Electronic Journal of Business Ethics and Organization Studies

ejbo

In this issue:

Manuscript Submission and Information for Authors

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

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

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

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Communicating Corporate Social Responsibility – Brand management

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Abstract

Corporate action is subject to more scrutiny than ever. An attempt to legitimize the corporate role is seen in corporate social responsibility as a part of a triple bottom line framework. Corporate principles are communicated in various forms to a wide set of stakeholders. Ideally, what is communicated in terms of principles is also seen in business practice. In cases where the principles and actions differ, the platform for creating a brand territory is limited. The communication platform is affected by, for example, corporate documents, actions and media perceptions. The studied cases, from the construction industry, illustrate how media portrays business conduct. It shows that the corporate communication strategy is affected by media's verdicts. Driven by outside pressure, a set of ethical principles were declared but they received little attention since their press release was poorly timed; the press release coincided with a scandal of unethical business conduct concerning the same company. Branding represents a cornerstone in the corporate marketing umbrella. It is a simplifying symbol that helps stakeholders distinguish between sales offers. Credence values such as social responsibility and ethical business conduct are intangible; the brand thus becomes a guarantee for the communicated social values.

Introduction

"Business is not divorced from the rest of society. How companies behave affects many people, not just shareholders. A company should be a responsible member of the society in which it operates" (Internet, World Business Council for Sustainable Development, 1, 2006).

Businesses and their role in society are subject to more intense scrutiny than ever. What is the main purpose of a company's existence? Is it simply to maximize profits in order to satisfy the owners' requests and demands, or is it possible to see the company in a larger perspective in society? Should this perspective go beyond pure financial aspects of the activities? The quotation above refers to the ongoing debate about corporate responsibility. Besides being a profitable business, the responsibility of a company can, for example, be connected to programs for fair treatment of employees, using sustainable environmental friendly methods and participating actively in discussions about ethical social dilemmas (Löhman & Steinholz, 2003; Philipson, 2004). It is a discussion about how companies choose to do business, solely with financial objectives or in a responsible way that might affect the financial return, supporting other values.

The ongoing debate concerning the role of the businesses in the community is an expression of expanded corporate responsibilities referred to as CSR, corporate social responsibility, or CR, Corporate Responsibility (Löhman & Steinholz, 2003). There is no one universally accepted definition (Whitehouse, 2006), but a number of organizations and companies have their own interpretation of CSR. The European Union states the following about the definition of CSR:

"CSR is a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis" (Internet, EU 1, 2006).

CSR is regarded as a part of the "triple bottom line", a concept that was coined by Elkinton (1998) in which sustainability is built on financial, environmental and social grounds. Working actively with CSR by taking actions in favour of maintaining the balance between these three values is not regulated by laws; it is a voluntary initiative (Hollender & Fenichell, 2004; Mbare, 2004; Löhman & Steinholz, 2003).

Despite the increased focus on corporate responsibility, the question of the business community's role in society is not a new phenomenon. Companies have always been a part of society, but their role and responsibilities have become somewhat unclear, leaving room for individual interpretations of private and public domains (Henriques & Richardson, 2004; Löhman & Steinholz, 2003). There are presently a number of multinational corporations acting all over the world in the spirit of the globalization trend (Arnold, 1993; Internet, CSRwire 1, 2004; Löhman & Steinholz, 2003; Michael, 2003). The 100 largest economies in the world today are represented by only 50 countries; the rest are multinational corporations (Foley, 2003, 5; Veres, 2001).

An increased awareness and focus of the responsibilities of a corporation gives the business communities the opportunity to be important and powerful actors in society (Nilsson, 2005; Ruggie, 2002). Companies are encouraged to actively work with CSR. But it is not only an opportunity given to the companies; it is also in many cases expectation by customers, employees, society and other stakeholders.

This article illustrates how corporate responsibility is integrated in credible brand management, assuming that business needs to "walk the talk" as well as "chalk the walk", in other words communicate their corporate responsibility conduct. The challenge lies in communicating corporate values expressed in strategies and every day procedures to stakeholders with a variety of interests and expectations (Whitehouse, 2006).

This project is based on a case study of one of the largest construction companies in Sweden, Skanska (von Schantz, 2005). The objective of the case study is to provide an empirical picture of how a large corporation handles communication of CSR issues. The empirical picture is built on how CSR-related news regarding Skanska appears in media.

Enacting verbal communication

"For most companies, the question is not whether to communicate but rather what to say, to whom, and how often" (Kotler, 2003, 563). "Companies are concerned with their customers and it is about time they treated society as a whole in the same manner." (Veludo-de-Oliveria, 2006, 26).

These quotes suggest that it is not a question of whether or not to communicate, for companies today. It is a question of how to communicate. Integrated corporate communication refers to the fact that a company sends "a message" to a wide set of stakeholders with everything it does (Arnold, 1993; Best, 2004; Löhman & Steinholz, 2003). Business cards, letters, homepages, the way the employees are headed, the way customers are treated - it is all a part of how business is conducted. The business conduct with regards to CSR matters is included (Hollender & Fenichell, 2004; Maignan & Ferrell, 2004; Löhman & Steinholz, 2003; Internet CSRwire, 2005).

Socially mature businesses lead the way for incorporating CSR principles in business conduct. Socially active companies, like the Body Shop and Ben & Jerry's, have been pioneers in the work and communication of CSR (Hollender & Fenichell, 2004; Mbare, 2004; Thayer Robins, 2001). Large corporations have followed in their footsteps; McDonalds (Nilsson, 2005) has implemented social and environmental programs, for example, promoting fish conservation, and Unilever has started programs by including references about human rights in its business principles (Takala, 1996).

The question of how CSR is communicated is a research area still to be explored (Lindfeldt, 2006; Maignan & Ferrell, 2004; Takala, 1996). Even businesses with a clearly unsustainable business idea, such as the oil and petroleum industry, make efforts in communicating awareness of sustainability issues (Doane, 2004, 82). An example is Shell's communication in their advertisement campaign: "Profits and Principles. Is there a choice?" (Maignan & Ferrell, 2004). In an attempt to create an awareness of a socially responsible profile, British Petroleum changed its name to BP and marketed the tagline "Beyond Petroleum" to emphasize its commitment to the search for environmentally sustainable alternatives in the energy sector (Ibid.). These examples of corporate efforts to communicate ethical stands, based on a rather thin approach, are labelled as transactional CSR (Palazzo & Richter, 2005). Businesses with a more sustainable business idea, such as construction, may operate on a more sustainable basis, with so called transformational CSR (Ibid.). Regardless of the basis for the business, ethical principles are communicated. However, the old expression "all publicity is good publicity" is no longer valid in today's harsh competitive markets (Apéria & Back, 2004). Getting publicity and being in focus because of a neglecting attitude towards CSR issues is hardly a situation a company wants to face. Communication thus becomes an important part in ensuring future business (Charter & Polonsky, 1999).

Stakeholders in a dialogue

CSR communication is still an area to be explored (Maignan & Ferrell, 2004; Takala, 1996). The relevant partners in a CSR dialogue need to be identified in order to provide grounds for investment in CSR conduct and a meaningful continued dialogue. These partners, sometimes labelled senders and receivers, are referred to collectively as stakeholders (Maignan & Ferrell, 2004), sometimes with a division in primary, indispensable, and secondary, supportive stakeholders (Whitehouse, 2006).

Internal and external stakeholders (Figure 1) are mutually dependant on one another, presented in relation to the company, illustrated as the gray circle in the middle. Internal stakeholders are a part of, and heavily dependant on, daily operations that limit a company's relative strengths and weaknesses on a market. The external stakeholders constitute the framework of the company that may affect the company's opportunities and threats.

Traditionally, companies have paid more attention to their internal stakeholders, in particular the shareholders (or stockholders), than to the rest of the stakeholders (Kotler, 2000). The term shareholder refers to the owners of the company, stressing the financial aspects, the bottom line, of a company performance within a particular time frame (Lazonick & O'Sullivan, 2000, 13). The term "stakeholders" signifies a wider perspective in terms of meeting expectations and the time frame to do so. A traditional and brief list of stakeholders, besides the shareholders, could be consumers, workers, investors, suppliers, distributors, host communities, media, general society and world ecological community (Deetz, 1995, 50-51). These stakeholders'
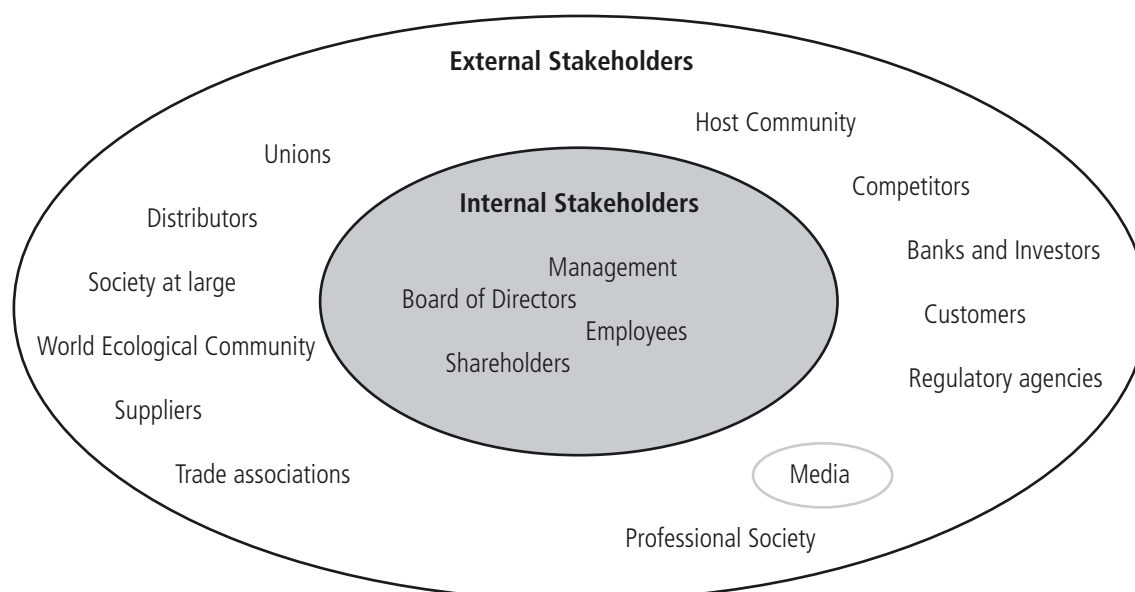

Figure 1. An example of a model for external and internal stakeholders of a company (insipration from Deetz 1995, 50-51).

demands and expectations may imply conflicting needs and interests. Companies that strive to satisfy the needs of the different groups of stakeholders will meet a cumbersome challenge. One way of addressing this issue is to group stakeholders with similar interests (authorities, business partners, financial actors, external influence and customer groups) to accommodate to each group's interests (Dowling, 2001).

Among the external stakeholders, media deserves particular attention. What is portrayed in media will influence internal as well as other external stakeholders that in their turn may affect others. Their role can be seen as ambassadors of messages and opinions (Thorstenson, 2006). If a message or an opinion is stated by a strong ambassador, a trustworthy person, it is more likely that the word carries beyond the primary reader. The effect can be compared to ripples on a body of water.

Communication – creating an image

Communication is defined as the process by which information is transmitted and understood between two or more parties (McShane & Von Glinow, 2003). The communicational aspects of an organization have become an increasingly important strategic issue; emphasizing that communication must be effectively adjusted for the intended target group (Larsson, 1997).

Communication can be described as information flows through various channels between a sender and a receiver, including confirmation of a message and elements of disturbance in the process (Nitsch, 1998; Shannons & Weaver, 1949). The communication process thus implies that what a company "says" (brand character, an image) is not always what is perceived by the receiver (consumer insights, a profile) or based in product characteristics (Figure 2).

In the model (Figure 2), the desired image is supported through active communication. Senders and receivers of information create a picture that is labelled profile. Senders of information may include any stakeholder, sharing information. The communication also includes non-verbal messages such as pictures, logos and symbols. There are a number of barriers in a communication process, sometimes referred to as noise. Differences in perceptions, filtering, cultures, languages, distortion in perspective and the information overload are all examples of communication barriers (McShane & Von Glinow, 2003). Perceptions of product characteristics refer to consumer's experience of the product in question. The intersecting area in Figure 2 of characteristics, profile and image is labelled territory. It refers to a coinciding perception of values – in other words a shared perception of what the brand promises and of the product experience. A large territory (Garriga & Melé, 2004; Pringle and Thompson, 1999) would thus serve as an ideal basis to build a communication platform.

The classical communication platforms to build a brand are advertising, sales promotion, public relations and publicity as well as personal contacts where the primary aim is to maximize the surface that leads to increased sales (Kotler, 2003; Kotler et al., 1999). This is a rather short-sighted and narrow perception of communication. An alternative way of describing the different communication platforms is to talk about communication options (Keller, 2001) with a wider set of goals for what the communication aims at and a longer time perspective to do so (Henriques & Richardson, 2004; Thorstensson, 2006). The key point is that the sender of a message must make active choices in communications and evaluate the outcome in a long term perspective, above and beyond sales statistics to establish a solid territory for building a corporate image.

The phenomenon of branding is not new in the business community, but the awareness of its strategic value has developed considerably (Arnold, 1993; Kay, 2006; Keller, 2001; Riezebos, 2003). All organizations and industrial actors are judged by their "corporate marketing umbrella", where the brand serves as one cornerstone in communication (Balmer & Greysner, 2006). The definition of a brand is "a name, term, sign, symbol or design, or a combination of these, intended to identify the goods or services of one seller or a group of sellers and to differentiate them from those of competitors" (Keller, 1998, 37). The
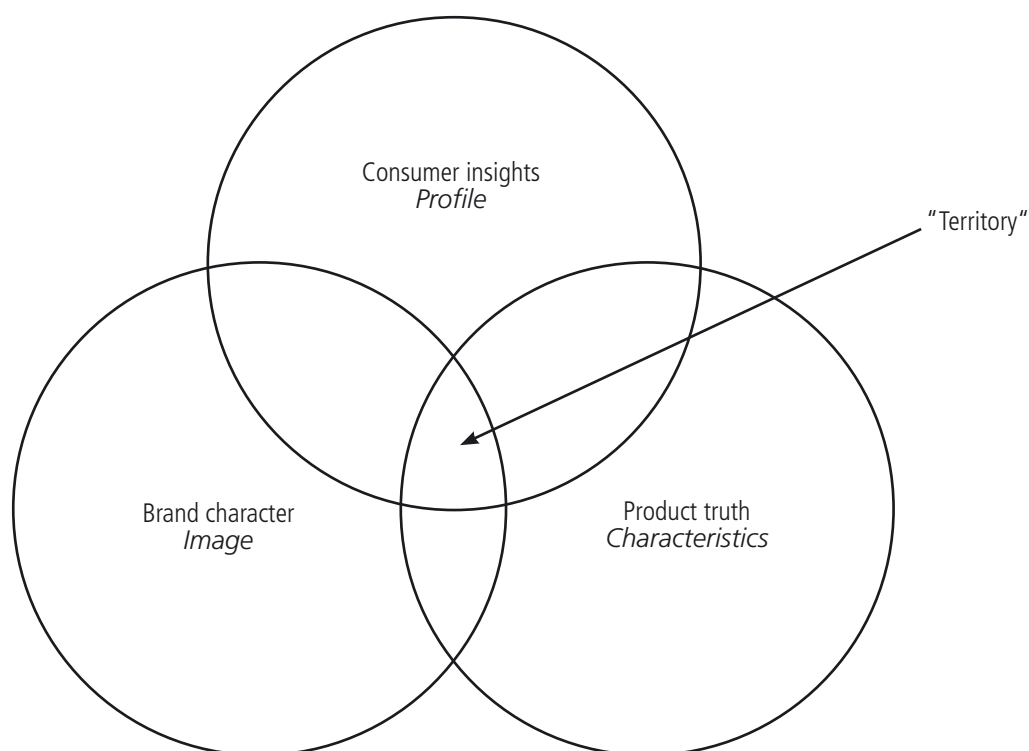

Figure 2. The term "territory" explains the common grounds for perceptions of a brand (Pringle and Thompson, 1999, 155, with additions). In positioning a brand, the ideal situation is a large territory, which from a consumer perspective refers to a brand that provides the anticipated values.

basic function of a brand is to help the customer identify the suppliers and simplify the selection among the multiple choices on a market. This way of explaining the function of a brand is regarded to be a mechanical aspect of product differentiation and a extended way of describing the function of a brand is to explain it as a personality of a product (Figure 3), making the customers emotionally attached and loyal to the company (Arnold, 1993).

ages and continue to be a respected part of the Swedish business community (Internet, BI, 2004; Nilsson, 2007). Ethical rules have been formulated and many construction companies are working with CSR issues, but the question of how to successfully communicate the CSR approach remains unsolved. The statement below stresses the importance of the question of communication.

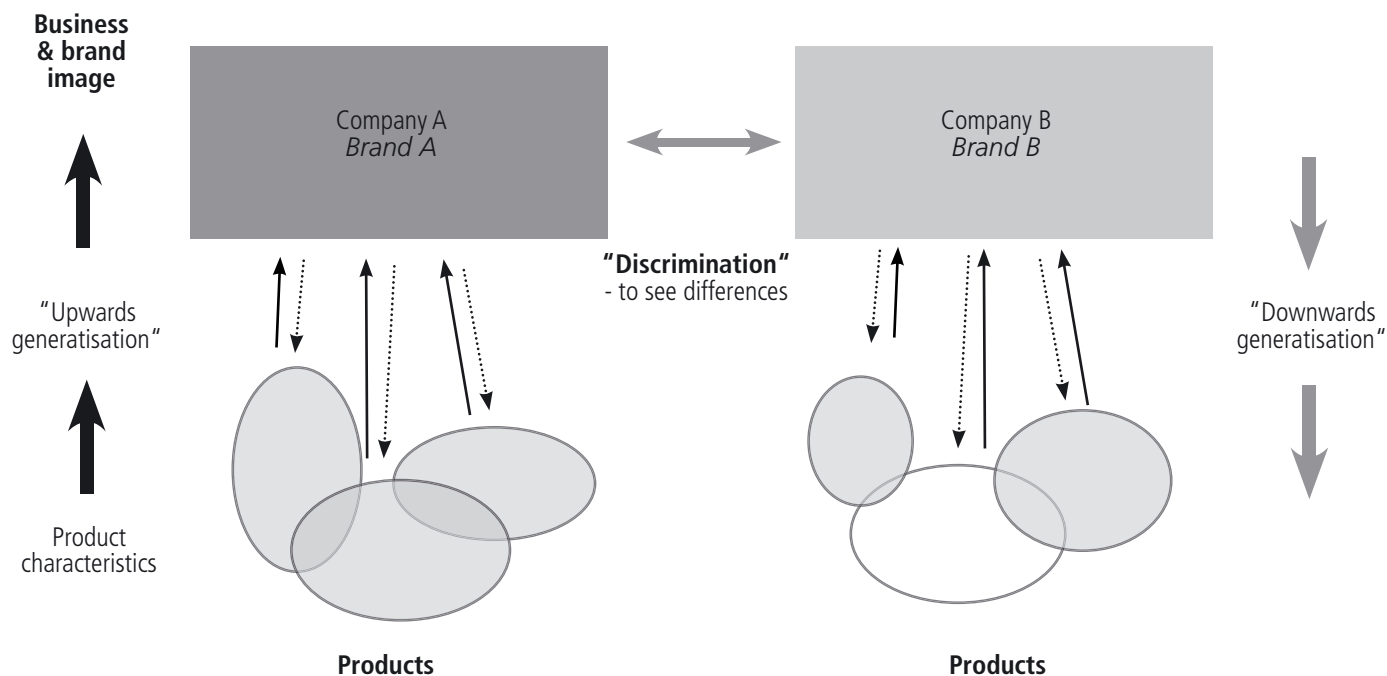"Business cannot hope to enjoy concrete benefits from CSR

Figure 3. A brand and company name is a carrier of strategic value. The value of the brand and the company name is based on customers' previous experiences that are generalized (Mark-Herbert, 2004, 6).

The function of a brand in Figure 3 illustrates the fact that stakeholders make generalizations based on perceived communication and previous experiences (Mark-Herbert, 2004). The upward and downward generalization in the figure refers to how customers associate the brand of the company with the experience they have with a product. Likewise, in the downwards generalization the customer connect the company name and brand to expectations of a product. A negative product experience will affect the perception of the brand in a negative way, while a positive experience will support a good perception of a company and a brand. Discrimination between brands and experiences refers to separating different product offers, supported by brand and company names - to see the differences.

The brand serves as a symbol for the profile, which in the best of cases, coincides with the desired image. When the product offer is hard to evaluate, the brand may serve as a guarantee, based on previous experiences and a general company profile. Stakeholders thus rely on the information that is communicated through a brand. The brand as such is "charged" positively or negatively in communication among stakeholders. A strong brand is desirable, but it is also vulnerable to influential stakeholders' negative verdict.

An empirical study - Approach

In recent years, the construction sector in Sweden has been fighting a reputation of doubtful business ethics (von Schantz, 2005). The sector is presently working actively to improve im-

unless they intelligently communicate about their initiatives to relevant stakeholders" (Maignan & Ferrell, 2004, 17).

