed "a troubling lack of contrition" (Gross, 2003, p.2). The fines (\$1.4 billion) represented only a fraction of the profits companies gained using corrupt practices and the sanctions amounted to a slap on the wrist. Nineteen brokerage firms, including Lehman Brothers, were fined in 2008 for overstating trading volumes to services that compile rankings (Curtis, 2008). Lehman's fine was only \$200,000, creating a situation where the gains in misstating information were likely worth far more than the fine

Conclusion

Codes have earned a secure place as strategic management tools; they can send powerful messages to members of organiza-

tions about ethical business practices. The very act of creating the code is an important managerial process: finding the right words to express the ideas and behaviors valued by the organization an important strategic action for an organization. A body of research now exists demonstrating that if codes are embedded in the organizational culture and communicated effectively, they can guide and shape ethical behavior. But codes themselves cannot fix organizations. The code is a part of the culture and reflects the values—good or bad—found in an organization.

The Lehman code reflects the culture of the investment banking industry which was aggressive, competitive, and interested in adhering to regulations only when it was in their best interests to do so. In this case, their ethical code was not a strategic document and it did not influence central decision-making. A different code could not have helped the company. Codes that are not key strategic documents embedded in the culture serve primarily as window-dressing to appease stakeholders and do little to influence decision-makers.

In fairness to Lehman Brothers, it is unclear why some corporations were saved and others were left with no lifeline; only time will tell whether the extensive bailouts by the US government were good for corporate America, the world economy, and the companies that were rescued.

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Newspapers on sustainable development – a postmodern business perspective

Lise-Lotte Hellöre
Björn Vikström

Abstract

The paper departs from an urge to understand the operating environment of business firms in the postmodern society. In identifying sustainable development as a key concept, we make use of daily newspapers to explore which values these attach to reporting on sustainable development. After identifying these norms of society, we argue that firms have taken on a role in people's lives that former pertained to the religious, collective culture. Business organizations provide a sense of belonging in times when people look for new areas of selfidentification. This role has been accepted opportunistically and strategically in the business world. We thus identify a weak SD paradigm, which seems to increasingly appear in our everyday life, whether one is, beside a newspaper reader, primarily a customer or a business manager.

Keywords

Sustainable development, values, postmodernity, identity, ethics

1.1 Background

The United Nations has in a General Assembly resolution in September 2000 launched a global sustainability program called the United Nations Millennium Declaration. Finland is, together with the other member countries of the UN, a signatory of this declaration. Having just passed the midterm point in the assertion, it is of interest to study how sustainable development (SD) has been manifested in society. What values are connected with the concept of SD in everyday life? How do newspapers, as central actors of moulding and forming public opinion, bring SD forward? What pressures and implications do these bring upon the major economic actors of our times – the business networks, firms and corporate life? And last, but not least – how can we understand this interconnection of values, SD, media, business and society in a postmodern society? This study is a further development of a recent research report that explored Finnish newspaper articles inclusive of the concept sustainable development (Hellöre, forthcoming). Serving as a pilot study, that report explored the possibility of integrating psychological models as a means to understand value. Not successfully verified models have at this stage been left out, but the frameworks that proved useful are here included and further explored, providing a broader understanding of the postmodern society in which firms are embedded. The embeddedness of firms has been researched by a number of scientists, most notably Granovetter (1985, 1992, also by the IMP-school¹ with researchers such as Forsgren & Johanson, 1992; Håkansson & Johanson, 1992; Törnroos, 1997; Andersson, 2001 etc.) Kaufmann and Kaufmann (1996) see values as based in foundational basic needs. However, as a person's values develop, the process of learning becomes essential. This is called socialization and implies how an individual incorporates the values and norms of society through ways of imitation, identification of roles and other means of socialization. As mass

media provides day-to-day influence over issues of importance, it also plays a central part in the socialization of the norms that make up our rules of life. Therefore, researching media supports the identification and understanding of values in society. Thus, the research questions to be addressed here are:

1. What types of values (inclusive of ethics) are transmitted in Finnish newspaper articles on sustainable development?
2. How can these values be understood?
3. What does this imply for Finnish firms embedded in a postmodern society?

The approach includes a theoretical and analytical triangulation, which integrates perspectives of psychological models, business focus and a philosophical and ethical examination of the postmodern society. By using a range of perspectives, the innovativeness of new understanding is raised (cf. Hatch, 2002; Kristensson Uggla, 2002; Asplund, 1970; Normann, 2001). The main aim is thus to understand the current everyday environment of the Finnish firm. The central idea is to make sense of the complexity of the empirical data in the light of the research questions. Sensemaking as a research aim has been discussed at length by e.g. Weick (1995) and with similar lines of thought, however using other concepts, by authors such as Kristensson Uggla (2002), Normann (2001) and Asplund (1970). The study further aims to be part of the paradigmatic debate on sustainable development. By philosophically discussing the results of an empirical study on newspaper articles, the contribution lays both in concrete and abstract terms: Theoretically, the study innovatively uses psychological frameworks to understand and analyze values of SD. Empirically, the study relies on currently published articles in Finnish newspapers. Managerially, the paper can offer insights beyond everyday business problems, addressing the underlying streams of thought that influence media and thus put pressure on

¹ The IMP-group is a research group founded almost four decades ago around the common theme of the European International Marketing and Purchasing project. The school has become international in scope and is sometimes referred to as the Uppsala school or the IMP-model.

firms. In addition, a few normative managerial implications are drawn. The study has certain limitations. Geographically, the data is collected in Finland. As a result, the exploration of SD is delimited to the national languages. Furthermore, it should be noted that various synonyms or other forms of SD have not been considered, in order to have a clear frame of focus and make the study do-able. The paper is divided into two main parts, excluding the background above. The first part (1.2) is both empirical and theoretical, where we simultaneously account for and philosophically discuss the empirical exploration of values in media articles. The data collection, methods of analysis and results are presented, and sustainable development is discussed as part of the ethics of a postmodern society. The second part (1.3) is managerial, and to some extent normative, where we draw concrete implications of the empirical results and analysis in a business context. The paper ends in a few concluding remarks.