The general awareness of CSR in society has gradually increased (Internet, CSRwire, 2005). Media keeps the debate in the public domain and ethical investors and financiers are seeking more information and raising their expectations progressively (Bengtsson, 2005 A & B; Mbare, 2004). The construction sector, in Sweden, is no exception. Recent history and reputation leaves the sector no other choice but working with and communicating a serious approach towards CSR issues.

In this study, communication refers to what the media portrays in terms of CSR issues for our focal company. The object is to provide a model for how the media coverage affects the corporate image in terms of a brand. The case study is briefly presented in this article as an illustration and the full version is available in von Schantz (2005).

The Skanska Group is a large multinational construction business with their roots in Sweden (Internet, Skanska 1, 2006). It is portrayed in terms of CSR issues in the press as being active in a construction sector faced with many CSR related problems and with a corporate history of bad publicity. A recent scandal, in 2005, was an extensive use of cartels in the construction industry. As many as 46% of the managers in the study admitted to knowing of cartels in their business, which reinforces the notion of poor ethical conduct in general (Nordgren, 2005). Skanska was not found guilty of being a part of the cartel in 2005, but similar problems are a part of Skanska's history, thus a motive for taking the issues of responsible conduct seriously.

Despite the fact that Skanska has worldwide operations (Davidson, 2004), this study has been limited to the activities in recent years on the Swedish market in order to give CSR issues one cultural setting.

The other actor of particular interest in this study is media. Relevant media has been selected from the daily business press published in Sweden and is represented by the two largest news papers: Svenska Dagbladet (SvD) and Dagens Nyheter (DN), as well as the largest daily business news paper, Dagens Industri (DI). The selected papers cover the major business activities in Sweden and the articles from the papers are available in databases. Other media, such as radio and TV, have not been examined due to the complexity in collecting data. The data collected from articles in the newspapers are published in the year of 2001 to 2003 since the chosen research area is of increasing novelty and current interest.

In constructing a case, interviews and articles about CSR have been the primary empirical sources. Throughout the process the empirical picture has been modified and validated in a continuous analysis (Kvale, 1997). In this process, qualitative rigor has been achieved through numerous confirming interviews with relevant stakeholders (Denzin & Lincon, 1994) and careful documentation that provides grounds for a rich and detailed empirical picture (Stake, 1994, 242).

The Skanska case

The Skanska AB corporation, with over 60,000 employees all over the world, has many closely related actors that may be considered stakeholders of the company. Based on the empirical material (von Schantz, 2005), examination of reports and interviews, it is fair to state that Skanska has obtained insight about being an actor in the micro- and macro- environment of the company. Representatives of the company talk about the traditional stakeholder groups: employees, the financial market, costumers, competitors, the industry, suppliers, decision makers, politicians and potential employees. Skanska takes an active role in national and international forums by participating in different industry related events, such as the development of the "Business Principles for Countering Bribery in the Engineering & Construction Industry", an initiative taken by the industry presented at the World Economic Forum 2004.

Before discussing the present sustainability approach at Skanska further, let us take a look at the history that has promoted the development of CSR policies. Table 1 describes the

development in terms of major CSR-related incidents concerning Skanska. It includes the effects of unfavourable media coverage of Skanska during, for example, the toxic scandal of Hallandsåsen, in 1997, a large project where toxic construction material, Rocagil, was used as a sealant in tunnel construction. Internal stakeholders at Skanska, in strategic roles as well as in operational, had an understanding of the difficulties that might be encountered by a large project, such as the Hallandsåsen project. The procedures that Skanska worked along were well established and the construction material had never previously shown this magnitude of environmental effects. The external stakeholders' insight in Skanska's conduct and societal role, on the other hand, was less informed and heavily dependant on the profile portrayed by media.

A brief glance at Table 1 gives the same effect that media coverage gave Skanska on a larger scale. The occurrences marked with bold text in the table catch the reader's attention much the same way in which the media portrayed problematic incidents to a broad range of stakeholders. The grounds for corporate profile are unbalanced, giving the negative verdicts much attention whereas the positive news receives less attention.

In the early 1990s environmental and CSR issues were not pronounced on the agenda in Skanska (von Schantz, 2005). The Hallandsåsen scandal, in 1997, stimulated top management to consider environmental and social aspects of business conduct, but no official commitments were made at that time. Environmental issues were handled in the Environmental Unit at the main office (1999). The notion of the triple bottom line gradually grew in terms of environmental consideration through a benchmarking process with industrial partners that had faced major environmental issues.

As the awareness process continued, a sustainability unit at the main office was founded in 2001, and that very year Skanska proudly presented their Code of Conduct. However this was also the year that the asphalt cartel was exposed by media where Skanska appeared as suspects in an extensive cartel. Working with ethical behaviour by formulating an ethical code and, at the same time, figuring as a suspect in an illegal tangle is a tremendous message collision to the internal as well as the external stakeholders. Media was merciless – they did not buy in to the declared principles, since they clearly were not implemented. As a result, the credibility, reputation and Skanska brand were badly damaged.

Since the scandal in 2001, Skanska has worked actively with ethical aspects of business conduct. The construction industry as a whole has struggled with image problems which indicate that being "aware of CSR" could be competitive advantage for Skanska. Skanska has chosen to talk about sustainability issues instead of CSR and include the social, environmental and financial values in their definition of sustainability. This makes CSR and sustainability synonymous according to the definition of CSR used in this study (the European Union's definition of CSR).

In 2002, Skanska released their first Sustainability Report where their code of conduct was made public (Internet, Skanska 1, 2005). It has since become a part of their

Table 1. The development and major occurrences of sustainability milestones at Skanska in the last 10 years (based on von Schantz, 2005, 45 with additions)

Year	Description
1997	**The toxic scandal of Hallandsåsen** where Skanska is the main contractor. Sustainability issues are being discussed, but with a focus on environmental aspects. As a result, top management makes verbal commitments regarding ethical issues in Skanska.
1999	An Environmental Unit is established at the main office at Skanska.
2000	The notion of sustainability is expanded within the Skanska corporation. Benchmarking of the CSR work at Shell.
2001	The Environmental Unit is renamed as Sustainability Unit at Skanska. A Skanska code of conduct is presented. **The asphalt cartel**, where a number of construction companies were involved among others Skanska, is exposed in media.
2002	Skanska publish their first Sustainability Report.
2003	Skanska managers participate in an educational program for employees in ethical conduct.
2005	The first ecolabel (Svanen) house is built by Skanska (Bengtsson, 2005, 12)
2006	Skanska is a part of a project that aims to develop an environmental classification of buildings (2005-2007) in collaboration with universities and other construction actors (www, ByggaBoDialogen 1, 2006).

Annual Report (Internet, Skanska annual Report, 2005, 38-43), where environmental and ethical goals are presented as financial and quality-related targets (Ibid, 7). Financial, ethical and environmental achievements and targets are integrated in the report. The social aspects of business conduct are not communicated in detail, only in vague phrases about their societal role: "Skanska has many roles in society – for example as a taxpayer, an employer and a creator of infrastructure and buildings. Skanska also contributes to society by serving as an economic engine" (Internet, Skanska 3, 2005, 43).

Skanska works with "value-based leadership" which includes the involvement of the CEO, Stuart Graham. His policy statements in the Sustainability Reports are perceived by internal stakeholders as supportive intentions of Skanska Code of Conduct (personal message, Wenblad, 2004). In the Annual Report (2005, 2-3) however, the communicated performance measures in the "out perform" program refer to the financial, bottom line.

Discussion - CSR communication in the Skanska case

A sustainability report is in itself no guarantee for a sustainable outcome. Critical voices will argue that "what is good for business is good for society" is not always the case (Doane, 2004). When companies like BAT, British American Tobacco, produced a sustainability report and became a part of the Dow Jones Sustainability Index, it was seen as an oxymoron. Their outcome, tobacco products, in themselves are not a part of sustainability. The construction industry as such will never suffer from this kind of criticism. Construction is needed as a part of a sustainability framework where the earth has to support a growing population. But, business conduct may still be criticized.

The Swedish construction sector has suffered from doubtful reputation and is repeatedly in the focus of public debates. Even people from inside of the sector are openly witnessing of poor ethical conduct (Hoffman, 2005; Nilsson, 2007). The federal branch organization in Sweden, BI, also supports this picture by their prioritized strategic goals (Internet, BI, 2004). They state that the reputation of the sector must be improved and the objective is to be regarded as a serious and competent actor in the Swedish business community. The increasing awareness of CSR should be seen as an opportunity for the sector, where all steps in the right direction will contribute to an enhanced reputation.

CSR is all about business conduct. The stakeholders' various experiences, of degree of met expectations, will determine the "territory", and thus the communication platform. A lack of transparency or awareness of needs to communicate sustainability issues may damage the territory, and thus the brand (Figure 2 & 3). Building a brand is a long term effort, but destroying it, by a CSR scandal, can happen overnight. The cartel incident in 2001 received a high degree of media coverage while major efforts in communicating a code of conduct at the same time received little attention. Communication of CSR does not only create awareness for CSR and support for an image or a brand, it is also a way of creating a bond between the company and its stakeholders (Maignan & Ferrell, 2004).

CSR related news that has been in focus in the press make companies work actively with these issues. In the Skanska case, they have faced two major CSR crises in the recent decades, and it is clear that media has forced Skanska to develop a more active CSR approach. The negative attention has been so harmful for Skanska's image that it had to be turned to something positive, a more active approach towards CSR. The primary drivers for this change were outside forces, such as environmental

emergencies and disagreement with societal norms, verbalized by media (Beckman, 1997). Many of the receivers of this information, foremost external stakeholders, have little insight into industrial conditions and in actual business conduct. This gives media the role of an interpreter of "product characteristics" (Figure 3) that eventually limits the possible size of the territory (Figure 2). The true product characteristics may even be hard to evaluate for the majority of stakeholders since the outcomes, in this case constructed objects (for example a house, a bridge or a tunnel), are long term investments that require an expert to evaluate their "true functions and qualities". When the evaluations are verbalized by trustworthy ambassadors (Thorstensson, 2006), they provide grounds for generalisation and discrimination – in other words for a general picture of Skanska's image and brand character.

Corporate legitimacy has been described as the "yardstick" for CSR (Schuman, 1995, 574). In 2001, that measure in the Skanska case would be a harsh one. The fact that their code of conduct was communicated did not reach many stakeholders – but the news of the cartel did. The experienced characteristics (news) and the efforts to create an ethical profile (the code of conduct) clashed, leaving little room to build a territory as a basis for CSR values of a Skanska brand. The development of an ethical code of conduct, in the Skanska case, was more than just PR tactics to please a critical press. It refers to re-thinking business conduct, motivated by external pressures that were internalized promoting a search for organizational legitimacy. It remains to be seen, however, if this is a part of a more systemic approach where sustainability measures are driven by inside forces (Richardson, 2004). One indication of such a change would be a change in policies and guidelines verbalized by the top management (Löhman & Steinholtz, 2003).

Conclusions – Brand as a CSR investment

In recent years, corporations have faced increasing CSR expectations from their societal environment (Balmer & Greysner, 2006; Michael, 2003; Whitehouse, 2006). CSR refers to compliance with legal obligations as well as moral rules above and beyond "business as usual". In a search for societal acceptance and legitimacy, businesses communicate their ethical grounds for conducting business in CSR actions.

Communicating CSR requires an understanding of consumer insights in other words the profile. Customers may attribute value based on, for example, personal positive experiences or positive verdicts from trusted sources, the so-called ambassadors. But what about CSR- values? They represent credence values that are difficult to see, measure and confirm. The credence values are founded in the corporate ethical stands. These values are based on trust, and they are sensitive to a negative verdict from, for example, media. Media's role in relaying information is not neutral by any means. News that attracts attention will affect the territory for corporate communication. Media may take on the role as a critical screen to distinguish CSR strategies from CSR stunts, forcing corporations to communicate their ethical stands.

Communication alone will not do the trick. "Talk" and no "walk" will quickly be labelled as a green wash of the corporate image, strategic stunts, or guerrilla marketing for subtly reaching consumers. If the consistency between words and action is weak it may be attributed to managerial complexities (Lindfeldt, 2006), and it limits the territory for building trust and creating a corporate image. Cause related marketing requires an understanding of how the brand carries values above and beyond the

product itself. What is foretold in an annual report, a sustainability report or on a corporate home page in terms of CSR action thus becomes an important communication platform and a condition for creating a large territory to support credence values, and ultimately the grounds for creating a strong brand.

Branding is perceived as an asset, a long term investment, expressed as goodwill, loyalty, reputation, a guarantee for present and future consumer preference. Assuming that the consumer expectations of quality, usefulness, and timeliness of a product are met, social values may presently strengthen the brand. Looking ahead, however, social values may become just as much

of a "hygiene" factor as quality and design are at present. CSR will thus be taken for granted, as an institutionalized part of the corporate marketing umbrella.

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Decision-Making Theories and Models

A Discussion of Rational and Psychological Decision-Making Theories and Models: The Search for a Cultural-Ethical Decision-Making Model

Arnaldo Oliveira

Abstract

This paper examines rational and psychological decision-making models. Descriptive and normative methodologies such as attribution theory, schema theory, prospect theory, ambiguity model, game theory, and expected utility theory are discussed. The definition of culture is reviewed, and the relationship between culture and decision making is also highlighted as many organizations use a cultural-ethical decision-making model.

The study of decision-making processes is not recent. It has been evolving with contributions from a number of disciplines for over some 300 years. Such contributions have ranged from providing mathematical foundations for economics to routine applications in many areas such as finance, medicine, military, and even cybernetics. As a result, decision theories have embodied several prevalent concepts and models, which exert significant influence over almost all the biological, cognitive, and social sciences (Doyle & Thomason, 1999). New emerging theories of decision-making have been somewhat eclectic, as they demand a multidisciplinary approach to understand them. An example of this comes from Kay (2002) who affirmed that it is essential to comprehend the nature and origins of human intuitions to understand the intricacies of decision making.

Decision and behavior may be the core characteristics of decision-making phenomena. They involve the process of human thought and reaction about the external world, which include the past and possible future events and the psychological consequences, to the decision maker, of those events. The essence of decision making seems to integrate both the beliefs about specific events and people's subjective reactions to those events. For instance, decisions are responses to situations and may include three aspects. First, there may be more than one possible course of action under consideration. Second, decision makers can form expectations concerning future events that are often described in terms of probabilities or degrees of confidence. Finally, consequences associated with possible outcomes can be assessed in terms of reflecting personal values and current goals.

However, besides integrating beliefs and expectations, the analysis of the decision processes also entails the breakdown of a choice dilemma into a set of smaller issues, so each problem can be dealt with separately. Thus, the decision analysis provides a formal mechanism for reintegrating the results later, and then a course of action could be provision-

ally selected. When implementing this model of choice analysis, decision makers must be clear and explicit about their judgments in order to review the analysis process for detecting the reasons why a particular strategy was selected, which Keeney (1982), for example, called the divide and conquer orientation of decision analysis.

The decision-making phenomenon has been a frequently studied topic by several areas of human knowledge. According to Hoch, Kunreuther, and Gunther (2001), although more than three decades of systematic research on decision science have provided insights on a variety of issues, many areas of the decision making field still need to be uncovered. For example, for many organizations the current decision-making models may not be the best fit because they generally omit the element culture from the process. Thus, the purposes of this paper are first to review the literature on normative, rational decision models and descriptive, psychological decision theories, and then to discuss the role of culture in the process of making decisions.

Analysis

Rational Decision Making

Descriptive and normative decision-making theories possess distinct characteristics and follow specific methodologies for selecting a course of action. Normative, or rational, theories of decision making are based on fundamental axioms. If these established principles can be accepted, then it is possible to derive a normative theory of choice. However, descriptive, or psychological, paradigms highlight the importance of psychological elements influencing on how to reach a decision. Descriptive models use cognition to explain decision making, whereas normative theories consist of rationalistic components that indicate how decision makers should decide.

In rational decision-making models, decision makers analyze a number of possible alternatives from different scenarios before selecting a choice. These

scenarios are weighed by probabilities, and decision makers can determine the expected scenario for each alternative. The final choice would be the one presenting the best-expected scenario and with the highest probability of outcome. Normative processes of decision explain how decision makers employ a particular set of alternatives to solve problems (Goodwin & Wright, 1998; Hoch, Kunreuther, & Gunther, 2001).

However, Hoch et al. (2001), who also affirmed that people rarely adhere to logical models of choice, suggested that variations in human behavior might not find any theoretical basis in normative models. They noted that these oscillations in behavior patterns are more identifiable when uncertain and unexpected scenarios influence decision makers to disregard probabilities as well as to follow the normative process in rather unusual ways.

In economic theory, for example, the rational decision-making methodology leads to the selection of an alternative after completing a simple three-step process of (a) analyzing the feasibility of the alternative, then of (b) pondering the desirability of the alternative, and finally (c) choosing the best alternative by combining both desirability and feasibility (Rubinstein, 1998). However, this type of decision-making model lacks analytical elements. Further, if decision makers rank one alternative above another, they would tend to rank them identically in other occasions in which these possible choices would be available.

Rationality has been defined as the compatibility between choice and value. Rational behavior seeks to optimize the value of the outcomes focusing on the process of choosing rather than emphasizing the selected alternative. A study done by Neumann and Morgenstern for example (as cited in Hastie & Dawes, 2000) demonstrated that when decision makers follow rational methodologies, it is possible to derive numbers that represent personal values, which are termed utilities. As a result, alternatives with probabilistic consequences should be selected according to the magnitude of their expected utility, or value. In other words, an alternative "X" would be always selected rather than choice "Y" whenever the expected utility of X is greater than that of Y.

The Expected Utility Theory could be interpreted in two ways: analytically and synthetically. According to the analytic view, choices represent revealing preferences, which are defined as implying utilities, whereas in the synthetic examination, decision makers evaluate both utilities and probabilities, and the integration of these judgments leading to a decision. In the analytic view, decision makers first observe what to choose, and then they infer what they should have expected, whereas the synthetic process occurs when decision makers discover what they want, how to achieve it, and what actions to implement and choices to make. Game theory, for example, is structured in a way that decision makers consider which solutions other people would pursue before determining what strategies to implement for selecting an alternative. The options, probabilities, and outcomes are supposedly precise. However, although possible outcomes depend on possible alternatives for all the decision makers involved in the game, the interaction of the different parties is unimportant.

Psychological Decision-making Models
Stein and Welch (1997), who discussed whether either rational or cognitive models explain decisions about war and peace, compared both the normative and descriptive decision-making models. They observed that cognitive psychology provides tools for analyzing simple rules people use when reacting to intricate and poorly structured dilemmas. Although they affirmed that

neither a single cognitive theory of choice nor a dominant decision rule prevail, they noted the existence of filters and simplifying mechanisms through which people process information and interpret their surrounding environments. The influence of these filters and simplifying mechanisms on the decision-making process always presents contextual and individual variances. As a result, these deviations may lead to conflicting expectations about judgment and behavior, which have not yet been explained by any of the decision theories. Although cognitive psychology has not posed a factual challenge to rational models by offering a general and compatible decision-making theory, it has been able to explain at some extent why people may deviate from rational behaviors. One of these explanations, for example, is based on the principle that people's set of beliefs, or culture, might influence and corrupt the information processing.

Attribution theory: schemata, heuristics, and bias

One product of cognitive psychology is the Attribution Theory. Several authors (Fiske, 1986; Iyengar, 1991; Iyengar & McGuire, 1993; Kelley, 1972; Lau & Sears, 1986; Reder & Anderson, 1980; Schank & Abelson, 1977; Thorndyke & Hayes-Roth, 1979; Walker, 1988) highlighted the importance of schemata in determining how people interpret new information based on their preexisting beliefs. A clear definition of schemata was given by Geva and Mintz (1997) who put it into context:

A schema is a working hypothesis about some aspect of the environment and may be a concept of the self (self schema), other individuals (person schema), groups (role schema), or sequences of events in the environment (scripts) (Fiske and Taylor 1991, p. 140; Fiske 1986). In addition to using them to organize their interpretations of their environments, people use schemata to develop scripts for action. (p. 73)

Once schemata is formed there will be resistance to change. In the Schema Theory, change is proportional to the rate at which new information is made available. As people are exposed to information incompatible to their preexisting beliefs, they may incorporate these new values into their schemata, which might lead to gradual change and adjustment in the future.

Another important element of the Attribution Theory is heuristics, which consists of rules people use to test their schemata and facilitate the processing of information. Heuristics can be perceived in several ways; however, they are frequently observed in three areas: availability, representativeness, and anchoring. The availability heuristic explains how people relate ambiguous information to their schemata. The heuristic of representativeness indicates the process by which people tend to exaggerate similarities between one episode and prior events. The heuristic of anchoring reveals how people misestimate the magnitude of an incident when comparing it with a reference point (Geva & Mintz (1997).

An important criticism of this theory is that heuristics and cognitive biases may result in attribution errors. For example, heuristics could impair the process of rational revision and judgment, which may lead decision makers to misinterpreting new information. In terms of cognitive biases, the egocentric bias, for instance, induces individuals to amplify their own roles as determinants to the actions of other people. The proportionality bias may also direct individuals to misread the intentions of others based on the apparent costs and repercussions of their actions. Although these heuristics and biases have been studied in laboratory only, they can still generate debatable predictions about inference and estimation in real situations. These potential dissimilar interpretations between in vitro results and

in vivo probable outcomes have obstructed the integration of these processes into the general theories of decision making and severely constrained their analytical importance. In addition, future research should examine the links between heuristics and biases and determine which of them will prevail when two or more are able to predict different responses. In other words, so far cognitive models have been unable to establish a hierarchy among biases and heuristics and to specify why, how, and when one dominates the other (Geva & Mintz, 1997; (Lebow & Stein, 1993).

The theory of choice

In order to have explanatory and predictive power, any theory could be assessed by how well it can be judged by the usefulness of its assumptions, whether it specifies its scope conditions, and how clear it limits its logical coherence. For instance, Stein and Welch (1997) supported such a thought as they wrote:

The fundamental assumptions of psychological theories are realistic in the sense that they accord with empirical evidence, although some questions arise with respect to how well psychological theories travel from the laboratory to the real world. More problematic, psychological theories generally do not specify their scope conditions. In addition, they are often logically inconsistent with one another (Lebow and Stein 1989; Simon 1985; cf. Jervis 1986, pp. 327-328; Tetlock and Levi 1982, p. 73). (p.58)

Prospect theory

According to Hogarth, (1994), Prospect Theory has two main elements: A value function that works similarly to the utility function in the Expected Utility Theory and a decision weight function to analyze the weights that are attached to the probabilities of choice. Thus, doubtful alternatives are evaluated through a methodology similar to the Expected Utility Theory. The value function presents three main characteristics: (a) people implicitly evaluate outcomes in terms of gains or losses, (b) individuals are more sensitive to variations between outcomes the closer they are to a reference point, and (c) people experience losses and gains with different levels of intensity. Although there are a number of other implications of the value function of the Prospect Theory, the same vague conclusions might stimulate different perceptions of gains or losses when reference points are changed. As a result, because of these dissimilar perceptions, choices might be more difficult to predict. The decision-weight function depicts how individuals implicitly weigh probabilities that link choices to outcomes by super estimating small probabilities and misevaluating larger probabilities.

The ambiguity model

Prospect Theory speculates that people identify the exact probabilities connecting choices to results. However, it is worthy to note that Hogarth (1994) introduced a new insight by affirming that choice is affected by the perception of ambiguity as people tend to be unclear about the probabilities of events that could affect outcomes. As Hogarth aptly exemplified: "When considering the decision to insure against theft of one's automobile, for example, how many of us know the precise probability of theft occurring in a given period?" (p. 101). Both the Prospect Theory and the Ambiguity Model offer insights for the comprehension of how decision making may occur under uncertainty in a number of situations. In Prospect Theory, deci-

sion phenomena are related to alternatives that are attached to losses or gains based on a specific reference point, whereas in the Ambiguity Model, decision making evolves through a multi perspective evaluative process.

After having examined several decades of research on the psychological, interactive, and temporal aspects of decision making, Hoch et al. (2001) observed that the emerging field of Behavioral Game Theory has provided new insights on the negotiation process and which actions people take to select a mutually acceptable solution. In terms of descriptive decision-making approaches, they analyzed how individuals make decisions and how they could make better ones. Corroborated by the principles of Prospect Theory, at the collective level, the Normative Theory of choice offers a cost-benefit analysis similar to the Expected Utility Theory. Decision makers determine the impact of the expected utility and the costs and benefits of a particular alternative. Thus, people who might be affected by these specific alternatives generally make decisions based on normative models.

Finally, following the assumption that there is a relationship between decision making and social behavior, Hershey and Asch (2001) discussed three characteristics that inflict a direct impact on behavioral phenomena in decision making. According to them, individuals tend to value alternatives that offer early reassurances, the ability to avoid or delay making difficult trade-offs is greatly sought, and humans often pursue changing one's mind. These phenomena have implications not only for broader societal decisions but also for managerial assessments.

Culture and Decision-making

Both rational and psychological decision-making models have people as their central element either as decision makers or as the ones who are affected by decisions. If such assumption is pertinent, then culture might play a role in the decision-making process. However, to suggest that culture could be an element in any decision-making equation, first it is sine qua non to review some key concepts of culture and decision making and a possible relationship between them.

Culture

The concept and definition of culture have been well documented in the literature, and scholars have provided a number of interpretations to the term. Several authors formulated a broad definition for culture describing it with different terms such as basic assumptions, feelings, beliefs, values, behaviors, and so forth (Adler, 1991; Hofstede, 1997; Lewis, 1992; Schein, 1992; Trompenaars, 1994). For instance, Benedict (1959) defined culture as the cannons of choice. Kluckhohn and Strodbeck (1961) introduced the concept of value orientations to explain the phenomenon of culture. Sapir (1977) suggested that culture is an unconscious system of meanings. Hall (1992) proposed that culture is a silent language because different cultures present dissimilar perceptions about time, space, ownership, friendship, and agreements. Trompenaars (1994) suggested that culture directs people's actions. He affirmed that "culture is man-made, confirmed by others, conventionalized, and passed on for younger people or newcomers to learn. Culture provides people with a meaningful context in which to meet, to think about themselves, and to face the outer world. Schein (1992) defined culture as "A pattern of shared assumptions that the group learned as it solved its problems of external adaptation and internal integration, that has worked well enough to be considered valid and, therefore, to be taught to new members as

the correct way to perceive, think and feel in relation to those problems" (p. 97). Triandis (1972) viewed culture as a social phenomenon that builds a shared-knowledge structure, gives meaning to incoming stimuli, and guides outgoing reactions. He suggested that values surface unclear guidelines that might induce behavior.

Decision making

On the decision-making arena, a number of authors (Geva & Mintz, 1997; Hastie & Dawes, 2000; Higgins & Bargh, 1987; Hogarth, 1994; Meneghetti & Seel, 2001; Stein, & Welch, 1997) have discussed the importance and influence of beliefs, values, and behavior in the decision-making process. Similarly most authors affirmed that the triad beliefs, values, and behavior has been frequently associated with and affected by culture (Benedict, 1959; Hall, 1969; Hofstede, 1997; Kluckhohn & Strodbeck, 1961; Lewis, 1992; Sapir, 1977; Schein, 1992; Trompenaars, 1994; Triandis, 1972).

Decision and behavior could be the main elements of decision-making phenomena, which involve the processes of thinking and reacting to the external world stimuli. Culture teaches preferences in life and manifests itself in how people behave, think, and believe. Higgins and Bargh (1987), for example, who studied several decision-making models, found that culture, which they called filters and simplifying mechanisms, helps people to process information and interpret their surrounding environments. Hogarth (1994) affirmed that individuals are assumed to evaluate outcomes in terms of gains or losses and are more sensitive to variations between outcomes according to their reference point, or what Higgins and Bargh called schemata. Because of its broadness, the concept of culture helps to describe the complex and rank-ordered principles influencing the thinking- and-taking-action process that continually occurs when people seek for solutions. Although every one at all times is pursuing answers for a limited number of common problems, there is a limited variability in solutions for problems, and all alternatives and solutions are present in all societies at all times, but they are differentially preferred.

A brief analysis of the literature shows a relationship between culture and decision-making. Because organizations have faced increasing new challenges in the 21st century, managerial leaders may need to follow decision-making processes that ingrain sustainable development concepts in both strategic and operational planning, which have demanded the adoption of an adaptive decision-making model. One basic assumption of such a model is that ethical and moral, cultural, values inherently belong to it.

A Cultural Ethical Model of Decision-making

Not too many authors discussed decision-making models that incorporate culture and other specific elements such as ethics, moral, and, stakeholders. However, Tecker, Bower, and Frankel (1999), for example, proposed a decision-making model represented by a knowledge-based approach to policy governance for the American Society of Association Executives. According to them, the model is a system that leads to what the called consultative leadership. Although this method makes information available for individuals and groups to make decisions, there is a strong ethical analysis that needs to be done before any decision can be made. Tecker et al. proposed four critical questions must precede any decisions:

1. What it is known about the needs and expectations of (a) the organization's members, (b) prospective members, (c) key stakeholders, and (d) customers that is relevant to this decision?

2. What it is known about the capacity and strategic position of the organization that is relevant to this decision?

3. What it is known about the current realities and evolving dynamics of organization's members, industry or profession that is relevant to this decision?

4. What are the ethical implications of these choices?

The ability to deal with real-life ethical dilemmas is necessary in the complex business environment. Another important contribution in terms of dealing with cultural-ethical issues in decision making was made by Meneghetti and Seel (2001). They have proposed a decision model that helps to deal with ethical dilemmas. Ethical dilemmas may contribute to the possibility of making wrong or right decisions. However, their dichotomic nature might be understood after the identification of some general characteristics. According to Meneghetti and Seel, an ethical dilemma possesses five traits: (a) it is difficult to specify, (b) it has a particular context, (c) it may not be evident, (d) it involves several stakeholders, and (e) it combines people's lack of knowledge with their inability to make the right decision. Their model offers, what they called, a non-prescriptive four-step process for analyzing an ethical dilemma and making an ethical decision. However, the authors also recommended that the terms values, ethics, and morality be well defined before analyzing the model. According to them, value is a strong held belief and attitude about what is wanted. There are two types of values: Those that are private and called moral values and those that are public and termed ethical values. Moral values have a primary impact on people's personal lives and are influenced by culture, religion, and family. For example, a moral value could be what people think about drinking alcohol. Ethical values are universally accepted beliefs about right and wrong. For instance, an ethical value could be what people consider honesty.

Discussion

Cultural diversity is not a transitory condition that enables the planning on the assumption of mutual understanding. Conversely, a number of studies (Brake, Walker & Walker, 1995; Hall, 1992; Hofstede, 1997; Maddox, 1993; Trompenaars, 1994) have shown that cultural diversity is a continuous phenomenon that occurs when people from different cultures think, communicate, and behave based on their core values. Culture is also a complex intermix of determinants. Although the so-called national culture influences people's behaviors, other strong elements such as family, gender, profession, religion, and so forth help to mold an individual's cultural profile.

The current literature have supported the premise that culture dictates the way individuals and groups solve their problems because it influences how people think, behave, and communicate (Hall, 1992; Hofstede, 1997; Kluckhohn & Strodbeck, 1961; Schein, 1992; Trompenaar, 1994). Each culture has its own set of core values and basic assumptions, which compound a framework of cultural orientations. However, to deal with cultures and stakeholders' differences effectively, it is necessary to acquire cultural competence, which is a concept that helps overcome the natural barriers imposed by the explicit components of a culture in order to comprehend its underlying basic assumptions. Once cultural competence is learned, it is possible to reconcile the stakeholders' potential cultural differences.

However, to understand a group's culture and predict its behavior, it is imperative to comprehend its deeper issues as they represent the dimensions of a culture and are what make it dis-

tinguishable from other cultures. Several studies (Adler, 1991; Brake, Walker & Walker, 1995; Hofstede, 1997; Schein, 1992; Trompenaar, 1994) provided conceptual models that elucidate the essential components of a culture and propose cultural orientations to business practices. However, the decision-making science lacks a reliable theoretical model that elucidates a potential central role of culture in the decision-making process. In addition, current decision-making models that embrace culture do it only marginally by highlighting a few cultural aspects such as ethics and values.

Conclusions

Many areas of human knowledge have extensively researched decision-making theories. The literature has shown that choice and behavior represent the core characteristics of decision-making phenomena and involve the processes of thinking and reacting. A decision is a response to a situation and comprehends judgment, expectations, and evaluation.

Descriptive and normative theories propose distinct assumptions to explain the decision-making process. Descriptive, psychological decision theory focuses on how individuals decide, whereas normative, rational decision theory elucidates how decision makers should decide. Psychological theories have uncovered basic principles people use when dealing with problems. Rational methodologies explain how decision makers analyze a number of different outcomes from each alternative scenario for selecting a final choice.

Psychological decision-making models suggest the existence of special mechanisms through which people process information and interpret their surrounding environments. Such mental processes are based on the principle that people's beliefs and values might influence their information processing. These beliefs and values are termed schemata and comprise concepts of self, other individuals, and script.

Rational decision-making models establish a weighing mechanism between choice and value. Rational methodologies lead to the optimization of the outcomes by emphasizing the process of choosing rather than on what is chosen. A certain alternative is always selected whenever its expected value is greater than that of other potential choices.

Both descriptive and normative decision-making theories

conceptualize and discuss the meanings of value, beliefs, and behavior. A number of studies have focused on the investigation of culture, and a consensual definition of culture has also embodied the concepts of value, beliefs, and behavior. Culture provides the elements for individuals to solve their problems of external adaptation and internal integration. Once a solution works and is considered legitimate, it is taught to others as the correct way to identify, think, and act in relation to those problems. Culture dictates preferences in life and manifests itself in the way people behave, think, and believe. Decision-making phenomena also involve human judgment processes about the macro and microenvironments in constant relation with people's values and beliefs. Therefore, decision-making processes possess a strong cultural component that might influence the decision style, perception, and attitudes of decision makers.

Decision-making models for analyzing ethical dilemmas and making ethical decisions have been proposed. However, it is essential that the definitions of values, ethics, and morality could embrace the multicultural perspective of every stakeholder involved in and by the process of making a decision. Therefore, decision-making models should provide a comprehensive framework for evaluating ethical dilemmas based on the stakeholder's cultural orientations. Uncovering cultural differences and reconciling seemingly opposing values are the axis of such an ethical-cultural decision-making model.

Recommendations

The literature has shown that cultural diversity is not a transitory condition, but a continuous phenomenon. However, to deal with distinct cultural orientations and stakeholders' differences effectively, it is necessary to acquire cultural competence. Once cultural competence is learned, it is possible to reconcile the stakeholders' potential cultural differences. Organizations should consider the inclusion of culture as an important element of their decision-making process. Although, decision making and culture have been extensively discussed in the literature, studies investigating the relationship between the two subjects are still necessary. It is still unclear how culture may affect any decision process. Therefore, empirical research examining the applicability and effectiveness of such interaction is indispensable.

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Causes of Demand for International Bribery

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Abstract

Corruption and bribery are not new to business. Bribes have been paid throughout recorded history. A large part of corruption includes bribe giving. Bribe giving, in the context of this paper, entails the payment giving or promising something of value to a government official to give favorable preference to the bribe giver. Although there has been some debate concerning whether or not bribery causes an economic drag on the economies of nations most evidence supports the contention that it is an economic drag. Bribery requires two parties the giver of the bribe, supply, and the receiver of the bribe, demand. Legislation and international agreements are designed to curb bribery are primarily directed at supply. The purpose of this paper is to identify, through a literature review, some of the demand determinates of bribery. From the literature four demand determinates have been identified; three are strong independent variables and one, political freedom, is less strong depending on its definition. The dimension of culture encompasses four components which were identified by Hofestede: Power distance, collectivism, masculinity, and uncertainty avoidance. The evidence indicates that to combat corruption and bribery all of the independent variables must be addressed. The most difficult variable to change is culture. A culture that supports bribery and corruption may continue to support bribery even if the economic and social variables are positively addressed. Since culture is imbedded and reinforced by a culture that variable may take a long time to change. The findings suggest that since culture plays a large part, as a demand determinate of bribery, in the reduction of bribe taking a generic approach to reducing bribery may not be effective. A regional approach to studying the demand determinates of bribery may be more effective in identifying localized demand determinates and the most effective means to combat bribery on a regional scale.

Introduction

Corruption and bribery are not new to the world of business. Business people have been using gifts for many years to get favorable treatment from officials. In the early days of capitalism, when the Church saw profits as usury, a mortal sin, one man found a way around the problem. The first real European banker, Cosmo Medici, feared eternal damnation for his business activities. Medici had a meeting with the Pope and made a deal that the Pope agreed to. Medici would donate part of his fortune to the Church and in return he would be forgiven of the sin of usury (Means, 2001). During the Reign of Louis XVI in France, the class structure of the Ancien Re'gime allowed for massive corruption. In many ways the corruption in France was a prelude to the corruption in many developing nations today. Corruption slowed France's economic growth at a time when much of Europe was experiencing economic expansion. The structure of the Ancien Re'gime placed the decision power in the hands of a few. The few decision makers had little, if any, concern for the masses. Debt service accounted for 62% of collected tax revenue which was mostly paid by the people who could least afford it. Most tax revenue went directly to the various nobles and officials. In short, a few people exerted much power over the masses. Such concentrated power fueled corruption and stopped the economic growth of France (Kennedy, 2005).Today corruption tends to be most prevalent in undeveloped, developing, and transitional economies (Corruption Perception Index 2004, 2004).

A large part of corruption constitutes bribery. Corruption is an action of individuals or groups to take advantage of public office for private gain (Bahmani-Oskooee & Nasir, 2002). Economic corruption refers to a public official who views his/her office as a private business (Genaux, 2004). The supply of bribery would be the bribe giver, and the receiving party would create the demand side of the equation. The Foreign Corrupt Practices Act (FCPA) defines bribery as giving money or something of value to a government agent to do a favor for a brib-

er at the expense of the principle/principles (Goelzer, 1998). An agent would be a representative of the government, whether elected or appointed. The principles would be the people, residents, or beneficiaries of the government. The agent has the responsibility of acting in the best interest of the principles. A payment to the principles is not a bribe; only a payment directly to an agent is a bribe (James, Jr., 2002).

According to the FCPA, it is illegal for an officer, director, or agent of a United States company or a company traded on United States financial markets to offer, make a promise, or authorize any money, gift promise, or authorize giving anything of value to certain people or groups. These individuals or groups would be agents of foreign governments. In short the FCPA prohibits the payment of a bribe to any government official or political interest in order to influence their actions or influence (Goelzer, 1998). It is clear that the FCPA directs its attention toward the supply side of the bribery issue.

It appears from the literature, Heineman and Heiman (2006) and Sung (2005) much of the research carried out on bribery and corruption is directed at the demand-pull hypothesis; however, much action is directed at the supply-push hypothesis. One of the difficulties that occur when countries impose strict laws on domestic firms competing for business off shore is that it hurts a domestic firm's ability to compete. It is estimated that American companies have lost 400 major contracts due to bribers given by competitors to foreign government officials (Sung, 2005). The Organization for Economic Co-operation and Development (OECD) has developed guidelines to attack both sides of the equation. On the demand side the OECD suggests a strong ethical structure supported by an ethics infrastructure (Bertok, 1999). Although some research indicates a preference for focusing on the supply side of corruption, (Sung, 2005) such research is hampered by a very small data set. In the case of Sung's research there were only 19 countries with available data concerning the supply of bribes.

It appears that although national laws are effective, if enforced, in stopping bribery by domestic companies and employees, they pose two operational problems. The first problem is they cannot easily be forced on other countries to stop demand. And the second problem is national laws may impact the competitiveness of domestic companies in foreign markets that demand bribes. The question that this paper will attempt to answer, through a literature review, is: What are the causes of demand for bribery and what actions can be taken to reduce demand? The first section will discuss what bribery and corruption are and their negative effects on developing economies. The second section will be a literature review of the demand for bribery and the factors that cause demand for bribery to be present in an economy. The third section will discuss some possible solutions to reduce the demand for bribes within a political/economic system.

Literature Review

Issues in Combating Corruption and Bribery

Since bribery and corruption take many forms the terms are often difficult to define or separate (Shahabuddin, 2002). For the purposes of this paper the definition previously discussed will be used. One difficulty that is encountered when discussing bribery is grease. Grease payments are accepted by the FCPA as an accepted practice to expedite a normal and routine governmental duty. The official routine duties include: issuing permits, issuing licenses, processing paperwork, mail service, scheduling inspections, providing utilities, or other routine actions within the scope of a government agent (Goelzer, 1998). Grease pay-

ment are small amounts of money, very similar to a tip, paid to low level government operative to facilitate or expedite the government operatives normal activities (Paini, Swingen, & Rodgers, 2002). Since a certain amount of grease is allowed by the FCPA and international conventions, only explicit bribery will be considered in this research.

Bribery may take two forms it can be either top down or bottom up. Top down corruption includes high level bribe taking in an attempt for high level government officials to gain high rewards and a portion is shared with underlings as hush money. Bottom up bribery is often called petty corruption and involves numerous small payments to low level employees who pass some of the gains to their superiors as rent (Waller & Gardner, 2002).

Corruption always has to do with power (Bliss & Di Tella, 1997). Power, at all levels, is the ability of one party to control the behavior of the other. Either the act of giving or withholding something of value to a dependant party can be used to control the behavior of the dependant party (Robbins, 2000). It would appear that power would exist in the hands of a bribe giver and a bribe taker. Therefore both those who supply and those who demand hold some level of power over the other. When viewed in the classical supply and demand curve of economics one could place the level of power on the vertical axis and the amount of the bribe on the horizontal axis and equilibrium, or the bribe amount, would occur at equilibrium, where supply equals demand.