1.2 A study of values in media articles

The empirical data consists of 57 pieces of news collected during one year (12 months) from two leading newspapers in Finland, *Hufvudstadsbladet* (Hbl) and *Turun Sanomat* (TS). These sources of information have been chosen by offering complementarity to each other in two ways. Firstly, because they serve different language groups. Secondly, because they mainly operate in different geographical regions. By differing in scope, the generalizability of the findings is expected to be greater. Hbl is the main national newspaper for the Swedish-speaking minority in Finland, but simultaneously aspires to cover the Helsinki region. TS, again, is the third largest newspaper in the Finnish language, mainly representing the Turku region. However, it seems that TS has gained importance as a means of forming opinion, as it has increasingly become more difficult to publish in *Helsingin Sanomat*, which is the leading newspaper in Finland. The newspapers have been analyzed during the period of May 2007 to April 2008. During this time period, no major groundshaking events took place in the Finnish society. Only pieces of news containing the search words for translations of "sustainable development" have been included in the empirical data. Naturally, for Hbl the search has been made for the equivalent Swedish which is "hållbar utveckling". In TS "kestävä kehitys" respectively guided the selection of material. This is a central limitation to this study. Thus, all newspaper items that deals with sustainable development are not included, only those that explicitly include the exact phrase *hållbar utveckling* or *kestävä kehitys*. This limitation makes the study do-able and feasible by ensuring access to databases on published articles and also avoids making the researchers arbitraries on what sustainable development is; i.e. which parameters a sustainable development need to fulfil. The study is thus descriptive and analytical in nature. Implications of this limitation are that the choice of language reflects the outcomes of the study. The material was accessed by a search function on the homepages of each newspaper. In Hbl 24 items with the search words were found, in TS 33. These are listed in Appendix 1 and 2. Both newspapers reported a peak in July and October. December showed no reported item in neither paper. As for the place of publication, most items were related to expression of opinions in various forms. Editorials, letters to the editorial column and separate columns jointly added up to 19 items. 12 items were reported on the pages of domestic affairs and 4 on foreign affairs. 9 items were in the economics sections of TS and Hbl. Other places of occurrence were linked to sports, extra enclosures such as the Sunday issue, politics, culture and web. Of these the culture section included 3, the remaining 1-2

items. Each piece has been analyzed qualitatively and interpretatively (Bryman, 1989; Strauss, 1987; Robson & Foster, 1989; Norén, 1995; Burrell & Morgan, 1979). By qualitative analysis, we imply that each piece of news is treated as a unique piece of data, read and categorized individually. By interpretative analysis, we mean that we have aimed to make sense of the piece of news in relation to the topic of sustainable development. The sensemaking process (Weick 1995), enables an understanding of qualitative data. The pieces of news have been analyzed by using four different analytical tools. Two are conceptual models, including a framework of SD and a model for understanding the ethical focus of the articles. Another two are psychological models that enable an understanding of the socialization of values. These are one-by-one presented below. In conjunction with each framework or model, the empirical data is analyzed.

1.2.1 The four dimensions of sustainable development

The concept of sustainable development was formulated in the 1980's with the ambition to defend the possibility of a constructive co-operation between economic growth and environmental protection. This was, at least partly, a polemic against the "zero-growth", that was recommended by the so called "Club of Rome" in its report *Limits to Growth*, published in 1972. According to the probably most widely used definition, development is sustainable when it meets the needs of the present generation without compromising the needs of the future (Our common future, 1987). This definition stems from the so-called *Brundtland Report* which was initiated by the United Nations (UN) in 1983. Some instances define SD as consisting of three dimensions; economic, social and environmental (sometimes referred to as ecological) sustainability. Other instances, such as the UN, include a fourth dimension of cultural sustainability. These four dimensions were put forward at the Rio Conference in 1992, stating that neither of the dimensions may be left out for sustainable development to take place. This latter, broader, conceptual understanding of SD is used here. The empirical data shows a rather even distribution of sustainability: cultural (15 %), environmental (37 %), financial (19 %) and social (29 %) dimensions. Traditionally, environmental issues have been regarded as the equivalent to sustainability and CSR (despite the term corporate social responsibility!). Therefore it is rather expected that ecologically or environmentally related issues dominate a majority of the articles. On the other hand, the high percentage of cultural sustainability found in the data is noteworthy. This shows that sustainability is no longer restricted to the three traditional pillars (economic, social and environmental), but that in the minds of media and its consumers, cultural sustainability has conquered its own space and is clearly a dimension to take into account. Economic, or financial, sustainability has come into the fore over past years and has by now achieved a noteworthy attention. However, it carries the dominant perspective in only about every fifth article. This is also a notable result of analysis. As the dimensions of culture, economy and society have gained importance, we consequently see that the leading role of ecological issues in the sustainability debate has decreased, although it still is in the lead. In sum, it seems that the four dimensions proposed by the United Nations have broken through in the empirical data from TS and Hbl.