By further developing the discussion in economic terms the only way to reduce the level of bribery is to reduce either the level of supply or demand or maybe both. The major assumption that will be made in this paper is that power is derived by social, political, economic, or cultural factors. A secondary assumption, shared by the OECD, is that corruption and bribery can be reduced by reducing both supply and demand (Bertok, 1999). The OECD's efforts to address the demand for corruption are based on an assumption of a systemic failure and management failures. The OECD is attempting to develop a public sector ethic of better legislative action, stronger public institutions, law enforcement, adequate controls, oversight, and transparency (Bertok, 1999). Many researchers see a more basic cause for demand. Some such as Husted (1999) and You and Khagram (2005) are concerned with wealth and income distribution as causes of demand for bribery. Husted (1999) also discusses the impacts of government size and Hofestede's four cultural variables as being sources of demand. Other authors, who will be introduced in the remainder of this paper used similar determinates and added to them. O'Higgins (2006) and Dell (2004) view extractive industries as being major causes of both supply and Demand for corruption and bribery. Others such as Sanyal and Samanta (2004) and Sanyal (2005) have researched the cultural and economic determinates of corruption and add economic freedom to the list.

Diagnosis and Treatments of Bribery

A recent article by Mungui-Pippidi (2006) discusses some very preliminary work in the diagnosis and treatment of corruption. The author proposes that government and laws cannot solve corruption within corrupt countries. The reason government cannot solve the problem is because by definition government is the problem. Mungiu-Pippidi also raises the point that although corruption can be identified, each nation must be looked at from an individual perspective. Such a conclusion runs counter to the findings of Sung (2005) who found actions taken through laws to reduce bribery would be effective. It also becomes evident

that a diagnosis and cure for corruption must be made through qualitative as well as quantitative analysis (Mungui-Pippidi, 2006). The various factors that will be discussed as demand side determinates of bribery fit the criteria of concerns that are not just controlled by government but also are both quantitative and qualitative in nature. GDP and income levels as well as the GINI index are all quantitative. Other variables such as the level of economic freedom, and even the Corruption Perception Index (CPI) are qualitative.

Determinates of Demand Income inequality

The first specific determinate that has been identified is income inequity. Since power is a basic requirement for corruption and bribery (Bliss & Di Tella, 1997) power can be achieved from income inequalities. Economies can become trapped in a cycle of poverty and corruption. Government actions in themselves can be a determinate of general welfare. Government actions may also tend to support the policies preferred by the rich and often add to the decreasing welfare of the poor (Jong-song & Khagram, 2005). Some insight to the issue of income disparity and the willingness to take a bribe can be found in a 1989 study conducted by Goel and Rich. This study looked at the relationship the change of getting caught and punished for accepting a bribe, income disparity between the public and private sectors, and unemployment. The study was based on United States government employees at the federal, state, and local levels. What Goel and Rich found was that there was a relationship between lower income levels of government workers as compared to private sector employees and the willingness of public sector employees to accept a bribe (Goel & Rich, 1989). Although Goel and Rich used samples from the United States their work has supported on an international level.

A very broad study was conducted on international corruption by Brian Husted, Husted (1999). One of the variables Husted considered was the impact of changes in the GINI index as a predictor of corruption. To study this variable a simple hypothesis was proposed "The greater the inequality in the distribution of income, the higher the level of corruption in a country." The author used the GINI to measure income equality and the CPI to measure corruption. The findings were significant at the P<.01 confidence level that income inequalities were related to an increase in the level of corruption.

A more recent study on income inequity and corruption was published in February of 2005. This study done by You and Khagram (2005) was a comparative study of income inequality and corruption indexes from Transparency International, the World Bank, and Risk Services. The authors used the GINI Index to gauge the level of income disparities in the subject countries. The researchers used four test hypotheses. The three hypotheses that are relevant for this paper are: 1. greater income inequality is associated with higher levels of corruption, 2. perceptions of the extent and norms for acceptability of corruption are higher in more corrupt countries, 3. higher levels of corruption are associated with higher levels of inequality (You & Khagram, 2005).

What You and Khagram (2005) found built on Goel and Rich (1989). They found that corruption was directly correlated with income inequality. The research implied that corruption was related to income inequalities within nations. They also found support for the argument that corruption and income inequality would, in fact, lead to a general level of acceptance of corruption and the income inequality, and corruption would continue (You & Khagram, 2005).

Economic freedom

Closely linked to income inequality is Economic Freedom. As pointed out by You and Khagram (2005), there is an apparent link between poverty and corruption. There is also a linkage to economic freedom and corruption (Eiras, 2003). The level of economic freedom is composed of several factors that include: trade, monetary policy, wages and prices, government intervention, and the size of the informal economy (Nwabuzor, 2005). Economic freedom is often thwarted by government policies. These policies are directed toward the imposition of strict economic constraints. The economic constraints create a loss of economic freedom and allows for increased corruption. The increasing level of corruption damages the faith of the people in a government in which structures and economic capacities are eroded. The continued erosion may even threaten the legitimacy of the government itself (Nwabuzor, 2005).

Sanyal and Samanta (2004) suggested two propositions germane to the economic freedom and corruption. The first proposition was that economic factors that support market forces, limited government, good public finances, and rule based systems are less likely to foster corrupt practices. The second proposition was that changing economic policies that make the economy more open and less closed will cause a decline in bribe taking over time. The authors used two time periods 1996 and 2001 to study 54 countries. The CPI was used to measure corruption and the Economic Freedom Index (EFI), developed by the Heritage Foundation was used to measure economic freedom. Countries are ranked from 1-5 with one being the most free and five the least open. The results showed strong support for the stated propositions. High EFIs were strong indicators of low CPI scores. In other words reduced economic freedom will indicate higher levels of corruption and bribe taking (Sanyal & Samanta, 2004). What is interesting about this research is it limited itself to the demand side of bribery. From the study conducted by Sanyal and Samanta (2004), it appears there is evidence that economic freedom has an impact on the demand for bribes in developing countries.

Political freedom

From the prior discussion both income inequality and a lack of economic freedom have been shown as being potential sources for the demand for bribes. Evidence has also been presented that bribery can cause political instability. Researchers have compared the effects of political and economic freedom and corruption (Ali & Isse 2003; Goel & Nelson 2005). Although one may draw the conclusion that political freedom may affect the level of corruption that may not be the case. Ali and Isse (2003) supported the later findings of Sanyal and Samanta (2004) in that economic freedom was and indicator of corruption. They also found that political freedom had a negative correlation to corruption but it was not direct. What they found was that political freedom bad an impact on economic freedom and economic freedom had a direct influence on corruption. A composite measure of political and economic freedom may be a better predictor of the level of corruption.

Goel and Nelson (2005) used a different definition of political freedom and used a more general measure of political freedom which included freedom of the press, freedom of religion, open opposition, free elections and other soft variables. The authors studied 63 nations some were very corrupt while others relatively uncorrupt. The study investigated the impacts of both economic and political freedom. What was found was that by

using a more general measure of political freedom there was an inverse relationship between both economic freedom and political freedom on corruption in a country. The findings of both studies would support the contention put forth that the form of government is not a sole indicator of corruption. Even a democratic nation can be very corrupt without proper institutions, laws, and enforcement (Mungui-Pippidi, 2006)

Additional research has added government size to the possible predictors of corruption. Government size, in this case, is government's share of the GDP (Husted, 1999). In this study a simple hypothesis was put forth: "The larger the government's share of GDP, the higher the level of corruption in the government". As is the case with most research reviewed the CPI was used to measure corruption. The size of government was determined by World Bank data. 36 countries were included in the sample. The findings were significant supporting the hypothesis that as government increased its share of GDP corruption would increase. This finding was significant at the level $P<.01$ (Husted, 1999). It would appear that government's effect on corruption would depend on how it is defined. It would also appear that the impact of government on corruption would be not direct but indirectly through its influence on other variables.

Cultural variables

Cultural variables are also considered as determinates of demand for corruption and Bribery (Beets, 2005; Husted, 1999; Park, 2003; Sanyal & Samanta, 2004). While Park, Husted, and Sayal and Samanta used Hofstede's cultural dimensions, in whole or in part, Beets used economic and demographic indicators. Beets (2005) used 12 economic and demographic indicators for his cultural variables. What was found was that of the 12 only five were significant at the $P<.001$. The significant factors were: the percentage of the population living in rural areas, percentage of adults employed or seeking employment, household size, and life expectancy at birth, economic aid received. Low corruption levels were found with high employment, longer life expectancy, and lower fertility rates and High levels of aid donation indicated low levels of corruption while high levels of received aid indicated high levels of corruption.

Husted's wide ranging 1999 study also brought culture into the discussion. Previous a previous study of Nigerian and United States students found that culture did affect how students viewed acts of bribery and extortion (Tsalikis & Nwachukwu, 1991). What is interesting here is the authors compared citizens of a very corrupt nation, Nigeria, and a relatively uncorrupt nation, The United States. The CPI for Nigeria is 1.6 placing it third from the bottom of the national rankings as very corrupt. The United States, on the other hand, is 7.5 out of a possible 10 and placed at 17th place on the list published by Transparency International (Corruption Perception Index 2004, 2004). Husted's research used four of Hofstede's five cultural dimensions. The dimensions used were: power distance, individualism, collectivism, and masculinity-femininity Confucian dynamism was left out since it appears that attributes at both poles could simultaneously reduce and increase corrupt behaviors. Four hypotheses were introduced to see if there was a relationship of: power distance and corruption, more collectivism and corruption, greater masculinity and higher levels of corruption, and finally higher uncertainty avoidance would lead to more corruption (Husted, 1999).

Husted's research demonstrated that increased power distance, high masculinity, high uncertainty avoidance, and uncertainty avoidance would all be indicative of higher levels of corruption. The most corrupt nations would share all four char-

acteristics. The author implies in his conclusions that corruption will not end easily since a nation cannot command economic growth or change a culture by edict. It also indicates that culture is a strong predictor and cause of corruption (Husted, 1999).

Beginning in 2003 a series of articles considered the effect of culture on corruption levels in nations. The first was written in the fall of 2003. The research considered multiple determinants of corruption. Along with national income, income inequality, and several other variables culture was considered. As was the case with Husted (1999) this study utilized Hofstede's cultural dimensions and used the same four employed by Husted in 1999. As in Husted's research this research used 4 specific hypotheses: the higher the power distance the higher the corruption level would be in a country, the more collective a culture the higher the level of corruption in a country, the more masculine a culture is the higher the level of corruption in a country, finally the higher the degree of uncertainty avoidance in a culture the higher the level of corruption in that country. Data sources were the CPI for the level of corruption and Hofstede's cultural indices were used to measure cultural variables. Because data, across the research, was only available 37 countries the total sample was 37. The research confirmed Husted's 1999 finding that culture was a major factor in the corruption level in a country. In this case, however, the two strongest indicators were power distance and masculinity (Park, 2003).

Following Park, Sanyal and Samanta (2004a, 2004b) and Sanyal (2005) studied the causes of corruption. Just as in the previously discussed research several indices were identified including economic, political and cultural factors. The first paper concerned bribe giving countries and bribe taking countries. The only available data for bribe giving comes from Transparency International's Bribe Payers Index. The data for bribe taking comes from the CPI. Unfortunately the Bribe Payers index only covers 19 countries and most are developed economies. They found countries that were bribe givers were also inclined to be bribe takers. In addition they measured Hofstede's cultural variables against bribe giving and bribe taking levels and supported cultural factors as being determinates for bribery and corruption. Especially strong correlations were uncertainty avoidance and power distance (Sanyal & Samanta, 2004a).

Sanyal (2005) used a sample of 47 countries that were represented on the CPI and also had corresponding economic and cultural data available. This research used Hofstede's cultural variables of: power distance, individualism, masculinity, and uncertainty avoidance. The economic factors included: per capita income (PPP), amount of foreign trade, and income distribution. The findings showed significant cultural relationships to CPI appeared for power distance and masculinity. Economic relationships existed for per capita income and income distribution, or income equality or inequality.

Considerations in Reducing the Demand for Corruption

From the research presented thus far it would appear that both economic and cultural factors have a strong influence on the level of corruption in a country. Although many other sub-factors have been identified the general cultural and economic factors are well documented. The question now turns to what can be done to curb corruption. Assuming that laws made by government will not solve the problem since those who make the laws are often the beneficiaries of corruption (Bahmani-Oskooee & Nasir, 2002). It has been demonstrated that governments that have had a sustained growth rate are nations that encourage

honesty and discourage corruption (Ali & Isse, 2003). It has also been demonstrated that government may not be able solve the corruption problem in corrupt countries since, by definition, government is part of the problem (Mungui-Pippidi, 2006). Legal controls have a limit to their effectiveness since they must not only exist but they must also be investigated, prosecuted and the punishment must be carried out. Whether they are effective will depend on the political regime of a country (Bertok, 1999). Since it appears that, from the previously discussed literature, national laws may only be partially effective that leaves two alternatives. Alternative one is through the use of trade agreements and Non-Governmental Organizations (NGOs). Although they can create a platform for transparency and models for conduct they cannot control the activities of sovereign nations.

Forces enabling corruption

As pointed out in a recent article in Foreign Affairs (Heinemann & Heiman, 2006) four primary forces perpetuate corruption: money, greed, power, and institutional weakness. Along with enforcement and prevention two other elements must be included in an attempt to curb corruption. The first element is state building. State building, according to the authors includes institutions designed to create a society based on laws enabling an environment that allows for transparency, accountability, as well as a legal, economic, political foundation. The final piece of the equation is cultural change. That cultural change requires the development of norms and values that reinforce anti-corruption efforts. The pressure will need to come from below. The leaders have no reason to change unless their leadership is questioned and their power threatened.

Actions to Reduce the Demand for Corruption

The efforts to reduce corruption must come from the supply and demand side. Research has shown that there is equilibrium for corruption. Simply making corruption more costly will lower the level of corruption but will also make it more lucrative for those who engage in corrupt practices. What must be shifted to the left are both the supply and the demand for corruption. A shift in either curve must be a non-price shift. One common factor that will shift either curve is expectations. From the demand side, and that is the focus for the conclusion of this paper, it appears that economic conditions and cultural norms and beliefs must be changed. From an economic standpoint the biggest factor is economic freedom. From economic freedom will flow a higher per capita income and with it will be less income inequality. As demonstrated by Mungui-Pippidi (2006) governments have no desire to see change since it is the people who run the government who are gaining the most benefit from corrupt activities. The implications are clear that the political structure must be directed at creating good legal systems, education, and a concern for developing the economy (Ali & Isse, 2003).

From the standpoint of NGOs it is important to realize that organizations such as Transparency International, Freedom House, and other groups that monitor transparency and accountability are a valuable asset in the reduction of corruption the role they play is monitoring and making corruption known. Other NGOs such as the World Bank, IMF, and aid giving organizations can limit aid to countries that exhibit corrupt practices. MNCs can also play a role in reducing the supply of briber to corrupt countries. Regional Organizations such as the Council of Europe, the Organization of American State, and the G-8 are promoting member countries to stop the supply and aid in reducing the demand for corruption and Bribery. Ultimately the battle against corruption begins in the home nation (Heinemann & Heiman, 2006).

At the national level economic, socio/political and educational changes must be made. Many of the changes will need to have a cultural impact. The culture of bribery will be the most difficult to change. Sanyal & Samantra (2004b) conclude that developed economies are more transparent and have freer and more open economies. They conclude that openness and economic freedom lead to reductions in the level of bribery in a country. Other research finding concluded that legalistic means in themselves would not curd bribery; in fact, cultural factors may significantly inhibit the reduction of bribery.

Conclusions and Further Research

Conclusions

Much of the reviewed research points to a multi-factor attack on the sources of demand for bribery. It also would appear that one of the biggest stumbling blocks to reducing corruption and bribery are the cultural characteristics of a country. Multiple sources such as economic, political, and cultural variables impact the level of demand for corruption in a country. Not only do various factors need to be examined but the internal and external environment must be considered. Not only does reform require internal changes but it must be supported and in some cases encouraged by external organizations and forces. The biggest problem encountered when attempting to reduce corruption and bribery is the cultural shifts that discourage bribe taking. Culture is embedded in a society. Economic and political changes can be made relatively quickly through policy changes and economic development. On the other hand since culture is part of the fabric of society it is more difficult to change. Culture is made up of spiritual as well as family and social values and beliefs. Although economic and political attributes may change the culture may still support corruption and bribery.

Future Research

Further research could consider a study of two regions, such as Latin America and the old Soviet Block Nations of Eastern Europe. Such a study could compare economic, political, and cultural factors of each of those regions and attempt to identify similarities and dissimilarities between those regions. Since multiple factors are involved in creating the demand for bribes it is possible that different countries and regions may require different treatments due to the effects of different variables. A study of two regions would allow a comparison of environmental factors and explore if the demand determinates are the same or different in each region.

While much research has been done on the variables that are involved in the supply and demand for bribes, little research has been carried out concerning the variables in regional groups of countries. A research stream directed at countries that may share similarities in the demand variables would add to the understanding of demand causes in various national groups. Such an understanding would aid in the development of policies and actions that can more effectively curb bribery and corruption on a regional scale.

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Legitimacy Lost and Back to Normality

Scandals in the Public Sector – the Swedish Case

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Abstract

Scandals provide an opportunity to generate more knowledge about the process in which organizational legitimacy can be restored. This article is based on a study of all scandals in the Swedish public sector from 1995-1997 and four case studies in four organizations conducted 2003. In scandals in the Swedish public sector, players in leading positions are linked to some transgression, often of a financial nature. The less expected the transgression, the stronger the public reaction and the more the organisation's legitimacy diminish. A scandal implies a failure for everyone in the organisation. The organisation is subjected to questions, scrutiny and slander. Because the tough scrutiny, it becomes difficult to decouple what is said, decided and done. The organisation is focused on acting conformably to external demands. By paying attention to external reactions, the organisation adapts and learns what may, ought and should be done so that it never again finds itself involved in a scandal. Simultaneously, the organisation prepares itself for future scandals. When the organisation feels that those outside the organisation consider it is living up to external expectations one can say that its legitimacy is restored. When the organizational legitimacy is restored, external pressure returns to normal.

Keywords

Organizational legitimacy, Scandal, Organization, Corruption, Isomorphism, Public Sector

Introduction

Scandals in the Swedish public sector are common nowadays (Johansson, P. 2004). This is rather surprising since it has previously hardly been associated with scandals. Although scandals are common, there has been very little research on scandals as an empirical phenomenon. Legitimacy is something that organisations have and need. And organisations that are involved in scandals find that their legitimacy is called into question and reduced. Scandals provide an opportunity to generate more knowledge about the process in which organisations legitimacy is reduced and the way in which the legitimacy can be restored. The aim of this article is to generate knowledge about these processes.

In the first part of the article, the relationship between organizational legitimacy and scandals are discussed. In the midsection, the two studies that the article is based on are presented. The first study, presented very briefly, is a study of all scandals in the Swedish public sector from 1995-1997. The second study consists of four case studies in four local governments conducted 2003. In the last section conclusions are drawn and discussed.

Scandals and organizational legitimacy

All countries have a public sector, and for a long time, public sector scandals were primarily associated with so-called developing countries. A wave of scandals in the Western world have changed the picture of the western public sectors (Newell & Bull, 2003, Johansson, B., 2006; Sanders & Canel, 2006; Sjöstrand, 2005). Organisations are dependent on their environments (Powell & DiMaggio, 1991), and public sector organisations are no exception. If their legitimacy is threatened or damaged, they encounter problems (Suchman, 1995). Scandals undermine the organizational legitimacy of the organisations associated with them, and are thus problematic (Johansson, P., 2004; Zapata Johansson, 2006).

Organisations' legitimacy and the organizational environment

With the help of organisations, actions can be coordinated in order to achieve results that individuals cannot achieve alone. The manner of coordination can vary infinitely. In early organizational analyses (e.g. Taylor, 1911 or Fayol, 1916), good organisation meant carrying out an organisation's activities in the best (rational) possible way. The management decided what organisation methods should be used, and the organisation was regarded as a closed system.

The environment can also be regarded as the source of the resources that an organisation needs and depends on (Pfeffer & Salancik, 1978, Pfeffer, 2003). Organisations are then no longer regarded as closed systems, but as open parts of a larger system (in countless variations, see Scott 2002 for further details), which are dependent on the environment. Later studies showed that in addition to the members of the organisation itself, the surrounding world also has ideas on how the organisation should be run (Meyer & Scott, 1983; Scott & Meyer, 1994). John Meyer and Brian Rowan showed (1977) how organisations adapt to their institutional environments rather than concentrating on the best way to perform its activities. In other words, rather than unconditionally prioritising the best organizational methods, they adapt to external ideas of how their activities should be performed: organizational isomorphism (DiMaggio & Powell, 1983; Deephouse, 1996; Oliver, 1991).