It is important to acknowledge, that the usefulness of SD as a concept has been called in question during the last decades. Some environmentalists have argued that SD has been adopted mainly by those who want to find arguments for not having to change the current European and North-American way of life (Baker, Cousis, Richardson & Young, 1997). Representatives of

the poorer parts of the world have stated that the talk about SD is just a pretext introduced by the Western world, in order to make it more difficult for the developing countries to benefit from the technical and scientific development (Baker, 1997). The empirical data shows that the environmental/ecological dimension of SD seems to have lost some of its dominance. This could be interpreted as a successful result of the efforts to harmonize between the ecological, financial, social and cultural dimensions of SD, but it could also be seen as part of a growing tendency to subordinate the ecological issues to questions of social development and economic growth. Richardson (1997) argues that SD has to be redefined along purely ecological lines – otherwise the concept will be only a rhetorical device used by politicians and the market. According to Baker (1997), there are two dominant types of environmental policy: The first is characterized by a so called “weak” notion of SD, and it tries to preserve the quality of nature inside the prevailing economic, political and social systems by only making slight adjustments to these structures. Its defenders believe that it is possible to maintain our current standard of living; mankind has the right to continue to use the resources of the earth, as long as this is done in a long-term perspective. Characteristic of this approach is a focus on technical innovations that make industrial production, heating of buildings and transports more energy-efficient. The resources of Earth are thought to be essentially unlimited, since the strong optimism concerning technology and science implies that new resources will be found before the old are exhausted. This optimistic version of SD is often adopted in political discourse, since it is guided by the conviction that science and technology will provide us with the desirable solutions at the proper time. The second, “strong” version of SD is more radical, trying to change habits of consumption, redefine what is called economic activity, redistribute the use of the resources of the world, and to reform the current financial structures. According to this understanding of SD, environmental protection is a precondition of economic development. While the market is given an important and rather independent role in the weak SD, the use of legal and economic policy instruments plays a crucial role in the strong SD. The partial downplay of the ecological dimension of SD in the newspapers can be interpreted as an expression of the current dominance of the weak, more pragmatic understanding of SD, according to which economic development is a prerequisite of environmental protection. Without a strong and expanding economy, society cannot afford to protect the environment. This attitude indicates, that environmental protection is considered something “extra” in relation to regular economic activity. This rather pessimistic interpretation of the current situation could indicate that business corporations can go on doing business as usual, because they assert that they contribute to SD indirectly by making profit and thereby increasing the economic potentialities of the society. This is in line with how Friedman perceives business to bear its responsibilities in the most optimal way. Friedman writes in a reissued copy of *Capitalism and Freedom*:

“The view has been gaining widespread acceptance that corporate officials and labor leaders have a “social responsibility” that goes beyond serving the interest of their stockholders or their members. This view shows a fundamental misconception of the character and nature of free economy. In such an economy, there is one and only one social responsibility of business - to use its resources and engage in activities designed to increase it

profits so long as it stays within the rules of the game, which is to say, engages in open and free competition, without deception or fraud. /.../ Few trends could so thoroughly undermine the very foundations of our free society as the acceptance by corporate officials of a social responsibility other than to make as much money for their stockholders as possible.” (Friedman, 1982:133)

The drawback of this attitude is that the corporations will change an environmentally harmful policy only if their own future is challenged, for example when the resources that the company needs for its products are exhausted or at least getting scarce and therefore more expensive. But, on the other hand, the analysis of the newspapers showed a considerable interest in the social and cultural dimensions of SD, which means that it would be unfair to accuse the current media of promoting a narrow financial understanding of SD. The items also showed a significant worry about the future that probably is shared by many of the readers of the newspapers. Therefore, there are a lot of possibilities for firms that are willing to respond to these tendencies in our current society on a level that goes deeper than stereotyped phrases. Mutual advantages can be achieved by offering customers, employees and other stakeholders the opportunity to be part of a corporation that promotes sustainable values and long-term perspectives in social and financial development. This is also the goal of the so-called stakeholder model² (Freeman, 1984), where a win-win situation is sought.

1.2.2 Business ethics and personal identity in a postmodern society

The introduction of the concept of sustainable development in the scientific discourse on environmental issues wasn't just a question of a change in vocabulary. The shift from “environmental protection” to “sustainable development” is an expression of a new attitude towards the relation between science, economy and ethics in the postmodern society. Today, there is a strong feeling of urgency on environmental issues. This is quite understandable, and even unavoidable, given the widespread knowledge about the risks of an ecological breakdown on our planet. At the same time here lies a temptation: the urgent need to find and implement solutions to the current problems tends to give all other matters only an instrumental value in relation to this task. Scientific research is no longer considered as a neutral description of the interplay between man and nature, but as part of an urgent need to accomplish certain goals. Research is therefore valued primarily by its capability to serve political decision-making or technological innovations. In this point of view, man is considered a technician, capable of correcting the former disastrous management of nature by managing nature in a more accurate way. The manipulative attitude towards nature is not condemned as such, only its short-sightedness. There are some postmodern traits in this new “paradigm”. One of these traits is the pragmatism which follows from the postmodern epistemological scepticism: since we can't know anything for sure, the most important question is not if a certain theory or scientific explanation is true, but whether it works (c.f. Weick's concept of sensemaking 1995). As for example Kirkman (2002) has shown there is a strong pragmatic tendency in postmodern environmental ethics, stressing the usefulness of the decisions we make. This kind of pragmatic argumentation is closely related to an anthropocentric utilitarianism: actions should be measured on the basis of their consequences for the individuals or social groups involved. But the current environmental crisis makes it impos-

² The stakeholder approach is in academic literature sometimes referred to as the stakeholder concept, the stakeholder management framework or even the stakeholder theory. Some academics argue that there does not exist any clear understanding on what the theory/approach/concept/framework clearly consists of. Freeman (1994) claims that it rather seems to be a genre of theories.

sible to restrict such utilitarian calculations only to human beings, and especially only to human beings living today.



Figure 1 The prevalence of individual, organizational and professional ethics respectively in the entire empirical data.

Business ethics is a concept which often is used interchangeably to SD and especially to corporate social responsibility (CSR). This has been elaborated in Lindfelt (2004b; 2006b). The use, however, differs both between and within geographical, scholastic and institutional boundaries. Business ethics can interestingly be understood by dividing the concept of ethics into dimensions of individual, organizational and professional character (Philipson, 2004). Take for instance the example of a vegetarian accountant working in a meat producing company. The accountant's personal conviction not to eat meat may be part of her individual ethics. Her following of the regulations of proper accounting reflects the professional ethics of her job. Finally, the company's ethical profile clearly includes an approval of the consumption and production of meat. These three dimensions may be possible to combine – or they may cause deep conflicts if the ethics focuses differ greatly, as in the case of the accountant above. The categorization hence gives a chance to understand the level of ethics involved and the perspective taken upon business ethics or ethics in general. The data shows a clear tendency towards organizational focus in articles that deal with SD in one form or another. See Figure 1. Almost two thirds of the articles (62 %) include an overriding perspective that reports about, or criticizes businesses, firms or other organizational entities. Much less, only about every third (33 %) article takes mainly the perspective of the individual, such as the ordinary citizen, consumer or person. This may imply that the studied media, TS and Hbl, rather sees organizations as agents in SD, than acknowledges the role played by individuals. Is this a tendency representing the view of Finnish society? A very limited proportion (5 %) is focusing on the professional role in ethical matters of sustainability. This may show a tendency in society to downplay – or even be ignorant – of ethical standards held by different professions. Rather, the responsibility and power of the organization, and to some extent the individual, is highlighted. It is quite remarkable that not more work has been done by political initiative to raise the awareness of the potential in professional ethics, considering the amount of official documents on Finland's, Europe's and other large actors' commitment towards a SD. Thus, here may lay a possibility for further stimulation of SD and ethical behaviour, i.e. by stimulating the role of professional ethics. Individual ethics is much more difficult to influence or inspire, and the current culture of Finland is not one of

telling people how to behave. This has been discussed for instance in Lindfelt (2004a).

A question of both theoretical and practical importance concerns how our understanding of ethics is affected if we approve the idea that economical benefits may serve as a justifiable motivation for a company seeking to improve its ethical profile or image. This kind of argumentation would hardly be appreciated if we were considering the behavior of individuals. On the contrary, we are in our daily life highly critical towards persons who, according to our opinion, seem to act in an ethically sound way only when they either expect to be rewarded for their behavior or are afraid of otherwise being punished. In theological language such a person is called a hypocrite, because all that matters for him or her is the surface; that what other people see. Concerning individuals, accordingly, we place greater value on acts that seem to flow from a spontaneous and unselfish care for the wellbeing of others, than on acts that obviously are motivated by an ambition to gain personal benefits. Does this indicate that we should use different criteria when we, from an ethical point of view, assess the behavior of individuals and the policy of business companies? If we consider Adam Smith's idea of self-interest or even "self-love" as the supreme motivation for human behavior, including transactions in the market, the idea of an unselfish actor in the business sector seems highly dubious. On the other hand, as for example Sen (1999) has argued, economists referring to Smith have very often overlooked that he, in fact, simultaneously underscored the importance of virtues such as sympathy, generosity and justice. This indicates that Smith wasn't proposing a narrow egoistic utilitarianism, but rather seeking some kind of balance between the interests of the self and the others. Sen argues that this misinterpretation of Smith has led to a cleavage between economics and ethics, a cleavage that economists only recently have been attempting to mend. On the other hand, it is equally important to keep in mind the simple fact that the point of business is to make money. It would be naïve to expect companies to promote ethical concerns out of sheer benevolence. But the fact that notions like Corporate Social Responsibility (CSR) and SD have entered the field of business and economics indicates that there is a growing need to relate ethics with business/economics. Kaptein (1998) argues that even though the idea of profit is fully accepted, this doesn't automatically indicate that the optimization of profit would also be equally accepted. The company has to show in what way its stakeholders, such as stockholders (dividend), the government (taxes) and employees (profit-sharing), benefit from its profit, and the company also has to convince its customers that it can meet their needs in an ethically sound way. The question of personal identity is a central topic in postmodernity. This identity isn't considered stable or given once and for all. On the contrary, personal identity is something that can be consciously made and reshaped. Through our decisions we create ourselves, our image, but these decisions can always be reconsidered and questioned. By the way we dress, by our lifestyle, by our choice of music, books, magazines and TV-programs we express both our own uniqueness and our relatedness to other people with similar tastes. Since our identity isn't possible to describe by listing a set of lasting characteristics, it has to take the form of a story: the only way to tell who we are is to tell the story of our life. This approach has been adopted by many business companies. Through advertisements, news releases and policy documents, the story, the brand, and thus the identity, of the corporation is shaped and communicated to stakeholders, such as customers and employees. The current interest in "green" values and SD creates possibilities for actors in the market, as we argued