The view of organizational legitimacy is, essentially, fairly consistent, and has its starting point in Talcot Parsons's work (1956, as cited in Pfeffer & Salancik, 1978), where organisations are regarded as parts of a larger system and legitimacy is a prerequisite for continuing to be part of that system. Legitimacy simplifies an organisation's relations with its environment because the organisation's degree of legitimacy determines others' willingness to contribute resources vital to the organisation (Pfeffer & Salancik, 1978; Deephouse, 1996). The less legitimate it is, the more resources must be invested in

trying to convince the surrounding world to interact with the organisation – as customers, suppliers, employees etc. For instance, a narcotics syndicate can be successful despite lacking legitimacy, but constant questioning from legislators, police and other organisations undoubtedly makes life more difficult. In this respect, legitimacy can be seen as a resource that creates freedom.

Through interactive processes, we collectively create notions about the world and institutions, which we subsequently tend to take for granted (Berger & Luckman, 1966; Hacking, 1999). Notions of how one's own organisation should operate and coordinate its activities are institutionalised among the organisation's members, and over time, the organisation's activities and processes are largely taken for granted (Meyer & Scott, 1983; Scott & Meyer, 1994). Structures and processes acquire their own intrinsic value; they are needed because they are part of the system, and not necessarily because they are indispensable to its activities (Brunsson & Olsen 1983; Selznick, 1957).

In other words, the organisation's legitimacy is determined by how the organisation responds to external norms. This represents a different view of what an organisation is: taken to its extreme, this view holds that rather than being a system for the coordination of actions, an organisation exists because it exists. An organisation's legitimacy is not determined by how well it coordinates its actions, but by how well it complies with the expectations in the organizational environment. It is consequently a matter of opinion what the most suitable organizational methods are. An organisation that is accepted and regarded as legitimate by its environment is a legitimate organisation (Suchman, 1995).

Hypocrisy for legitimacy

Organisations develop various strategies for influencing and satisfying the environment's demands (Scott, 2002 p. 211). One strategy is to separate the organisation's façade and activities through so-called decoupling (Meyer & Rowan, 1977). The façade meets the environment's demands while the activities occur in more sheltered conditions behind the façade (Thompson, J. D., 1967).

How a façade that is accepted by the environment looks and is maintained is a complex question. Organisations' environments are highly demanding, and furthermore, the demands are conflicting. "[Organisations] … should not only be profitable. They should provide employment; offer a good working environment that provides opportunities for personal development; provide their employees with decent wages; give good service to their customers; contribute to the prosperity, GDP, export revenue, and the general progression of the countries in which they are active, - while not polluting the environment … as positive as these demands are, it is not easy to for a company or a state to satisfy them all. Success in one dimension often decreases success in another." (Brunsson, 2003, p. 203)

Nils Brunsson has further developed John Meyer's and Brian Rowan's theories on decoupling and found what he calls organizational hypocrisy (Brunsson, 1989). Organisations meet the environment's conflicting demands through organizational hypocrisy: what the organisation projects outwardly in the form of talk, decisions and actions are mutually contradictory (Brunsson & Jönsson, 1979; Rombach, 1986). Simply speaking, the organisation says one thing, decides something else and does something else again. One is not necessarily better than the others; it is just that the three arenas meet different demands.

Scandals diminishes legitimacy

From a literature review (see Johansson, P., 2002), I define scandal in the public sector as (Lull & Hinerman, 1997: Markovits & Silverstein, 1988; Thompson, J., 2000; Moodie, 1988; Doig, 1988; Jiménez, 1996; 2004):

A scandal is the public opinion reaction that follows when it becomes known that an actor(s) employed by or representing a public sector organisation, through actions, attitude or position is connected to a transgression that deviates from what is expected from the actor. The fact that it is the reaction of others that determines whether it is a scandal or not implies that scandals are public – there are no secret scandals. Attempt to hide the transgression might make the scandal bigger, as will lies. The transgression may be invented, but if others find the scandal story credible, the scandal will continue and the audience will want to learn more. However, if the story looses its credibility, i.e. by proof that it is untrue, the scandal might stop.

Scandals highlight organizational legitimacy and raise legitimacy as a subject for discussion. Organizational literature conveys the idea that organizational legitimacy exists and is necessary, but normally attracts little attention: "As with the existence of social norms generally, legitimacy is known more readily when it's absent than when it is present. When activities of an organization are illegitimate, comments and attacks will occur." (Pfeffer & Salancik, 1978 p. 194)

Scandals suggest that public sector organisations are not being properly run. A well-run public sector is legitimate, while a public sector with scandals has its legitimacy threatened. A sound public sector functions quietly. It is unlikely that public sector organisations would continue operating with diminished legitimacy without trying to solve the problem. It is more likely that an organisation that has lost too much legitimacy would take measures to restore its legitimacy. A specific aim of this article is to examine how organisations go about rebuilding their legitimacy after a scandal.

A first study – Scandals in the Swedish Public Sector

Scandals are public by definition. No doubt, there are scandals that stay in the neighbourhood or the camp site, but if one wants to study scandals in a public sector, media is a suitable source of material. Article databases enable reading of extent media material (Altheide, 1996). In the first study that this article is based upon I have searched for articles on scandals published in Aftonbladet, Göteborgs-Posten and Swedish Dagbladet 1995, 1996 and 1997 in the Mediearkivet (the media archive – mediearkivet.se). Aftonbladet, Göteborgs-Posten and Swedish Dagbladet are three of Sweden's largest daily newspapers and represents, at least in theory the left, middle and right wings; and also some geographical difference, one paper have their readers mainly in Stockholm, one in Göteborg and one is distributed to all of Sweden.

The study's main result is the typical characteristics of a scandal in the Swedish public sector, which norms that are transgressed and by whom: In scandals in the Swedish public sector, players – most often men – in leading positions are linked to some transgression, often of a financial nature. The less expected the transgression is, the stronger the surrounding world reaction is and the more the organisation's legitimacy diminishes. The organisation, in which the person who has caused the scandal works, is subjected to questions, scrutiny and condemnation, which put greater pressure on the organisation to react and

do something (Johansson, P., 2002).

A second study – Consequences of reduced legitimacy

Most people learn about scandals through the media (Lull & Hinerman, 1997; Thompson, J., 2000). Even the employees of the organisation involved in a scandal learn most about the scandal through media reports. If nothing else, they probably learn about the scandal through the media and add this information to any insider rumours circulating in staff rooms and corridors. The actors themselves and other people directly involved in the scandal are likely to have a completely different picture of the scandal to the media's version. In other words, for most of us, the scandal is equal to the media's version. But the more personal one's involvement in the scandal and the closer one is to the events (whether true or fictitious) and the people involved in it, the more likely one is to have a personal view that differs from, or is more detailed than, the media's view.

In the second study that this article is based on, I leave behind scandals in the media and discuss the consequences of scandals from an intra-organizational perspective. I have studied organizational consequences of scandals through four case studies in four different municipalities – two that have been involved in scandals and two that haven't. The case studies consist of interviews with municipal executives and politicians, with whom I discussed scandal and their consequences.

Scandals consequences

A consequence is something that follows on from something else. An occurrence or action is needed to cause the consequence, a thrown stone that crashes a window, for instance. It might be just a thrown stone, or it might be a part of a bigger chain of actions, like a demonstration that turned into a riot – a simple example can easily be turned into a complex story full of sides and different perspectives. Social phenomena can always be seen from another side, a consequence of the socially constructed world with its subjective truth. But that is not to say that anything goes, there are differences between subjective truth, untruth and nonsense.

Consequences are of different kinds. Some can be noticed directly after the cause occurred, and some later on. Questions are started to be asked in the very beginning of a scandal whereas the result of an investigation will be presented later. Other consequences also have consequences for other organisations then the one involved in a scandal. If one local government can, others can too, external examiners might think. Some consequences are more noticeable than others. Changes of rules and defections differ from feelings of shame or rumours. They are all consequences, but they are variously difficult to identify. A change of rules are usually documented and can be seen, but a feeling is felt within a person and has to be told for others to know about it – or it may stay unknown.

The consequences analysed in this article are consequences that interviewees say are consequences caused by scandals, nothing more and nothing less. Surely, there are other consequences, but these ones are interesting because they came up during discussions about scandals and thus represent ways to think and talk about the scandal phenomena and its consequences for organizational legitimacy.

Burke's pentade

To understand the motive behind an act, we need answers to some questions. Kenneth Burke has formulated what is called the "Burke's Pentade", in which he gives us the questions: "Men may violently disagree about the purposes behind a given act, or about the character of the person who did it, or how he did it, or in what kind of situation he acted; or they may even insist upon totally different words to name the act itself. But be that as it may, any complete statement about motives will offer some kind of answers to these five questions: what was done (act), when or where it was done (scene), who did it (agent), how he did it (agency), and why (purpose). (Burke, 1969, p., xv)

Stories about what others do are often incomplete and Burke's five questions are, hence, not answered. As a result, we do not really know why a person did like she did. And when we do not know someone's motive, we ascribe it to her (Gustafsson 1994, p. 65). If we believe something to be a consequence, we treat it like one. For instance, if we believe that a top politician resigns because of a scandal that followed due to her private use of public money, then the resignation is a consequence of the scandal. The cause and the consequence as described (by media) are enough for us to understand what happened. The motive that caused the resignation may have been another, but when we (everybody but a few) believe what we believe and act accordingly, that does not really matter.

Presentation and analysis of interview data

Most of the interviewees' answers were stories and anecdotes. It is not surprising as we use stories to communicate, entertain, explain, to teach and to learn (Czarniawska 2004), not the least in organisations (Gabriel 2000). In the next section, the discussions with the interviewees are presented. The text is (re)produced from the told stories rather than a representation of the interviews (Czarniawska, 2004). Put together into one the stories forms a text written with the ambition to describe what happens in an organisation during the process of rebuilding reduced legitimacy in a credible way (White, 1973).

In analysing the data, I have used Kenneth Burke's pentade as an analysis tool and searched the interviewees' responses for answers to the questions what, how, who, where (when) and why (Burke, 1969). The interviewees represents their local governments, the answers to the questions who and where are therefore not always spoken out. If nothing else was said, I have interpreted who to be the management team and where to be the organisation each interviewee represents.

The consequences of reduced legitimacy are divided into three themes or main categories (Corbin & Strauss, 1990): others' actions, own actions and self-perception. These three themes differ from each other in several ways. Firstly, they contain different amounts of information (answers). The theme own actions contains most answers and six consequences (answers, investigates, structures, regulates, relinquishes, observes others), the theme others' actions is the smallest theme in terms of both number of answers and consequences (three: ask questions, scrutinizes, slanders)). The theme self-perception has five consequences (perception of being: a failure, stigmatised, misunderstood, watched, strengthened), each containing fewer answers than the largest theme.

The differences are partly ascribable to the way the data was collected. Municipal executives and politicians were asked what a scandal would mean to them if it involved their own (or another) municipality. The fact that their answers mostly concerned what they would do during and after a scandal is perhaps not very surprising; if I had interviewed staff in a media company, they would probably have spoken more about what they do and less about what is done in other organisations. The themes also differ in that they are, in part, consequences of each other.

Handling Scandal Consequences –
The Way Back to Normality

In this section, the three themes and the consequences they include are presented. The section ends with end of the scandal process.

Other's Actions – External Pressure

Swedish Municipalities are normally monitored intensively by their environments. Because of the right-of-access principle, municipalities are open organisations that are easy to monitor from an outside perspective. Another principle in municipalities is that the political leadership should represent the people, i.e. parts of the organisation's environment. Many people have – as they should – the right and opportunity to exercise pressure on the organisation with the aim of influencing the municipal government to act according to their own preferences.

A transgression that leads to a scandal upsets others when the transgression becomes publicly known. This is the basis of a scandal and the point where the process of restoring legitimacy starts. The scandal greatly increases public focus on the organisation, leading external pressure to intensify. Others seeks answers by asking representatives in the involved organisation what happened, how they view the scandal, what will be done about it, how it could happen etc.

Media representatives are the most conspicuous part of the environment. They ask questions at press conferences and by contacting people who might have answers. The person linked to the transgression – the scandal actor – is an obvious person to ask, if possible, as are his manager and colleagues. Other people who are asked are the ones that normally answer, for instance the organisation's public relations staff, or people one knows. The municipal government – primarily the Chairman of the Municipal Executive Board, other municipal commissioners and the Municipal Chief Executive – are also asked, since their functions include responsibility for what happens in the organisation, and because they are expected to answer questions.

There are more players in the environment who ask questions. Other authorities, the public, people in other municipalities and employees from the involved organisation who work at a distance from the scandal also want information. So do industrial representatives from the municipality, friends and acquaintances.

Everyone who can puts questions to everyone they think can provide answers. But the answers are not always enough for those posing the questions. They want more information, either to make the answers to their questions more detailed or to create a basis for further questions. To this end, the organisation is scrutinised along with its minutes, diaries, verifications, decisions and the execution of decisions. These elements are scrutinised to find inconsistencies and new information. The answer to a question can be compared to information gained elsewhere and used as a new question. For instance, the perpetrators of one scandal were asked why a hotel bill had been paid for with municipal funding. They replied that they had been on a business trip. When a later inspection revealed that the municipality had also paid for their wives' hotel accommodation, a scandal ensued and the municipality's doings were examined further.

Examination and questioning leads to answers. The media reformulates these answers into articles and radio or TV spots, which in turn reach other interested parties. Local media coverage of the scandal reaches the national media, and if they find the scandal sufficiently interesting they also ask questions, which lead to more answers and can generate more questions. Other parties than the media reformulate the questions into verbal information, documents, letters to the press and other ways of discussing the answers to the questions about the scandal.

When an interesting issue is extensively and avidly talked about, people may be careless about what they say. Sometimes it is just important to say something, so that an article sells or to make the speaker sound better informed than he or she actually is. As one interviewee said, the truth is not always the most important thing. Besides not coinciding with the interviewee's picture of what happened, rumours and verbal and written accounts tend to be generalised. Although the scandal's perpetrators are just one or a few people, the written and verbal accounts suggest that everyone linked to the municipal government were involved in the scandal, causing them to be collectively blamed and condemned.

A municipality with intact legitimacy is also examined, for instance through inspections, public elections and local press coverage. Questions are asked and the municipal administration is discussed. During and after a scandal, the environment's normal interest in the organisation changes and becomes more accusing. Questioning, examination and condemnation collectively put pressure on the organisation. The next section explores organisations' reactions to the external pressure.

Own Actions – Reactions

A Swedish municipality is a usually seen as a pro-active organisation. This is how they are expected to be; part of the municipal authorities' legitimacy rests on the idea of autonomous municipal governance. Public officials make decisions and implement them, then compare the results to their goals so that any necessary adjustments can be made. The municipal government is also action-oriented during a scandal, but the initiative for the action no longer comes from the municipality but from the surrounding world. On the one hand, the environment puts strong pressure on the organisation and demands that something be done, while on the other hand doing nothing seems a poor option when the organisation is in trouble. Giving a reaction is expected. It is the external pressure that determines what must be said, decided and done. The municipality's problems and priorities are formulated outside the organisation according to other parties' conditions.

The difficulty of balancing the desire to act fast and the need to act correctly comes across clearly in the responses. The questions from the environment are being asked at virtually the same time as the organisation's members first learn of the transgression. The ensuing questions need to be answered, and the interviewees reported that they both want to and have to answer them. A delayed answer is easily interpreted to mean that the organisation is hiding something, even if the delay is because the municipal government is busy finding out what happened. A prompt answer is good, but only if it is correct.

The organisation's spokesmen also communicate outwardly that they are aware of the problems, that they are tackling them, and that it will not happen again. To back up their claims, various symbolic decisions are made such as tightening up regulations, opening up the municipal government and examining the employees' moral standards. A scandal must not be allowed to happen again.

To complicate matters further, it is doubtful whether there are any good reasons to change the organisation: a few people committed errors, but the organisation is basically sound. Making changes has no purpose except reacting to and satisfying the external demands for rectifying measures.

A scandal leads to increased external pressure, which the mu-

nicipality tries to adapt to. After a varying period of adaptation, restructuring and symbolic changes, the municipality involved in the scandal appears to be following the strict indications despite being under close scrutiny. The municipality is once again a municipality. If it commits no errors, no cautions are required. After experiencing failure, public condemnation and misunderstandings, the municipal government begins to feel strengthened and ready to tentatively start taking initiatives again. They have learned what they can and cannot say and do, and are rewarded with reduced public pressure when they act correctly. The external scrutiny no longer needs to be so strong and returns to a normal level. The surrounding world has disciplined the municipality through monitoring and examination. As a result, the situation has returned to normal.

Self-perception Experiences

The third consequence theme, self-perception, runs more clearly through the process of restoring organizational legitimacy than the other two: it progresses from a feeling of failure at the start of the scandal process to a feeling of being strengthened by the end. A scandal equals failure. Working in a municipal government means having the citizens' confidence. Public officials are in a position of trust, and the interviewees are very clear in their responses about the assignment they have received, accepted and ordered the municipal administration to perform. The interviewees in the study are in executive positions and are responsible for the municipality. Consequently, a failure reflects back on them even if they are not directly involved in the scandal. They may not necessarily have failed personally, but when the surrounding world reacts as it does, everyone in the municipal government comes under accusation.

Municipal scandals also reflect badly on other municipalities that are not involved in the scandal. According to the interviewees in all four municipalities, externally one thinks that if one municipality can commit misconduct, then so can others. A scandal also leads other municipalities' public to question, examine and condemn its own municipality, not as vehemently and accusingly as the perpetrating municipality, but enough to change the everyday situation. A scandal compromises the involved municipality's legitimacy, and also – albeit to a lesser extent – the legitimacy of other municipalities.

The experience of failure and condemnation generates the action-orientedness typical of a municipality in connection with a scandal. As time passes and the municipality reacts to the organizational environment's pressure, it feels an increasing urge to reinstate its legitimacy. This process is neither simple nor fast. The interviewees reported feeling misunderstood and scrutinised. The image of the organisation following the scandal is inaccurate and misconceived. Members of the organisation feels extremely frustrated over the difficulty in communicating the right picture and the unjustness of being condemned due to others' misconduct.

Constantly having to contend with a negative image and start by changing it is no ideal situation for any organisation. It is wearing when every step one takes is monitored with suspicion and one's actions are misunderstood. But it is clearly possible to learn to live with this, since the interviewees reported ultimately being strengthened by the process. It may have been a trial by fire, but it had a cleansing effect. After this tough trial, those involved can say with a clean conscience that they have been cleansed, they have changed what was wrong and have come out stronger – more patient, better prepared and ready for anything.

Back to normality – the end of the scandal process

As said earlier, if the environment regards an organisation as legitimate, then it is. What determines legitimacy is, in principle, the environment's perception of the organisation; this far it is accurate to say that an organisation is legitimate when those outside the organisation perceive it to be. However, the organisation's members must also notice when this has happened: the organisation is legitimate when its members feel regarded as such. At this point, the goal of regaining legitimacy has been reached and the scandal is, thus, over.

Conclusions

The aim of this article is to generate knowledge about the processes where legitimacy is lost (in a scandal) and restored. In this section I discuss conclusions that can be drawn from the studies reported in the article.

Meta-hypocrisy allows defensive offensive

Organizational hypocrisy makes it possible for organisations to function despite the conflicting demands from the environment. At the same time, it goes against society's values. We have notions about what we say and do being as we say and do. While this is clearly an ideal rather than reality, this does not make it less problematic if the hypocrisy is revealed.

Those wishing to restore legitimacy should agree with the environment. Avoiding the transgression of norms, errors and other causes of scandal is morally correct, and is one of the first lessons to learn from a scandal. The organisation must somehow satisfy all demands simultaneously and without conflicting answers in order to appear as normal as possible. But it is one thing to appear to be a morally upright, normal organisation, and another thing to actually be one.

Organisations deal with conflicting demands from the environment through decoupling and organizational hypocrisy, as written in the introduction. The problems during and after a scandal are that measures are required in response to the scandal, that the media are constantly scrutinising the organisation's statements and actions, and that the slightest deviation is noticed and immediately reported. Under these circumstances, the organisation's statements and actions are bound to be wrong in one way or another. The equation does not work. It is impossible to be normal all the time.

The solution used is to defensively accept that the municipal government needs to be changed according to the external demands, that the municipality government must be more opened up, more transparent, and that individuals with dubious morals should be removed from the organisation, while simultaneously taking proactive steps by learning to handle the media better, establishing scandal management routines, and ensuring that the right information reaches the right forum, i.e. the forum created by the management.

This is a form of meta-hypocrisy (Brunsson, 2003): by avoiding actions that others will probably disapprove of, meeting the environment's expectations and training staff to handle future scandals, the abnormal is accepted as normal. A situation is created where scandals are treated as possible and normal and the organisation is not as morally upright as it is claimed to be. The

organisation promises that a scandal will never happen again – while frantically taking precautions to handle the next scandal better.

Scandals are organizational phenomena

A characteristic of scandals is that they have actors. The actors in Swedish public sector scandals are usually one or several men. These men are linked to a transgression, and the organisation where they work is dragged into a scandal that is a long, demanding and undesirable process. The perpetrator of the scandal is often dismissed, but this is not enough; the organisation has to change further. The question is why, instead of blaming the individual and ascribing everything that happened to him and stating that the organisation is sound without him, the scandal is accepted as an organizational phenomenon?

Blaming individuals is a common tactic in connection with organizational failures. The trainer is blamed when a team looses, the CEO is dismissed when stock exchange rates fall or a product flops, and the editor-in-chief can be given all the blame for a newspaper's flagging sales. But this tactic is not possible in public sector organisations.