above. In offering sustainable products, the company is able to help those human beings who desire to live in a sustainable way. In a similar way, businesses could strengthen the motivation of their employees by giving them a sense that they are part of a sustainable company; a company that cares for the environment and for the world in which the children of the employees will live. As individuals, people like to take part in a process leading to a more sustainable future, and if this is achieved by being an employee or a regular customer of a certain corporation, then people readily integrate this as a part of their identity, their lifestyle. These considerations could be linked to the encouraging of a professional ethics. In the current ethical debate, there is a renewed interest in virtue ethics, where focus is set not only on individual actions but rather on the whole person (Oakley & Cocking, 2001). As individuals, people like to integrate their professional role with their consumption habits in a coherent lifestyle, where the relation to other people and the environment is characterized by participation and mutual dependency.

1.2.3 Psychological models

A group of researchers at University of Bergen has studied the development and spread of organizational culture in Norwegian working environment and its legislation (Hellesoy, Matthiesen, Raknes, Einarsen & Sortland, 1993; see Kaufmann & Kaufmann 1996: 327). They found that values develop over time and, in addition, continuously gain in importance. Hellesoy et al. classify five types of values, all of which derive from a learning process:

- democratic values: such as justice, freedom of speech, joint decision-making.
- human(istic) values: such as freedom, personal development, and joyful creativity.
- health values: such as lack of pain and illness, protection against injuries and harm, physical and mental control of actions.
- security values: such as protection against dangers posed to people, material and environment.
- economic values: such as the use of resources, efficacy and competitiveness.

In the empirical data, a majority of the articles are financial-ly (30 %) or democratically (31 %) value-loaded. See Figure 1. This shows a focus on economic effectiveness, resource use and competitiveness in the former case, and focus on values such as freedom of speech, democratic justice and joint decision-making in the latter. In many respects, these two perspectives can be perceived as opposites – as in the traditional and much used dichotomy of whether human(istic) or business values should rule our society. The results show a tendency that these respective forces are strongly put forward in media, creating a stimulating tension and a good ground for debate. On the other hand, it may imply that the two opposite perspectives nevertheless are not so distant at all, but that economical values more and more accompany democratic values – and vice versa. In other words; it pays off to be human. This dichotomy is further emphasized with the third value orientation of the empirical data, which is precisely human, or humanistic, values (21 %). These are, on the one hand, closely related to the democratic values, but as they are more fixed on personal development, joyful creativity and freedom there may, on the other hand, arise conflicts between for example social solidarity and individual self-fulfilment. When adding the humanistic values with the democratic, over half of the pieces of news are covered, which is more than the amount of the financial share. On the bottom-end, we find that security issues such as protection against dangers posed to people, materia and environment received less attention (13%). This

is probably a result of our very secure society and the lack of immediate dangers met by newspaper consumers. Health values (5 %) seemed not a large issue at all in the news on SD. As health issues normally score high in any Finnish news, this result of the study rather shows on a very weak link between SD and health issues. Protection against injuries and harm, lack of physical and mental pain are accordingly not an issue that editors and newspaper media tend to link to SD. This is may be due to the fact that the negative consequences of pollution and the global climate change have had more severe impact on the health of the inhabitants of poorer countries, than on the citizens of welfare countries such as Finland.

Hellesoy et al.'s 5 value dispositions

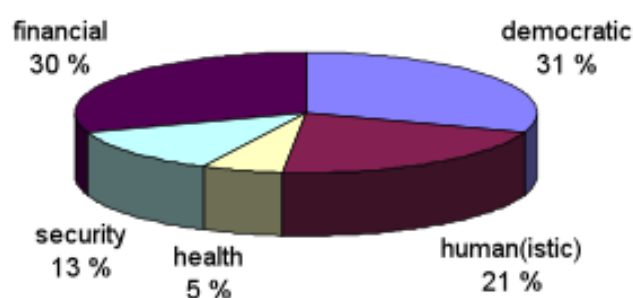


Figure 2 The data analyzed according to Hellesoy et al.'s five value orientations.

Allport's typology of values is another classical psychological contribution. It has been developed in 1960 to a personality test entitled A Study of Values (Allport, 1967: 299). Kaufmann and Kaufmann (1996) give examples of how the typology has been used to identify value hierarchies and profiles in various professions such as among sales directors, priests and industrial researchers. The typology still receives much credit and has also been used for instance in cross-cultural marketing research in a study of consumer ethics (Ford, Nonis & Hudson, 2005). The value profile contains six types of values (Allport, 1967: 297-299):

- theoretical values: emphasizing the cognitive quest for and discovery of truth through critical and rational thinking.
- economic values: emphasizing issues that are down-to-earth, useful and of practical matter.
- esthetical values: emphasizing harmony and form, grace, symmetry and fitness, an opposite to the theoretical values.
- social values: emphasizing altruism and love of people, unselfishness, kindness, sympathy, close to the religious attitude.
- political values: emphasizing influence and power.
- religious values: aiming at a comprehension of cosmos as a whole and the role of human mankind in this greater context.