This has many possible explanations. One is that public sector organisations are different in that they are based on an ideal of collective responsibility, not least in the case of municipalities. The executives are public officials, and must proportionally represent citizens' interests. High-ranking officials are often politically appointed. Consequently, an official is more restricted than a CEO and does not have exclusive responsibility; others also take part in their actions. The interviewees corroborated this view by saying that it is no longer advisable to use the word scandal. If you do, you attract attention to yourself and are required to explain why you did nothing about it.

Another explanation is that the organisation indeed is to blame as immoral, and not the individual whose transgression started the scandal and that it, thus, not is enough to dismiss the individual without changing the organisation as a whole. Claes Gustafsson writes: "The moral problems in organizations and societies are less a question of immoral individuals, and more of the moral quality [and] climate in the social structure as a whole, not in the individual whose unethical action probably is produced by that structure" (1998). Regardless of which explanation that we choose, scandals are organizational phenomena.

Normal is legitimate

An organisation with such high basic legitimacy as a municipality is legitimate when everything runs normally; it is by functioning normally that a municipality earns its legitimacy. When a scandal occurs, the municipality breaks with normality and is no longer normal. It becomes marred by scandal, with all the related consequences. Because a municipality is a legitimate organisation, it regains legitimacy when it starts behaving like a normal municipality again.

When other types of organisations have restored their legitimacy is a question for other articles. It would be very surprising, however, if they are considered legitimate just by being normal. The narcotics syndicate from the introduction, to take an extreme example, can behave as normal as they want without gaining legitimacy. To be legitimate, a municipality must comply with external expectations of what a municipality should be when they are normal – scandal processes, paradoxically perhaps, clarifies what normality is and, thus, disciplines the in-

volved organisation to become its own panopticon (Foucault, 1974)

Scandals cannot be ignored, legitimacy is too important

A consequence that was not found in the study is ignoring the environment's pressure, continue as if nothing had happened and wait until the trouble blows over. One reason why this is not done is the importance of organizational legitimacy to the municipal concept. Performing common services is a municipality's very raison d'être. This rests on having citizens' trust. Scandals demonstrate how important this trust is. If it is threatened, the organisation's whole existence is threatened. A municipality with dubious morals has problems. So far, no Swedish municipality has been forced to liquidise its assets and close down, but this is a real threat when scandals arise. Ignoring this threat is too risky, even if it could work as a means of dealing with scandals.

Re-active rather than pro-active

Swedish municipalities are often portrayed as action-oriented organisations whose officials are proactive in their planning and administration (Jacobsson, 1989). This is an ideal picture with a long historic background, and has repeatedly proved to have little grounding in reality. Although few people believe in rational ideals and still fewer have seen rationality in practice, accounts of rational organisations are common (Brunsson, 2006). We want to be rational, make our own choices and feel we have the power to influence. Administrative rationality in a Taylorist sense is impossible, but if the surrounding world expects rationality, it is important to appear rational.

During a scandal, a municipality is not governed proactively, but through reactions. A municipality with reduced legitimacy does what it is told to do, frankly speaking, even if this is done reluctantly. This is what it is like to lack legitimacy. What teenager is not occasionally forced to conform, gritting their teeth and muttering about better times to come?

Implications

This article raises theoretical discussion, particularly on theory on organizational legitimacy, in two areas. The first area is the re-establishment of legitimacy. The reasoning behind how lost legitimacy is regained can be added to the existing terminology regarding legitimacy. A particularly interesting discussion is the question of when legitimacy can be said to be regained – i.e. that an organisation is legitimate when the people in it feel regarded as such.

The other area is scandals as a study subject. Transgressions attract attention, and we can learn a lot by studying transgressions. This study shows that studying scandals can be fruitful for those interested in organizational legitimacy and relations between individuals, organisations and organizational environments.

Finally, this article's title includes the public sector. The Swedish public sector has long been widely regarded as a model, not least by Swedes themselves. Today, most of the world has other models, but what about us Swedes? If the idea of a model sector still prevails, it is marred by scandals. The fact that scandals are permitted at all is a sign of democracy; not many dictatorships have scandals. But allowing the possibility of scandals does not mean that they have to happen.

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Whistleblowing in the Context of Zimbabwe's Economic Crisis

Dennis Masaka

Abstract

Whistle blowing is a topic that has taken center stage in philosophical discussions on business ethics in recent years. It continues to provoke debate among academics because of its continued relevance to the present prevailing situations the world over. The recent upsurge in cases of corporate wrongdoings in Zimbabwe has seriously reactivated a concerted debate on the moral justification of whistle blowing. The whistle blower is, however, faced with competing and conflicting moral values and imperatives that make his decision to blow the whistle a morally excruciating endeavour. It is the contention of this article that, despite employees' obligations of loyalty and obedience to their employers, whistle blowing can still be morally justified on the grounds that it aims at righting wrongs that have a potential to pose harm to the public. In view of this, therefore, the paper argues that whistle blowing ought to be encouraged rather than discouraged in the context of Zimbabwe's economic crisis.

Keywords

Whistleblowing, Business, Moral, Zimbabwe, Economy, Crisis

Introduction

Whistle blowing is a practice that has dominated contemporary philosophical discussions for decades. It continues to provoke debate among academics because of its controversial nature. It is controversial because the whistle blower has to content with personal, company and societal obligations. These obligations conflict. As a result, the whistle blower is confronted with conflicting values both personal and moral that make his decision to blow the whistle an excruciating undertaking. Conflicting moral values lead to moral dilemmas. This article explores the moral dilemmas faced by whistle blowers in an attempt to proffer moral grounds for whistle blowing in the context of Zimbabwe's economic challenges.

The term whistle blowing is going to be used in this article to refer to unauthorized exposure of immoral business practices at one's work place to authorities outside the organization and the public which the whistle blower is convinced to be a threat to public good and health. Such courageous undertaking to unearth incidents of corporate wrongdoings is necessary given the recent upsurge in cases of perceived unethical business practices in Zimbabwe. These unethical business activities include overpricing, sale of substandard commodities at exorbitant prices and sale of commodities that are injurious to the health and well being of the public because of, among others, their low quality and structural shortcomings. In view of the rampant increase in cases of immoral business practices in Zimbabwe, this article strongly argue for the moral justification of whistle blowing as a morally legitimate way of righting business wrongs. However, a significant promotion of whistle blowing in Zimbabwe can only be achieved if both the business sector and government jointly commit themselves to encourage it if it is primarily predicated on desire to further public welfare and well being. Such a commitment can be complimented by putting in place legal instruments that aim at the protection of whistle blowers in case of lawsuits, harassments, job loss and unjustified demotions. We, therefore, recommend that legal instruments be put in place in Zimbabwe in order to protect whistle blowers from reprisals and frustrations, and also to secure compensation for those who suffer victimization for revealing serious business wrong doings at their work places.

The possibility of Ethics in Business

A worthwhile exposition of whistle blowing can only be undertaken in the context of proper understanding of the 'business-ethics' dichotomy. Ethics studies moral obligations involving the distinction between right and wrong. Business ethics is a culmination of attempts to extend moral dimensions to business practices (Morscher etal, 1998:145). In this light, business operations have to be grounded upon a moral foundation if its practices are to be reliable and predictable. Hence, business ethics aims at promoting ethical conduct in business practices.

Skooglund asserts the importance of ethics in humanity's daily endeavours and interactions with business and otherwise. For him, an unethical person is very difficult to conduct business with in that one cannot risk trusting him and the commitments and promises he makes (Treviino and Nelson, 1995:290). Business is only possible if the ones who engage in it do so in a manner that shows respect for the well being of partners, clients and the society at large. A case in point is that of Zimbabwe where business malpractices are reported to be on a meteoric rise. People have lost faith in business in general given a plethora of cases of business misconducts that have beset Zimbabwe's economy such as hoarding of basic commodities, profiteering, overstating the virtues of products being sold and other forms of business cheating such as selling of substandard commodities. It is in view of the above, therefore, that we argue for ethics to be at the very center of business dealings in Zimbabwe. In the same vein, Vin Sarni believes that our lives should be grounded and led by a code of ethics. He rejects law as the sole and wholly sufficient standard, which guides and determines human conduct (ibid: 291). For him and others, ethics transcend the legal code in that ethics requires human beings to behave not only lawfully, but also in an

ethically acceptable manner. Thus, in some sense, ethics and law complement each other in order to bring about a society that abides by and respect moral and legal codes.

Critics of business ethics, have, however, argued that business and ethics have no common ground. The basis of their argument is that since the primary aim of business is to maximize profits, concern for morality in this endeavour is non-existent. Albert Z. Carr, for, instance, contends that business has its own moral standards peculiar to it (Shaw, 1999:15). In view of this, business practices ought to be evaluated only by those standards. He, therefore, rejects the attempts to legislate additional rules in the form of moral rules whose purpose is to ensure morally acceptable business practices. In this light, business is viewed as amoral meaning that ethics has nothing to do with business activities. Thus, the proponents of this view regard talk of ethics in business as a contradiction in terms. For Velasquez (2002:2):

Pundits sometimes quip that business ethics is a contradiction in terms because there is an inherent conflict between ethics and the self-interested pursuit of profit. When ethics conflicts with profits, they imply, business always choose profits over ethics.

However, there are other business organizations that pursue business practices that take into account public interest than outright obsession with the profit motive because doing so has long-term effects on the success of the business. The argument advanced by those who reject the possibility of ethics in business, therefore, seems to be flawed. The business world constantly interacts with societies that cherish ethical values. In this light, therefore, it would be absurd to argue that ethics and business do not mix. Man's life is shaped and regulated by ethical codes that are cherished by society and in the long run impact on his decision-making. Such an interaction between business organizations and human society ought to drive the society to insist upon business organizations to conduct their affairs in an ethically responsible and transparent manner and to take into account both the requirements of the public and their interests. However, "this does not mean that occasions never arise when doing what is ethical will prove costly to a company…Nor does it mean that ethical behavior is always rewarded or that unethical behavior is always punished" (Velasquez, 2002:5). For Velasquez, wicked business practices are sometimes beneficial to business owners than morally upright business conduct. However, it must be noted that commendable business practices are crucial for the long-term prospects and success of business and can ultimately give such an organization a competitive edge over those organizations whose ethical conduct are bad.

It is, therefore, our submission that failure to conduct business in an ethically responsible manner will lead to a lot of animosity and mistrust between business and society. Such an unfortunate scenario is detrimental to both society and business. Thus, Shaw (1999: 5) rightly criticizes those who advance the contention that there is no ethics in business for grossly misrepresenting reality. Therefore, the argument posed by the proponents of amoral business seems unrealistic for the reason that even though the economic goal of business is to maximize profit, business ought to be grounded upon a moral foundation if its promises and pronouncements are to be reliable and predictable. Even though it is a common conviction of many that the unavoidable measure of business success is the maximization of profits, such aims ought to be subordinated to the pursuits of genuine human goods, that is, health and welfare. Hence, it is the conviction of this article that business cannot be alienated from the society, which it provides with goods and services to satisfy their needs and wants. It is on this assumed relationship between the business world and a human society that upholds ethical values that this article intends to argue for the moral justification of whistle blowing in the context of Zimbabwe's economic challenges.

Whistle Blowing and the Obligations of Loyalty and Obedience

The relationship between whistle blowing and the obligations of loyalty and obedience presents a classic case of competing moral values. Competing moral values are the basis of what has come to be known as ethical or moral dilemmas. An ethical dilemma refers to a situation involving a choice between two opposing courses of action, where there are reasonable moral considerations in support of each course of action. This situation of conflicting moral choices calls for individuals who are courageous enough and prepared to make hard choices in which case they have to promote one or the other of the values, but not both.

Traditionally, a worker is supposed to work tirelessly and aim for the betterment of the firm's image. He is expected to carry out duties delegated to him by his employer and make positive contributions to growth and reputation of the firm and its business interests. For De George (1982:154), a worker must see himself as part and parcel of the firm and must be prepared to accept, as a sign of loyalty, being transferred from one branch of the firm to the other and refusing tempting packages offered by rival firms. In addition, he must be prepared to defend the products and services made and offered by his employer if they are being criticised by consumers for their shortcomings or structural defects. Such demands by companies pose very serious moral conflicts to the worker. Under normal circumstances a worker would not allow business misconducts that are likely to harm the public to take place without being exposed and reported. Failure to expose these business malpractices is in itself a blatant case of disloyalty and disobedience to the public. Alternatively, such a neglect of duty of beneficence (that is a duty to promote happiness) would make the employee morally complicit in the immoral practices that are taking place at his work place. Cases of immoral business practices, therefore, present excruciating moral dilemmas to the worker whether to blow or not to blow the whistle given these conflicting moral imperatives and the punishments he exposes himself to by blowing the whistle.

Sissela Bok views whistle blowing as an act of disloyalty mainly because the whistle blower's public exposure of alleged immoral practices in the business is a violation of loyalty both to the firm and his fellow employees. It is in light of this that Bok, in Beauchamp and Bowie (1988:294) remarked that:

…The whistle blower hopes to stop the game; but since he is neither referee nor coach, and since he blows the whistle on his own team, his act is seen as a violation of loyalty. In holding his position, he has assumed certain obligations to his colleagues and clients. He may even have subscribed to a loyalty oath or a promise of confidentiality. Loyalty to colleagues and to clients comes to be pitted against loyalty to the public interest, to those who may be injured unless the revelation is made.

Thus, for Bok, whistle blowing violates company and collegial loyalty while at the same time it helps to inform the public about business practices that are likely to be injurious to their health and well being. While Bok castigates whistle blowing for violating company and collegial loyalty, he also defends it. What is important in this case is to determine whether collegial loyalty has more moral weight than loyalty to public welfare. It is our conviction that loyalty to public interests must be given moral

prominence in situations where business malpractices are likely to pose a heavy blow to public health and well being.

The current economic challenges facing Zimbabwe presents a serious test case for whistle blowers. The challenges have manifested themselves in various forms. One prominent manifestation of the economic challenges is the shortage of basic human requirements on the formal market. These shortages are a result of complex economic factors (Bond, 1998) that include shortages of foreign currency to import fuel and electricity and essential goods and services to drive the engine of the Zimbabwean economy. Fuel and electricity are crucial in the production of commodities that humanity requires for their sustenance. The shortage of electricity and fuel has negatively impacted on the production of basic commodities and their distribution to final consumers. As a result, the market has been severely starved of people's basic needs such as sugar, salt, mealie meal and cooking oil. These shortages have led to the emergence of a vibrant 'black or parallel market'. As a result, the formal market has been overridden and overtaken by the emergence of the so-called 'black market'. 'Black market' is a term that is usually used to refer to the trading of commodities bought from producers, wholesalers and retailers usually at exorbitant prices outside the normal channels of marketing commodities. Black market traders are making super profits because they take advantage of the severe shortage of basic commodities by inflating their prices. It is an immoral business practice because it violates the moral code of conducting business in a manner that does not take advantage of the desperate plight of Zimbabwean consumers who are bearing the brunt of the worst economic crisis since independence in 1980. It is, therefore, morally imperative for a worker in an organization that is involved in business practices that are against public interest to expose and report them to relevant government bodies and the public in general.

Shaw (1999:282) views the obligations of loyalty and obedience to one's employer as morally suspect because they try to inculcate domination of the ethical sensitivities of employees and thereby prey on their autonomy and private lives. According to this line of thought, the relationship between the employer and the employee is, to a greater extent, influential in shaping the conscience and personal responsibility of an employee. It follows therefore, that an employee who works in an organization that does not cherish ethical values would tend to be corrupted in the way in which he takes issues of ethical relevance such as corporate misdeeds at his workplace. The environment in which he works in dampens his ethical sensitivities to the level that he becomes severely incapacitated to criticise glaring ethical misdeeds at his workplace. That being so, it would take a man of courage to go against the organization even if it means sacrificing his job, reputation and social standing. However, for Larmer (2002:161):

Loyalty does not imply that we have a duty to refrain from reporting the immoral actions of those to whom we are loyal. An employer who is acting immorally is not acting in her own best interest and an employee is not acting disloyally in blowing the whistle.

Loyalty that pacifies an employee to see no evil and speak no evil when glaring immoral business practices that are injurious to the public health and wellbeing are taking place is morally scandalous in that it demands a misplaced obligation of loyalty when the employee is, in fact, supposed to help the employer in avoiding actions that are likely to jeorpadise his future business prospects.

Threats to the institution of Whistle Blowing

The general reaction of employers to their employees who unlawfully expose and report ethical misdeeds is characterized by serious threats, both physical and verbal, directed at the whistle blower. These attacks on the person of the whistle blower is clear testimony that business organizations do not take lightly a worker who makes an unauthorized disclosure of supposed corporate misdeeds perceived to be harmful to the public. Thus, instead of a firm taking keen interest in the corporate misdeeds exposed by the whistle blower, it in fact fully undertakes to harass and humiliate the whistle blower for making unauthorized disclosure of perceived corporate misdeeds. Gene G. James, in Snoeyenbos etal (1983: 292), quotes James M. Roche as saying, in response to Ralph Nader's call for intensification of whistle blowing:

Some of the enemies of business now encourage an employee to be disloyal to the enterprise. They want to create suspicion and disharmony and pry into the proprietary interests of business. However, this is labelled-industrial espionage, whistle blowing or professional responsibility-it is another tactic for spreading disunity and creating conflict.

For James (ibid), Roche's remarks appear to be grounded on a seemingly wrong underlying assumption that an employee's obligation must only be to the firm he works for. This misplaced view of the obligation of employees to their employers led Roche to confuse whistle blowing and industrial espionage. Industrial espionage involves smuggling information from one company to benefit another company economically. Whistle blowing involves unauthorized disclosure of a company's inside activities that are potentially harmful to the public. For Roche, since both practices are injurious to firms, they are wrong. However, James argues that Roche's apparent lack of appreciation of the significant moral difference between industrial espionage and whistle blowing, and believing instead that the sole obligation of employees is to be loyal and obedient to an employer's directives is the central reason behind the prevalence of corporate wrongdoings and, consequently, the need for whistle blowing to provide checks and balances in the business world.

Roche's remarks also amounts to saying that an employee's obligation does not extend to the public to which he is a member. However, James notes some problems in such a view for the reason that organizations are authorized by governments to operate on the understanding that their operations should primarily promote and enhance public interest. In reality, however, most Zimbabwean companies continue to operate despite their anti-public activities such as selling substandard commodities at exorbitant prices, profiteering and parallel trading. This scenario is prevalent mostly in third world countries such as Zimbabwe where most of the companies are foreign owned corporations that are very powerful and influential. The host poor country's government is economically and politically incapacitated to challenge the business misconducts of these corporations because it fears that they will close down and pull out thereby causing job losses and suffering to the populace who depend on them for employment, products and services. Therefore, James's contention that government reserves the right to take corrective measures against offending corporations might be valid in some developed countries but not so in poor developing countries such as Zimbabwe. Zimbabwe's economy is, to a large extent, controlled by foreign nationals and corporations. Since the major sectors of the economy like mining, banking, tour-

ism and agriculture are primarily in foreign hands, government is greatly incapacitated to castigate and reign in on corporate misconducts in such vital sectors of the economy. As a result, cases such as externalization of foreign currency that is crucial for the importation of fuel, electricity and other national needs that are not readily available locally, and corporate corruption are rampant in Zimbabwe. This has led to a serious economic meltdown where most of humanity's basic requirements are in short supply.

However, in certain situation, corporate wrongdoings can be financially beneficial than morally responsible action. For instance, a retail shop, which trades in basic commodities which are in short supply, might instead release them to the 'black market' where they fetch high profits for the owner as compared to the profit he gets if he were to sell them through the normal channels of marketing commodities. The owner might use these huge profits he realizes through these immoral business practices to open up other retail shops thereby creating more employment opportunities to the general public. However, James would say that the social benefits which immoral business practices can bring about could not be logically used to counter the practice of whistle blowing. It can be an argument against the moral justification of whistle blowing, one might say, if it is an acceptable position that maximization of profits is the sole obligation of corporations and that it is morally desirable as an end. W.D. Ross (1877-1971) in Boss (1999: 27) would say that the moral duty of nonmaleficence (duty not to cause harm) overrides the duty to maximize profits. He further argues that a nonmoral duty or consideration cannot override a moral duty and if we are faced with a conflict between a moral and non-moral duty, we have to pursue the moral duty.

Since the duty or consideration to maximize profits is not a moral duty, we are obliged to do what is morally right, that is, to ensure that the operations and products of business organizations are not injurious to public health and well being. In addition, it would seem absurd for a firm that operates within a human society with a code of ethics and laws that regulate the conduct of business to allow such immoral business operations to occur. Whatever is immoral is immoral irrespective of the beneficial consequences it has to society and, therefore, deserves to be exposed and reported.

It must be noted, however, that upon his appointment as Zimbabwe's Reserve Bank Governor, Dr Gideon Gono established a Whistle Blower Fund in December 2003 (The Financial Gazette: 2/26/2004) that was primarily intended to give the would-be whistle blowers financial rewards for exposing corrupt practices in the business sector. This was done in response to the general corrupt tendencies and decay that has inflicted the moral fabric of Zimbabwe's business sector. Though the intention was good, it seems the fund has failed to make a practical difference to Zimbabwe' economic landscape for one major reason. It appears as if the fund was established in order to give a false sense of action and commitment (ibid) to Zimbabweans, foreign financiers and investors about Zimbabwe's seriousness in clamping down on immoral business practices and other forms of corruption. However, others would like to see the introduction of the Whistle Blower Fund as an admission of failure by the responsible authorities in ensuring that ethically sound business practices take place in the economy. In addition, paying whistle blowers for their courage to expose and report corporate misdeeds for the public good would mean that their act of whistle blowing assumes instrumental value in that they do so in order to get financial rewards. Whistle blowers must expose and report immoral business practices because it

is the right thing to do not because of the accolades, financial and otherwise, they tend to get as a result of their bravery and courage to blow the whistle. Kant (1724-1804) would say that blowing the whistle because of the financial and celebrity status that accrues from such an action, though morally praiseworthy, is devoid of moral value because it does not proceed from goodwill. Kant is a deontologist because he believes that "duty, or doing what is right for its own sake, is the foundation of morality" (Boss, 1999:25). Blowing the whistle out of a sense of duty irrespective of motives, rewards or punishments and other expected outcomes brings about morally desirable outcomes. Kant would not accept the idea of coming up with financial rewards to pay up would-be whistle blowers for their undertaking to expose and report immoral business practices that threaten public interest because whistle blowing would lose its intrinsic worth and moral value and assumes an instrumental status, which, though morally praiseworthy, lacks moral value. Therefore, any desire by those privy to immoral business practices, that threaten public well being and welfare, to report them must be motivated by the desire to do what is right because that is the right thing to do.

It must be noted that the Zimbabwean government is heavily involved in the economy in that it owns parastatals and it also has significant claims in privately owned entities. These parastatals are also reeling from deep-seated corruption and corporate malpractices. In light of this, the government may not be fully sympathetic to and supportive of the efforts of whistle blowers to expose business malpractices to the public because it may be afraid that publicly acknowledging and supporting whistle blowing can inspire those employed by the government itself to expose unethical business practices when they discover them in government owned business organizations. Thus, the institution of whistle blowing stands threatened in that the management of firms are generally hostile to it and more so, the government's efforts to rid the business sector of immoral practices is stifled by a conflict of interests. Allowing its employees to expose cases of corporate misdeeds may be injurious to the reputation of the parastatal and the government in general. It is our conviction; therefore, that the central government might be reluctant to reign in on corporate misdeeds and corruption in business because it is also, in one way or another, responsible for the corruption and the attendant economic decay that has engulfed the country. For these reasons, therefore, the efforts of Zimbabwe's monetary authorities to stamp corrupt and immoral business practices come to naught.

Whistle blowing therefore is not as simple and uncontroversial as most people would like to believe. The would-be whistle blower has to take into account competing values in order to pursue one of the values and not both. These competing values are obligations to the employer, on the one hand, and to the public, oneself and his immediate family. Man is naturally selfish and normally acts in a manner that benefits himself and his immediate family and not for the benefit of the organization and public in general. Therefore, in the absence of legal clauses that seek to protect would-be whistle blowers, very few employees are prepared to sacrifice their jobs and their family's future for the sake of public health and well being. Though employees in Zimbabwe may be morally motivated to expose and report business malpractices at their work places to responsible authorities, lack of legal protection hinders them to expose immoral activities that have played a significant part in running down the economy of Zimbabwe.

A case in point is that of the proliferation of substandard products on the Zimbabwean market that include clothes and

electrical gadgets that are imported from China. The retail shops that sell these products do not inform consumers about the structural defects and short life span of these products perhaps for the sake of business prudence. Informing consumers about the defects and short life spun of these goods might lead to a serious slump in the fortunes of the organization. Hence, sellers of these products opt to remain silent about the shortcomings of their wares. However, consumers seriously feel shortchanged because they are charged exorbitant prices that are not commensurate with the quality and life span of the products they buy. These substandard products are euphemistically called 'zhing zhongs' because they mainly originate from China and more importantly because of their low quality. The convenient label 'zhing zhongs' given to these low quality and substandard commodities from outside has helped people to be wary of them and at most shun them altogether. However, because of the crippling economic situation facing most Zimbabweans, they are left with no choice but to go for these 'zhing zhongs' because high quality goods are far beyond their reach.

We argue, however, that employees for organizations that sell substandard products have a moral obligation to alert the public about the structural defects of these products before they find their way into the market. The government also has a moral duty to see to it that products that are fraudulently of low quality are not dumped on the Zimbabwean market in order to protect the interests of consumers. That would otherwise be a case of government complicity in immoral practices if it allows low quality goods to find their way onto the market either from foreign or local producers. Therefore, the silence of the government, Standard Association of Zimbabwe (SAZ) and Consumer Council of Zimbabwe (CCZ) while low quality products flood the Zimbabwean market in morally disturbing. The government, SAZ and CCZ must be at the forefront in monitoring the quality and safety of products that are marketed in Zimbabwe so as to protect the consumer from fraudulent business practices. However, CCZ must be commended for occasionally criticizing manufacturers, retailers, service providers and producers for engaging in unethical business practices by taking advantage of the current economic challenges facing the country to make super profits (The Sunday Mail, September 3-9, 2006:6). Failure to do so would morally drag the government, SAZ and CCZ into the immoral business practices that have spread like a veldt fire in the Zimbabwean economy. Hence, immoral business practices can be nipped in the bud if the responsibility of exposing business malpractices is not only shouldered by the whistle blowers but also by, among others, government, SAZ, CCZ and investigative authorities.

The reluctance of stakeholders in business to stem corruption and immoral practices in business is largely to blame for the failure of whistle blowing in Zimbabwe as an ethical practice to right a perceived business wrong. Gene G. James notes that corruption has permeated various facets of society (Snoeyenbos, 1983: 292). Corruption is a like a cobweb that entangled Zimbabweans within or without the business sector either by design or by default. It is to expect too much from a person of questionable moral standing to stem corruption. Corruption has become institutionalized in Zimbabwe that very few people in government, business and society in general still have the moral standing to crack the moral whip against perpetrators of business practices in their midst. Thus, the ubiquitous presence of corrupt tendencies in Zimbabwe's business sector is therefore partly to blame for the failure of whistle blowing to make a practical difference in an economy that has been heavily weighed down by immoral business practices.

However, despite the frustrations of the efforts of whistle blowers by their employers, their status in society is highly esteemed by those who expect to see business organizations operating in an ethically acceptable manner. Contrary to common belief, whistle blowing is a practice which is predicated on the presupposition that something grossly immoral has taken place and that there are good reasons to think that the public will be sympathetic and supportive of the whistle blower's undertaking to make right a business wrong. In view of this, it seems to be an error in reasoning to think that whistle blowing can take place even when nothing immoral has happened. Therefore, the negativity with which cases of whistle blowing are dealt with is morally unjustified and wrongly founded.

However, the heavy handed treatment that whistle blowers often expose themselves to by speaking out about abuses or questionable business practices at their workplaces can be properly understood from the perspective the business-ethics dichotomy. Most people in business believe that the morality of actions are relative to societies or life forms and, therefore, actions that we may regard as morally repugnant in the general society might actually be morally acceptable in the realm of business. So, the only relevant ethical standards to judge the morality of activities in business are actually the moral systems that govern operations of the realm of business. This position is called ethical relativism. It denies that there are universal and absolute standards of judging the morality of actions (Benedict, 1989). For Shaw (1999:14), "those who endorse ethical relativism point to the apparent diverseness of human values and the multiformity of moral codes to support their case." For that and other reasons, therefore, ethical relativists have argued that business is independent from the general society and should therefore be governed by a set of moral rules that are different from those of the general society.

In his famous essay, "Is Business Bluffing Ethical?" (Hartman, 2002) Carr put to test the widely held view that ethical standards are absolute and universally binding. He argues that business practices have an impersonal character of a game analogical to the game of poker that calls for both special skills and ethical standards that govern the conduct of those involved. Beauchamp and Bowie (1988:441) quote him as remarking that the "violations of the ethical ideals of society are common in business, but they are not necessarily violations of business principles." For him, some of the things that we generally regard as morally unacceptable in society are actually morally acceptable in the realm of business. If we are to accept cheating and deception as part of the game strategy of business, then they cease to be morally offensive. Carr would, therefore, defend organizations and individuals who deliberately exaggerate the virtues of the products and services they deal in, and hiding their defects as part of the game strategy of business. Once falsehoods that are characteristic of the game of business have become deeply entrenched in the participants, they cease to be falsehoods and assume the position of 'the truth'. Defenders of ethical relativism such as Carr are, therefore, strongly against prescribing more rules in the form of general ethics of society because they believe that business already has its own moral standards that are sufficient and effective in regulating its operations. These moral standards ought to regard deliberate deception and cheating as virtues that must form the heart of a competitive business environment.

However, ethical relativism has the intolerable implication that 'anything goes' in business as long as the participants are agreed to it irrespective of the effects to consumers who have not chosen to be part of the game of business. Those outside the

realm of business evaluate business practices from the standpoint of general ethics that insists upon trade practices that do not threaten public safety and well being. The supposed inconsistencies between the special ethics of business and the general ethics of society pose a serious moral conflict to the would-be whistle blower. Which ethics should he follow and respect? If we are to accept that the moral standards that guide human conduct in the general society override the special ethics of business, then those who expose and report immoral business practices in the public interest are morally justified in doing so.

Corruption and other forms of immoral business practices that are a common feature of many economies ought to be contained in order to ensure a stable and just social order where consumer rights are given the moral weight that they warrant. This is made possible if the standards of human conduct transcend occupational particularities and are absolute and universally binding, and not based on a shaky foundation of ethical relativism.

Kant is one philosopher who believed in the universal standards of ethical behaviour as opposed to the 'when in Rome, do as the Romans' standards of human conduct. For him, moral criteria are categorical imperatives (Lawhead, 2007:369) in that they are absolute and unconditional irrespective of consequences. He finds a necessary "…connection between morality and reason precisely in this fact-that only a rational being can form a universal conception. Not only that, but only a rational being can act from respect for law" (Matson, 1987:392). Since being moral is the same as acting rationally, it therefore means that morality is not an imposition from without but a feature inherent in all rational beings.

As a deontologist, Kant regarded acting out of a sense of duty as the basis of morality. He is believed to be "the first philosopher to put duty at the very centre of ethics" (Norman, 1986:95). Traditionally, duty refers to the requirements imposed on a person by his occupancy of a particular position or office in society. However, Kant abstracted duty from its particular content and argued that it must be performed entirely for its own sake, not in order to promote human happiness or fulfillment. He noted the categorical imperative as the most important moral principle. Its first formulation states that: "Act as if the maxim of your action were to become through your will the universal law of nature" (Hartman, 2002:18). Thus, an action is morally right if we can will it to become an absolute and universal law of human conduct.

The upsurge in immoral business practices in the present day world that are primarily driven by the profit motive puts Kantian moral theory to a stern moral test. Kant would say that an action that proceeds from or is consistent with self-interested motives is immoral. He would, therefore, not only disapprove of the maximization of profits by immoral means, but also the instrumental role played by immoral business practices as well as morally improper use of employees, that infringes upon their autonomy, to achieve an equally immoral goal, that is, unjustified super profits.

An important question arises at this juncture. Should the maxim that underlies the practice of whistle blowing be willed to become universal law? It is our conviction that the maxim that underlies whistle blowing can be made universal law without any internal inconsistencies if it is solely done from a sense of duty. The second formulation of the categorical imperative that states that: "act in such a way that you treat humanity, whether in your own person or in the person of another, always at the same time as an end and never simply as a means" (Hartman, 2002:20) explicitly shows that an action can be regarded as having moral value if it respects rational beings as ends in themselves and not merely as means to some ends. Kant would, therefore, disapprove of all business practices that do not accord with the second formulation of the categorical imperative, among others, by using employees and consumers as mere instruments for profit making.

In addition, Kant would argue for the respecting of the freedom and autonomy that are characteristic of all rational beings. Since moral imperatives are self-imposed, it follows that a rational being is an autonomous being. Autonomy is the ability to think for oneself and to decide what to do by rational standards of one's own (Liszka, 1999:100). Autonomy, so conceived, leads to the development of an essential human capacity that has intrinsic worth and can obligate individuals to remain resolute to their principles despite unpopularity and extreme pressure from employers to remain quite about corporate misdeeds at their workplaces. In light of this, therefore, a worker who blows the whistle on immoral business practices that threaten public interest ought to do so from the sense of duty because it is the right thing to do. Such courage to go against all odds and the possibility of punishment from the employer is necessary if those who are privy to immoral business practices are to make a positive contribution to the respect of consumer rights the world over.

Moral Justification of Whistle Blowing in the face of Zimbabwe's Economic Crisis

Zimbabwe's economic challenges (Bond and Manyanya, 2003) have incited and excited debate on the moral justification of whistle blowing. Proponents of whistle blowing have advanced lines of argument to vindicate the contention that whistle blowing is morally justifiable. De George (2006: 306) cites freedom of speech as an inalienable right of humanity which they can make use of to expose corporate misdeeds "in whatever way, and in whatever forum, they desire". Freedom of speech involves unfettered expression of one's lines of thinking, viewpoints or ideas. It, therefore, entails that employers are not morally justified in stifling an employee's right to free speech. However, for, De George (2006:306), employees can only express their minds freely outside the premises of the organizations they work for. An employee has a right to write or speak about immoral business practices that are potentially a threat to public interest without fear of censor from his employers if he does that outside the parameters of the firm. However, a whistle blower ought to be justified beyond reasonable doubt that his accusations about immoral business practices are credible and true. Otherwise, if they are untrue, the firm has a right to sue him for tarnishing its image through spreading falsehoods or making unsubstantiated allegations (De George, 2006: 306). Thus, whistle blowers are only morally justified to report immoral business practices if they have good reasons to think that they are potentially harmful to the health and well being of the public.

It is our conviction that given the ubiquity and depth of corrupt tendencies and immoral business practices in Zimbabwe, whistle blowers ought to use their inalienable right of freedom of speech to expose immoral practices in the business sector for the benefit of the public. However, when freedom of speech is pitted against the obligation of loyalty and obedience, it gives rise to a serious moral conflict. This explains why cases of whistle blowing in Zimbabwe are very few despite the ubiquity of corruption and immoral business practices. Most employees, despite having the right to free speech, rarely overpower the shackles of loyalty and obedience to expose and report immoral

business practices at their workplaces to the public. As a result, loyalty and obedience seem to override an employee's right to free speech in his quest to expose and report business malpractices. Hence, the upsurge of corruption and immoral business practices in Zimbabwe is testimony to the unwillingness of those privy to these ills to report them given both the obligations of loyalty and obedience and also the magnitude of the punishment that is likely to be meted out to them if they blow the whistle.

Whistle blowing can also be morally justified on the grounds that the whistle blower, in exceptional cases, might find out that a firm's unethical business practices pose imminent danger to public health and safety (Shaw and Barry, 1995: 372). An employee, in this case, might be tempted to by-pass normal channels of protest within the organization even if they are efficient and effective. Usually, the bureaucratic wall of the organization is unbearably strong enough to frustrate a whistle blower's attempt to correct an immoral business practice at his work place. Bowie argues and rightly so, that loyalty is a prima facie obligation and therefore loyalty to an employer is not absolute. The same goes for an obligation of obedience to an employer. This means that an employee's loyalty to his employer can be overridden by a stronger obligation namely an obligation to society in general in certain circumstances. It must be noted, however, that a whistle blower might err in his assessment of the potential risk or danger to consumers as a result of use of a given product. Bowie, therefore, proposed conditions that must be met for whistle blowing to be morally justified. For Bowie, whistle blowing can be morally justified if it is predicated on the right motive (ibid). Whistle blowing must not be predicated on the motive to fix the employer or tarnish his image. It ought to be motivated by a desire to expose unnecessary harm, violation of human rights or activities that violate the set purposes or ethical codes of business organizations. Fortunately, most cases of whistle blowing presuppose that there is something to blow the whistle for, and that there are some reasons that others will be concerned and, therefore, rally behind the whistle blower's undertaking.

Critics have, however, argued against the above requirement. For them, an employee can be morally justified in blowing the whistle even if the real motive is a desire for revenge. The motive for blowing the whistle might not be important. What is important is whether the act of blowing the whistle makes a practical difference to the perceived immoral business practices in an organization. Further to that, establishing the motive behind blowing the whistle is a mammoth task. One can at best guess or assume what one's motive for blowing the whistle is. So, we cannot validly tell whether a given case of whistle blowing is predicated on an appropriate motive or not. In addition, it is doubtful whether any act of blowing the whistle can be predicated on only one motive. Various motives, combined together, may provide a very strong moral basis for blowing the whistle. For instance, selfishness, retaliation and desire to expose corporate deceit, unnecessary harm, profiteering and violation of human rights from a sense of duty, may all be combined to come up with a strong obligation to blow the whistle.

Bowie also proposes that the whistle blower must exhaust all available internal procedures for rectifying the perceived immoral business practices before making public disclosures (Shaw and Barry, 1995: 372). An employee's obligations of loyalty and obedience to his employer entails that the employer must be alerted of any immoral business practices taking place within the firm before it becomes public knowledge. Abiding by these internal procedures will help protect the firm from undue law-

suits, bad publicity and a soiled reputation, which are a result of blowing the whistle. Some critics have, however, noted that it is very difficult to exhaust all internal procedures before resorting to whistle blowing (ibid). Bureaucratic processes might frustrate the urgency of the problem and therefore dampen the scale and gravity of the immoral business practice. It is our conviction; therefore, that an employee is morally justified to blow the whistle if the perceived problem is likely to pose immediate harm to consumers even if it means bypassing channels of airing concerns within the company.

Whistle blowing has historically been assessed from Utilitarian calculations and a consequentialist approach whereby an action whose consequences are overall beneficial to the greatest number of people affected by it is rationalized as ethical. Mill (1808-1873) popularized Utilitarianism and like his predecessors, the basis of his version of Utilitarianism is the Greatest Happiness Principle that states that "actions are right in proportion as they tend to promote happiness, wrong as they tend to produce the reverse of happiness" (Shaw, 1993:51). Our actions ought to be geared at promoting the total balance of good over wrong for all the people affected by the action. We can, therefore, appeal to Utilitarianism to justify blowing the whistle on immoral business practices that are a potential threat to public health and well being. A Utilitarian would argue that an employee who is reasonably justified that morally scandalous actions are taking place at his workplace ought to report them since doing so promotes the well being of the public affected by such actions. However, the would-whistle blower faces a complex moral conflict as he tries to weigh the likely net benefits or disbenefits the employer against the likely net benefits or disbenefits to the general public. Utilitarianism provides a plausible a solution to this ethical problem by proposing that if the net benefits to the public outweigh the net benefits to the employer, then the whistle blower is morally justified in blowing the whistle because by so doing he will be promoting social utility for the greatest number of people affected by that action. The cocktail of punishments that awaits a whistle blower for exposing corporate misdeeds are morally insignificant compared to the maximization of net happiness for the greatest number of people affected by that action, a Utilitarian would say. Such personal sacrifices are necessary if we are to nip immoral business practices in the bud in Zimbabwe and other economies that are facing a similar problem.

For Larmer (2002:161), "...the employer who blows the whistle may be demonstrating greater loyalty than the employee who simply ignores the immoral conduct, in as much as she is attempting to prevent her employer from engaging in self-destructive behaviour." The obligation of loyalty to employers must not prevent employees from exposing and reporting immoral business practices that pose a threat to public interest. Reporting these actions is actually a show of loyalty to the employer in that it gives the employer a chance to reform and mend his soiled image for the good of his future business prospects.

Some critics of whistle blowing have, however, expressed fear that whistle blowing can become too widespread and thereby become an abused practice if it is not regulated. James, in Snoeyenbos etal (1983: 292) quotes Philip Blumberg as expressing the fear that "once the duty of loyalty yields to the primacy of what the individual…regard as 'public interest', the door is open to widespread abuse". It is, however, doubtful whether Blumberg's view correctly reflects the situation on the ground about the prevalence of cases of whistle blowing in countries such as Zimbabwe. It has become somewhat a truism that corruption and immoral practices oils the Zimbabwean business sector.

However, it is quite surprising that employees with inside information about immoral business practices have failed to expose them for the benefit of the public. In light of this, therefore, Blumberg's fear that whistle blowing would become an abused practice is misplaced in that very few employees are prepared to wad off threats of punishment and job dismissals for the sake of public interest. The ruthlessness with which employers deal with deviant employees, makes the practice of whistle blowing a rare phenomenon. It is our considered view; however, that whistle blowing ought to be encouraged especially in the present day Zimbabwe where cases of corruption and immoral practices are on the rise.