In the empirical data, the political values (41 %) dominate, implying that sustainability is reported in connection with influence and power. See Figure 2. These are followed by economic values (18%), which in Allport's definition have more to do with practical matters and material, down-to-earth perspectives than strictly financial aspects. Together these two values, the political and economic, represent almost sixty percent of all the articles. This is rather surprising, since the economics and politics sec-

tions of the newspapers were not the main sections to report on SD issues. Quite interestingly, we find that articles mainly dealing with theoretical values (15 %) gained a relatively high share of the articles. This may reflect the significance of SD and the great challenge it poses to human mankind in the current worldview held in media. Theoretical values are defined to deal with the search for truth through rational and critical thinking. Esthetical values (8 %) were the main aspect of SD in a fraction of the empirical data, showing that issues of harmony and form do not occupy a large portion of media coverage in this respect. Finally, only three articles highlighted the religious values as part of SD, and then all in the sense of exploring man's role in the greater context of life. This may show on a tendency of less involvement by the religious movements in the quest for SD, or at least the lack of media interest in this relationship.

Allports 6 value types

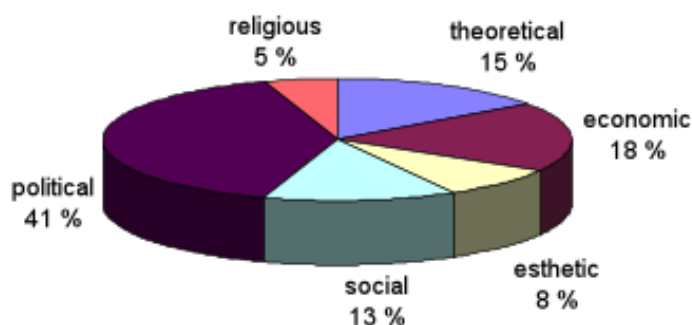


Figure 3 The data analyzed according to Allport's typology of values.

According to sociologists, postmodernity is characterized by pluralism, individualism, demands for immediate fulfilment of desires, and scepticism towards traditional authorities and all kind of absolutism. But at the same time, paradoxically, many representatives of sociology of religion (for example Hervieu-Léger, 2000) have noticed that the personal lifeworlds of post-modern men and women aren't only characterized by individual choice, but also by a longing for relatedness; for a sense of being part of a larger totality: a history, a community or a family. The Scandinavian countries of today face a unique situation, where a great majority of the population belongs to the Lutheran churches, but at the same time many of these church members in empirical surveys declare, that they don't believe in the fundamental teachings of their church. This peculiar fact has by some sociologists of religion (Bäckström et al., 2004) been described by the notion "believing in belonging", which indicates that the individuals in question understand their relation to religion primarily as a question of belonging to a larger entity, not as a question of personal faith: belonging is more important than believing. As a result of the secularization in the Western societies and the globalization, the importance of both the churches and the national states has decreased. The great narratives of churches and of nations do not, to same extent as earlier, provide the individual with a feeling of rootedness in a larger historical, cultural and social context. This means that business companies, consciously or unconsciously, may step in to fill this gap. The company provides its employees not only with a salary, but also with a job that, hopefully, gives the employees a sense of

meaning, direction and participation. By being an active part of the organization, the individual, together with others, strive towards "a common good", because they all benefit if the company makes progress. An expression of this tendency is the idea that a company can be described as a living organism with a "soul". Companies these days also have values, just like people. As a consequence, the company is able to place demands on its employees: they need to show that they are worthy members of the organism, otherwise they can be "cut off from the branch".

1.3 Implications for a Finnish business context

What implications can be drawn from the empirical data to the operational context of business firms? First, it is of fundamental importance to understand how the firm is embedded in a societal context. Polanyi launched the term "the embeddedness of firms" already in 1944. The term is used today by researchers to understand how firms are embedded into the wider environment or society (see e.g. Ramírez-Pasillas, 2004; Noorderhaven, Koen & Beugelsdijk 2002; Lindfelt 2006a). Mainela (2002) include the political, market and societal spheres in explaining the surroundings in which a firm is implanted – or embedded. She sees that the IMP-tradition includes two foundational presuppositions in understanding the firm:

a) Organizations (such as firms) consist of patterns, where various units stand in relationships to each other according to structures of interaction and mutual dependence.

b) Every business transaction is embedded in a network of relationships with distributors, sub-suppliers, governments and a set of other partners. This implies that an understanding of the business, e.g. of actors in the network, influence each relationship within the network. To understand the business, one has to understand the actors. Mainela argues further that all types of economic embeddedness are founded upon the social embeddedness, because individuals are the ones who initiate all business-related actions (Mainela, 2002:141; c.f. Törnroos, 1997).

This is a foundational argument for understanding why the values held by individual businesspeople affect the firms - and especially how this in turn is based on the norms of society and the socialization of these norms into the set of values of the individual businessman or -woman (see above, Kaufmann & Kaufmann, 1996). Therefore, when understanding the embeddedness of firms, the relevance of exploring the postmodern society in which it is embedded becomes crucial. This is where this paper aims to contribute.

In consequence of the above and of the empirical analysis, we propose that the following ten tendencies in society affect business and its legitimacy of operations. In italics are conclusions read in the empirical data and in the subsequent paragraphs we suggest an interpretation of how each proposition affects business operations and firm management. We aim to at this final stage normatively draw conclusions that would benefit business and shortly ponder what each proposition could imply for Finnish firms.

1. Sustainability is reported most often in opinion-related matters and in domestic affairs. This result also shows that the topic evokes feelings and opinions in the readers and in the editors. It may be that both groups want a change and want to be part of this changing process. The editorials contain large opinionbuilding power, which should not be underestimated by businesses. Instead, these can form an opportunity for business to innovatively take new ideas into operations, management or marketing. At the same time results indicate that SD poses a great challenge to human mankind, as many pieces of news

mainly deal with theoretical values and the cognitive quest for truth. There is a real worry in society about SD-matters. The issue has finally – after a quarter of a decade since Carson's *Silent Spring* (1962) – come further than the superficial beautiful words. Thus, companies need to take this aspect seriously into account in its identity formation and corporate philosophy. Only window-dressing and empty PR will do more harm than good. Serious thinking of the philosophical meaning of SD to the firm is needed, before claiming to address these issues.

2. Pieces of news on sustainability issues tend to be published in peak periods throughout the year. When a certain issue is reported in media and becomes part of everyday life, its importance rises. Thus, when there is good publicity on SD-matters of a company, the issue probably gets attention that is rather large in proportion to the issue itself – and vice versa. By the following-up of certain topics, such as SD, an issue grows in importance. Thereby, a company can gain good publicity if taking advantage of the months of good SD coverage and a raised awareness in the minds of the citizens, who also form various stakeholder groups of the company.

3. Cultural dimensions of sustainability are almost as frequently reported as the financial. Firms need to incorporate the cultural aspect into its corporate philosophy on SD. As it seems, the cultural dimension is apparent in society, but is still lacking in most firms (c.f. Lindfelt 2004a).

4. The environmental/ecological dimension of sustainability seems to have lost its great traditional dominance in the understanding of SD. It is no longer enough to rely on a sustainable ecological approach in creating the SD-identity of a company. This dimension is still important, but no longer guarantees that the firm gains an image of taking sustainability into account. For this to take place, it seems that more dimensions than just ecological sustainability must be accounted for.

5. The empirical data emphasizes the role of organizations, rather than the role of individuals or professions, as actors in SD. According to beliefs in society, it is the businesses and other organizations who are main drivers and main carriers of responsibility on sustainability matters. The importance of individual consumer needs, buying habits or consumption trends is downplayed in driving SD forward. Likewise, society does not (yet) recognize the role of certain categories of professions as important for closer examination. Rather, it is the organizations that are investigated and put as role models. This implies that businesses are offered a lead role – they may accept and take it - or they may deny the chance and risk to be questioned on why.

6. Encouraging the role of professional ethics may provide a largely undeveloped possibility of raising SD awareness. Because society is not yet aware of the immense possibility of professional power that a united category of workers can form in driving SD forward, here lies a chance that companies can make use of. If creatively taking this opportunity in their hands, businesses could pass politicians and worker's unions by promoting professional SD awareness and commitment. This could create a real possibility for good image and both societal and economic value creation for the firm.

7. A large part of the articles on SD take the perspective of financial issues; however, the democratic and humanistic perspectives together offer a clearly competing view on SD that is more linked to soft values. Firms need not downplay the need for economic sustainability in the firm, as society accepts the financial dimension of SD. Rather, by emphasizing the economic gains of a SD-approach, the firm's approach is in line with how society thinks. However, sustainability matters are perceived to

be such that these should openly be shared and dealt with. Economic sustainability is not enough, if there is no sense of what good it brings human mankind. In this quest, people want to feel included. Thus, the firm may aim to combine its SD-approach with an ongoing interaction with people inside and outside the firm. Hence, the firm intertwines SD-issues in its identity – and takes on the lead role it has been provided. This should be a valuable approach for reaching into the minds of the public.

8. SD news coverage tends not to include health issues. A relatively blind spot in society is the linkage between SD and health issues. However, many firms, especially in heavy industry, have long worked on occupational health and safety. Here lays a largely unexplored possibility to raise the positive image of the firm – if succeeding in opening up the blind spot of SD and how it relates to health issues.

9. SD is often noted in conjunction with influence and power. Society likes to perceive organizations as powerful, influential, and having the potential to do good and bad in larger extent than ever before (c.f. Brytting, 1998). In this respect, organizations need not worry about being strong agents for SD-development, as it seems this is what society expects them to be.

10. Religious values are downplayed. This is a rather interesting last aspect. Ethics has traditionally been linked to religious values, and religion is probably the largest single origin of the set of values in our society. However, this is not reflected to a great extent in public opinion or as part of media coverage. This implies either that society does not want to link SD in firms with more private religious spheres, meaning that firms should be aware of not doing it either. Or – it could imply a possibility that is unexplored, for stimulating value creation in the firm, by drawing on the positive relations between religious ethical values and a sustainable future.

1.4 Summary and concluding remarks

The main aim of our study has been to understand the current operating environment of the Finnish firm. We have explored the role of postmodernity for doing business, both empirically, theoretically and managerially. This takes place in the midst of the Millennium Declaration, which emphasizes the role of global SD. In researching values expressed by media, we found that cultural sustainability has become a dimension to add to the traditional three-fold understanding of SD. However, there is still a clear link between SD and business organizations. We identify an undeveloped area of SD in professional ethics. SD is most often reported along with power and influence, but least so in conjunction with health and religion. However, SD aspects are seriously taken and often pondered on theoretical level in newspapers. We note that companies play a central role in SD, and often do this out of sheer selfinterest. There is a pragmatic attitude toward ethics in the postmodern society and we argue that this is expressed in the dominance of a weak understanding of SD in society. In the new paradigmatic sense of SD, we furthermore explored the sense of belonging. In sum, we argue that the heightened role of organizations in SD development is directly related to the question of identity in postmodernity. We discuss how a declining role of the collectivism offered by religious institutions, family traditions and cultural heritage, has been overtaken by business organizations. In seeking a sense of belonging, people all the more seem to build their life stories upon participation in an organizational entity. As SD values play significant roles in society, business organizations have taken on the urge to do good, a role traditionally played by actors such

as the church, social institutions, certain professions, family or charitable organizations. The article thus aims to contribute to the discussion on firm identity, business management and SD in creating legitimacy for business operations in our 21st century.

Appendices

Appendix 1 Hufvudstadsbladet contained 24 pieces of news inclusive of "hållbar utveckling".

Date	Title	Section
15.5	Chirac tog farväl av politiken	Webb
22.5	Låt inte bilarna ta över stan	Ledare
31.5	Klimatfrågan allt viktigare	Ekonomi
14.6	Romantschuk flyttar till Fortum	Ekonomi
16.7	Kunden måste själv begära miljöavgift	Ekonomi
16.7	Etiska fonder når Finland	Ekonomi
24.7	"Afghanistan får inte lämnas åt sitt öde"	Politik
28.7	"Det har varit sju härliga år"	Ekonomi
12.9	Myggnät är Sachs vapen mot fattigdomen	Utrikes
3.10	Ansvar för utvecklingen	Ledare
16.10	Viktiga frågor om Nouxmiljön	Ledare
18.10	Statsministern säger nej till elvärmda hus	Inrikes
18.10	Värynen vurmar för skogen	Politik
4.11	Mot djärva energisnåla mål	Ledare
2.1	Nybygge hotar köpcentrum på Lövä	Helsingfors
6.2	Esbo vill bygga ut för 20000 invånare	Inrikes
10.2	Nollsummespelet inte rättvist	Ledare
22.2	Havet och soporna värmer mässhus	Ekonomi
23.2	Gröna går åt sd:s miljöpolitik	Inrikes
13.3	Biobränslet räddar inte miljön – ens i framtiden	Ekonomi
13.3	Grundskola vinnande concept	Ledare
1.4	Personbilstrafiken får inte öka	Ledare
7.4	Esbo ska byggas hållbart och tätare	Helsingfors
19.4	Personliga utsläppsrätter litet i Finland	Inrikes

Appendix 2 Turun Sanomat contained 33 pieces of news inclusive of "kestävä kehitys".

Date	Title	Section
20.5	Seikkisrockissa luvassa pellemeininkiä	Ajassa
22.5	Meren turkoosi laatoitus herättää Teersalon rantaa uuteen eloon	Kotimaa
27.5	Naisellinen kehityspankki	Pääkirjoitus
1.6.	Lisää krääsää maailmaan vai ihmisten herättämistä?	Kulttuuri
2.6	Luomuyrittäjä on kestävästi pinteessä	Extra
14.6	Kestävä kehitys ei sulje pois talouskasvua	Talous
1.7	Pieni Portugali jää Saksan varjoon	Ulkomaat
3.7	Vuosituhatohjelma etenee verkkaisesti	Ympäristö
3.7	MTK ryhtyy vihreän pääoman etujärjestöksi palkkaamalla ympäristöjohtajan	Kotimaa
4.7	Etelä-Korea vahvoilla kisaisännäksi 2014	Urheilu
5.7	Venäjän jäsenyys OECD:n uusin koetinkivi	Aliokirjoitus
13.8	Osakesijoittajien ei parane hätäillä	Mielipiteet
26.8	Koroisten viljelijäsuku väistyi	Sunnuntai
14.9	Ilmastonmuutoksen torjunnassa odotetaan jo tuloksia	Talous
3.10	Kestävä kehitys toteutuu fantasiamaisemassa	Kulttuuri
8.10	Ahvenanmaalla äänestetään kaksissa vaaleissa	Kotimaa
13.10	Länsimaiden kannattaa tukea afrikkalaista demokratiaa	Mielipiteet
13.10	Halonon kiitti uraaututavaa ilmastotyötä	Ulkomaat
20.10	Ekologista kehitysyhteistyötä	Mielipiteet
23.10	Kirjoittajavieras: Tuulivoimaa ja maalämpöä	Mielipiteet
23.10	Liberaalit juhlivat Ahvenanmaan vaaleissa	Kotimaa
3.11	Nesslingin säätiöltä tukea turkulaistutkijoille ympäristön ja bioenergian kehitysprojekteihin	Kotimaa
6.11	Ihminen sodassa maapalloa vastaan	Ympäristö
11.11	Ei ympäristöpessimismisiä, vaan jokaisen vastuuta	Pääkirjoitus
27.11	Luokattomat lukiot ovat massatuotantotehtaita	Mielipiteet
24.1	Anonyymit ilmastonilaajat	Kolumni
20.2	Kauan eläköt Wanhat tanssit!	Mielipiteet
23.2	Paratiisin takapiha	Extra
8.3	Kestävän kehityksen Turku	Mielipiteet
18.4	Tulevaisuus on muuta kuin tavaroita	Kulttuuri
23.4	Sosiaali- ja terveysala Turun AMK:n suosituin hakukohde	Kotimaa
27.4	Kehitysvammaiset haluavat töihin, mutta eivät ehdoitta	Sunnuntai
30.4	Halonon pahoitteli EU:n kehitysavun vähenemistä	Ulkomaat

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