Conclusion

The primary objective of this work was to argue for the moral justification of whistle blowing in the face of a marked increase in immoral business practices in Zimbabwe. We argued that, granted the possibility of ethics in business, and the business sector being a constituent of the wider society, it ought to conform to the moral standards cherished by the general society in which it is situated. On the basis of this supposed intricate interrelation between business and society, this article strongly argued that whistle blowing ought to be used as a means by which business practices are put under moral spotlight. We noted, however, that the obligations of loyalty and obedience to employers remain the most fatal hindrances to whistle blowers' attempts to expose immoral business practices that they perceive to be potentially harmful to public health well being. Though we acknowledge that employees have obligations of loyalty and obedience to their employers, these obligations should be treated as prima facie duties that can be overridden by stronger obligations to society in general. We, therefore, argued for the moral justification of whistle blowing if the perceived immoral practices are potentially harmful to public health and well being.

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Human Rights in Tourism: Conceptualization and Stakeholder Perspectives

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Abstract

The present paper is an attempt to integrate the concept of human rights into the mainstream tourism discourse. In the name of development, human rights are often neglected while there are definite long-term advantages to be gained by actively promoting it. The paper examines the human rights perspectives of the major stakeholder groups in tourism to finally arrive at a comprehensive picture. Implications of some of the general principles and proclaimed guidelines of human rights for tourism are discussed. It is concluded that sustainable development of tourism is not possible until human rights as a relevant category is recognized by all the stakeholders. In addition, a case study is provided as an account to make the readers understand the ways in which tourism practice can potentially violate the human rights of a destination community.

Introduction

Human rights are those basic standards without which people cannot live in dignity (Donnelly, 2003). These are the rights one has, for the plain reason that one is a human being. Human rights can mean either natural rights or civil rights (Turner, 1993). Natural rights are possessed by all human beings and are derived from nature. The idea of intrinsic rights ultimately depends on the belief that value is inherent in the structure of the universe, and is thus connected to theories of Natural Law. These are thus distinct from the civil rights, which are derived from membership in society formed out of a social contract. Under this conception, civil rights derive from society rather than God or nature and thus can be changed. They depend on particular degrees of social organization and wealth and hence can not be claimed by the members of a society as a legacy. It is easier to give examples of civil rights than natural rights because in practice, the rights that have been understood as natural rights have varied from culture to culture (Maritain, 1971). Right to education is a civil right. Even though the right to be treated fairly in a court of law is a natural right in many societies there are culturally accepted exceptions in at least a few societies. The United Nations understood way back in 1948 the vital need to institute a set of values that individuals and societies around the world should esteem and circulated them under the label, the Universal Declaration of Human Rights (UNO, 1948).

To violate someone's human rights is to treat that person as though she or he were not a human being. According to the Universal Declaration of Human Rights, human rights are violated when, a certain race, creed, or group is denied recognition as a legal person; men and women are not treated as equal; different racial or religious groups are not treated as equal; life, liberty or security of person are threatened; a person is sold as or used as a slave; cruel, inhuman or degrading punishment is used on a person ; victims of abuse are denied an effective judicial remedy; punishments are dealt arbitrarily or unilaterally, without a proper and fair trial; arbitrary interference into personal, or private lives by agents of the state; citizens are forbidden to leave or return to their country; freedom of speech or religion are denied; the right to join a trade union is denied; education is denied; among other things.

Human rights activism demands that the human dignity of all people be respected. Non-governmental organizations like Amnesty International, Human Rights Watch, World Organization against Torture, Freedom House, International Freedom of Expression Exchange, Anti-Slavery International, etc have been some of the leading human rights advocacy groups in the world. In the specific case of tourism, some noted advocacy groups include End Child Prostitution in Asian Tourism, Ecumenical Coalition of Churches for Tourism, Tourism Concern, Equitable Tourism Options, etc.

The present paper attempts to integrate the concept of human rights into the mainstream tourism discourse. In the name of development, human rights are often neglected while there are definite long-term advantages to be gained by actively promoting it. The paper examines the human rights perspectives of the major stakeholder groups in tourism to derive a comprehensive depiction of tourism related human rights. It brings in the framework of sustainable tourism and advocates that the future of tourism be modeled after it to make tourism practice to respect human values. In addition, a case study on the human rights violations caused by tourism development is also provided. In the conventional practice of tourism, the motto is "Customer is the King" (Branson and Craven, 2002) because of which the human rights of tourists are over-stressed and those of the other significant stakeholders, especially the local community members, are under-stressed. This yields a totally asymmetrical distribution of the benefits of tourism and is the basis of resistance against tourism development at many destination areas.

The human rights-tourism interface

Tourism is about the transitory movement of people across the varied range

of geographic and cultural products for the direct experience of these products, and the mental transformation in those who travel in that process (Adler, 1989). Technically speaking, it is the temporary human movements to destinations away from their place of residence for any reason other than following an occupation, not remunerated from within the country visited, for a period of 24 hours or more (Cooper, 2004). The tourism product is the synergistically perceived experience of an attraction, facilitated by a number of heterogeneous services. Apart from the attraction, the key-services are transport, accommodation, and hospitality (Leiper, 1990). It is simultaneously a psycho-social phenomenon. It is an intrinsic, mental phenomenon as well as an extrinsic, social phenomenon. Tourism is a loosely bound chain of different products and services often having incompatible cultural meanings; this makes the nature of tourism complex and its scope, wide. The multi-dimensionality of tourism phenomenon has made it difficult for any single discipline to comprehensively grasp its nuances. Numerous research attempts from the parts of different disciplinary schools have enlightened aspects of tourism and have brought into its fold the much-required rigor and legitimacy (McIntosh, et al., 1995).

The tourism industry's product, which is used as a trade export item at international level, is the live assemblage of natural and human resources, wildlife, culture, history and heritage, and social exchange. Thus, ethical principles, in addition to environmental sustainability governing the industry's behavior in host destinations, should be at the forefront of corporate trade policy. Although human rights is an area of inquiry that can potentially address a lot of issues associated with tourism, not more than a handful of studies have been conducted relating the two. A search of the terms "human rights" and "tourism" in Google Scholar produced not more that 5 relevant results. The only one result that appeared with both the terms in the manuscript title was by Hemingway (2004), who is a human rights researcher. One important reason as to why issues like human rights have been traditionally neglected by tourism researchers could be that the dominant design of tourism was that of an "industry" rather than that of a "system". Industry creates "master-servant" relationships and at the same time trivializes these potentially detrimental relationships. Only a systemic view of tourism can appreciate the truth that the organizations and infrastructures facilitating travel are subject to the wider socio-political, ecological, economic, and technological influences (Leiper, 1990). Note that the very first component of Leiper's attraction system is the human element.

This being the case, researchers broadly rooted in the humanities and liberal arts traditions have been somewhat touched upon by the complexities of tourism. "There was some kind of triple blasphemy involved in tourism; against nature, against humanity, and against themselves", wrote John Fowles (1978). Fussell (1980) declared that real travel is from now on, impossible and dedicated his work as a "mourning for a form of experience now beyond our reach". The barbarian of the yesterdays is the tourist of today, laments Mitford (1959). He also predicted that it would be tourism rather than wars or famines that ultimately annihilate the mighty Europe. MacCannell (1976) gave the label tourist to those who are content with their inauthentic experiences. Levi-Strauss' beginning words in his famous travel autobiography is a harsh expression of self-loathing: it is a proclamation that he hates traveling and travelers (1976). Mark Twain (1869) finds benefits in tourism and is more sympathetic to tourists. He takes side with the tourists and derides the local "beggars" and "guides" for the annoyance they cause to travelers. Across the pages of his masterpiece, The Innocents

Abroad, he wrote extensively about the daily torture involved in travel. Boorstin (1972) divides travelers and tourists, glorifies the former and puts down the latter. According to him, the tourism system itself is consciously structured to prevent active contacts with others.

Tourism often becomes the gratification of the "self" at the expense of the "other": in that process, tourists find that other stakeholders like the community and the industry violates their human rights; residents at the destination areas find their human rights being violated by the visitors and the industry; and, employees find that both their employers and the tourists disregard their dignity. In one way, tourism helps to develop states' economy while in another way it violates the basic rights of people, especially the local people at the destinations (Dann and Seaton, 2001). Economic benefits are also uncertain: most of the profits from tourism flow back to the industrialized nations, and the people in destinations, who offer their natural, social and cultural resources to make the tourism product successful, receive either an unfairly low return or suffer from a deterioration of their livelihood as a result of negative environmental, social and cultural effects from the tourism activity. In short, fair trade in tourism is an absurd concept since modern tourism itself is founded upon the pleasure principle of gratifying experience at the cost of unfairness to the other (Source: International Network on Fair Trade in Tourism).

The conception of tourism in the form of a master-servant relationship is the major reason why the human rights of residents are violated (Wickens, 2002). In their resistance to this order of things, residents violate the human rights of tourists. The industry feels that it cannot give superior service to the visitors and at the same time protect the rights of their employees. Employees feel jealous about the king-like treatment accorded to the customers while their own basic needs are unmet and resulting in their opportunistic behavior. Business community believes that maintaining long-lasting relationships by nurturing sustainable partnerships is just an unrealizable idea and the only way to float in the market is through sheer exploitation of the other stakeholders. Governments feel that tourism is a quick fix solution to the ailments related to tax revenue and foreign exchange reserve and extract maximum from the tourism enterprises which pass the same onto the tourists with an added premium. On the whole, this is a problematic situation: one, in which one evil feeds into another which together multiplies to disrupt the entire system.

Given below is an examination of the human rights issues from the perspectives of some of the major stakeholders in tourism (Robson and Robson, 1996). Stakeholder theory addresses the principle of who or what really counts (Freeman, 1984). The important stakeholders in tourism generally identified are: the community, the employees, the entrepreneurs, the governmental and non-governmental organizations, and, most importantly the tourists themselves. These are parties in the macro or micro environment who are concerned about human rights and can drive the direction of human rights implementation and monitoring in tourism (Sautter and Leisen, 1999).

The destination community perspective

Studies have proved beyond doubt that tourism can cause change or loss of local identity and values, brought about by several closely related influences like commoditization, standardization, stereotyping, loss of authenticity, and the various forms of adaptation to tourist demand (Pizam, 1978; Saarinen, 2006). According to academic critics, the benefits of tourism are

severely vitiated by the socioeconomic dysfunctions associated with the tourism demonstration effect-the rapid local assimilation of expensive western consumption patterns stimulated by the presence of relatively large numbers of tourists (Mcelroy and Albuquerque, 1986). In the process of meeting the myriad varieties of tourist demand, local society often suffers severely. This is because tourism activities are usually based on existing unequal, exploitative relationships. Consequently, it is no wonder that the poorer and more vulnerable groups in the country of destination suffer disproportionately from the negative impacts of tourism (Hemingway, 2004).

For the host countries of international tourism, the tourism industry creates dependency upon a fickle and fluctuating global economy beyond their local control. Local economic activities and resources are used less for the benefit and development of communities and increasingly for export and the enjoyment of others. With so few international policies and guidelines restricting it, tourism has been given free reign to develop throughout the world. Local communities in many destination areas feel that their fundamental and derived human rights are taken away by external interests, thanks to the development of tourism activities (Khan, 1997).

One such issue highlighted globally by Tourism Concern (2007) is the local community's right to land, water, electricity, housing, education, healthcare, and natural resources. The communities often do not get any say and are kicked out of their homes in the name of development. Their fertile agricultural land will be used for the construction of hotels and gold courses. The beaches that they have used traditionally free of cost for their recreation and for a livelihood by fishing will be taken over by mega resorts, to which further access will be limited to those who can pay. It will be in disrespect to the human rights of the host society when multinational enterprises in the tourism industry exploit their dominant position to artificially import foreign cultural, economic, and social models to the host society. In exchange to the freedom given for them to do business, they should involve as much as possible in the community developmental activities. They should employ the locals wherever admissible and should not repatriate an excessive portion of their profits, too.

Tourist spending in the local economy, a potential enhancer of the community's wellbeing, often remains only in papers. This is because, a vast majority of tourists visit destinations as part of the all-inclusive trips offered by large tour operators located in the countries of origin of these tourists or somewhere else in the developed world. In this case, no real spending takes place in the local economy and the influence of the leakage effect is very substantial. Locals oppose to the all-inclusive holidays, because local restaurants, bars, guides and taxi-drivers lose business to the resorts. However, even the concerned governments fumble in front of the collective might of the industry: for instance, in 1999, the Gambian government outlawed all-inclusive resorts; the European tour operators strongly opposed the ban and it was lifted a year later.

In many poor countries one can find in stark contrast islands of prosperity. Kemal (2002) narrates his own travel experiences through Burma: Hotels like the Traders and the Strand allow travelers the comforts and conveniences of world class pampering mixed with a heavy dose of Burmese charm and hospitality. A room at the Strand costs a whopping $345 to $1045 per night, which is the amount of money required to fund the education of ten street children for one year. The sanitized oases of wealth are located amidst of poverty and utter misery of the local people. Many of the hotels and restaurants in Burma, both large and small, are owned directly by the government, or are joint ventures with the Union of Myanmar Economic Holdings, a military holding company, or high-ranking military officers. Good portions of tourist dollars end up in the hands of the dictatorial junta, and human rights abuses are often part and parcel of the regime's preparations for tourists. In this sort of a situation, there is no wonder if the community feels that the promotion of tourism is an assault to their sense of worth.

Tourists' rights constitute an important discourse in the developed Western world which is also the major-most tourist originating region. However, the destination community rights, unfortunately, do not get the same urgency, probably due to the lack of support from the forces that control markets.

The tourism-hospitality employee perspective

Employee rights and employer awareness of areas of conflict and sensitivity are some of the live issues in tourism. The focus of issues is upon four areas: hiring, investigation of employee misconduct, firing, and post-employment decisions by management (Ward, 1989).

While the tourists relax in the sunshine around the world, life is far from paradise for the waiters, cleaners, cooks, porters, drivers, receptionists and other staff working to make the holidays happy and carefree. Gender discrimination of the employees, including sexual exploitation of female staff, is a major allegation against the tourism industry. Working conditions in the tourism industry, especially for those who fall in the lower echelons of the hierarchy, are notoriously exploitative (Murrmann, 1989). These conditions keep workers in poverty and violate the labor standards laid out in national and international legislation. Many a time, even international tourism and hospitality chains appoint local employees and offer them poor wages, below than that of similar employees of domestic firms in the other sectors. Employees, especially the seasonal workers, should have the human right to ask for adequate social protection. Many firms abandon the employees in the lean season and their families have to swim through the entire off-peak season through utter poverty and misery. It would have been wiser if these firms send them for training and development during the lean season or provide them alternate employment instead of sacking them (Claudio, 1992). Another thing is the industry encouraging employees to apply the knowledge-skill-attitude set that they have acquired in one firm in another: this, in addition to being a support to the human right to work at a place and job of one's choice, will benefit the industry in general and the employee concerned in particular (Malloy and Fennell, 1998).

Since tourism is one of the largest industries in the world, the magnitude of the impacts of human rights violations upon its employees cannot be whiled away. It is unacceptable for tour operators to profit from illegal and exploitative practices and then refuse to acknowledge their legal and ethical responsibilities. Tour operators have a responsibility to ensure that their holidays are not tainted by human rights abuses of their employees.

The tourism entrepreneur perspective

Tourism and hospitality entrepreneurs often receive the ire of the rest of stakeholders for anything and everything. However, it has to be noted that tourism as a phenomenon would have remained in its primitive stage but for the entrepreneurial initiatives of individuals and firms. It is the right of any natural or legal person to develop a professional activity in the field of

tourism under the existing laws (Curtin and Busby, 1999). Especially small and medium scale entrepreneurs should be entitled to free access to the tourism industry with a minimum of legal and administrative hassles. When firms carry out activities with a view to promote fair tourism, they have the right to demand from the government protection, including police protection, against unscrupulous elements in the society who blindly oppose developments. Governments should not give discriminatory treatment towards certain firms against certain others while all are in the same business, too.

Many ethical entrepreneurs believe that the price-cutting competition of undifferentiated mass market operators continues to be a threat to sustainable destination development Furthermore, the 1992 EC Directive on Package Travel is preventing operators from using local suppliers, which is a fundamental principle of responsibility to the local society (Carey, et al., 1997).

The tourist perspective

According to the United Nations World Tourism Organization, the prospect of direct and personal access to the discovery and enjoyment of the planet's resources constitute a right equally open to all the world's inhabitants (WTO, 1999). Tourism is one of the refined expressions of the sustained growth of leisure time and it is against human rights to put obstacles on it. The WTO exhorts the public authorities of its member countries to develop social tourism for the disadvantaged sections of the society who otherwise are likely to be left out of the positive benefits of tourism.

The concept of the right to have leisure and recreation is relatively older than the concept of the right to vacation (Curtin and Busby, 1999). The introduction of human right to tour as a new category of praxis is indeed a reflection of the advancement of human-life. This right means that tourists on the move should not be mal-treated and their dignity should be upheld; they should have access to places of transit and stay and to tourism and cultural sites without being subject to discrimination or excessive formalities. Tourism professionals should ensure that the contractual clauses proposed in the agreements with tourists are honored and in case of a breach of contract on their part proper compensation is given. Tourists have the right to demand opportunities for their cultural and spiritual improvement, including opportunities for practicing their religion (Carey, et al., 1997). A corollary to the human rights of tourists is the tourist's right to demand privacy: a major concern of tourists is the confidentiality of their personal data. Another one is, when the travel formalities between countries become cumbersome, whatever may be the justifications given, the same becomes an assault upon the human right of individuals to travel freely. The human right to travel also implies that, at least wherever the economic situation permits, tourists should be provided with sufficient foreign exchange at locations convenient to them. Tourists have the right to ask the public authorities to provide the necessary assistance for their repatriation in the event of the failure of the enterprise that organized the travel or in the aftermath of natural calamities or civil unrest. However, a more useful right for tourists is the host and home governments constantly informing them with updated advisories.

The human right to tour directly confronts with wide-ranging practices like the exploitation of tourists by touts and coolies, charging different rates for the same product from tourists than from the locals, afflicting tourists with physical and mental torture, sexual abuse, misguiding tourists, blackmailing tourists,

holding them as hostages, not giving them proper medical care, not providing legal assistance, and so on (Malloy and Fennell, 1998).

While tourists move in other countries, the host governments have to ensure that their lives and properties are protected and that the go back with pleasant memories. Sometimes, governments take quick and stern action once the crime is taken place: Cuban government, for instance, executed one local man for murdering four foreign tourists (Reuters, 1999). However, initiatives to protect tourists before something untoward happening are rarer. Some good practices are worth mentioning, too: the city authorities of Tijuana, Baja California, México, has come up with a detailed "Tourist Legal Guide" that warns against the possible human rights violations against the visitors and provides the means of handling abuses (TLG, 2007).

The governmental perspective

It is generally agreed that the most important single function of government is to secure the rights and freedoms of individual citizens. Governments are expected to create the underlying legal framework for protecting human rights and to take action when those rights are denied. Human rights are a high priority for governments, especially for those elected democratically.

Yet, the compulsions of economics over politics often make human rights the first causality. In the name of promoting trade in tourism, many a time, governments maintain a drooping attitude towards human rights and related issues. In order to realize large-scale tourism projects, local populations are expelled from their land often without adequate compensation. Beaches are reserved for hotel guests while access is barred to residents. The possibilities of residents to make an income in the primary sector are curtailed. In many countries, child labor is commonplace in the tourism industry, particularly in the informal sector. There are instances when even well-intentioned initiatives of governments have succumbed to the collective might of the multinational tourism industry that believes that human rights of the residents, employees, and the small scale local enterprises can wait.

There is an ongoing debate in the literature on political governance as to whether it is better to decentralize governance and give power to the institutions at the grassroots level than to centralize everything at the national and state levels. Proponents of the first view argue that decentralization brings the delivery of public services to those who ultimately use them and is the best available means to empower the disadvantaged groups and thereby to protect their human rights. Governments help to promote and protect human rights through supporting grass roots activities for indigenous human rights groups and building the institutional capacity of national human rights bodies. The counter view is that decentralization may lead to the concentration of powers to a few local elites and simultaneously may weaken the authority of national institutions in preventing such situations. Tosun (2000) believes that there are operational, structural, and cultural limits to local governance in the tourism development. However, empirical evidence emerging from different contexts generally suggests that local control of tourism has generated more benefits than costs (Westerhausen and Macbeth, 2003; Williams and Papamichael, 1995).

The non-governmental organization perspective

The non-governmental organizations (NGOs) constitute a very major force in shaping the nature and characteristics of the

new millennium. NGOs work to advance international human rights around the world principally by setting standards, documenting violations, and lobbying for effective enforcement. Globally, the role of NGOs is formidable in defending human rights and governments and the United Nations machinery often find them their natural allies in human rights protection and related activities. Support for human rights defending NGOs is an in-built element in the European Union's human rights policy. At the same time, NGOs have a chequered history of successfully resisting human rights violations perpetrated by totalitarian regimes in the name of tourism promotion.

Respecting diversity and sensitivity to differences are vital aspects of promoting human rights. In this respects, NGOs have fought against the spread of mono-culturization of tourism (Wearing et al. 2005). Mono-culturization is fuelled by the demand for global standardization of tourism related services by bodies like the World Trade Organization and increasingly by the promotion of a skewed version of western culture by the tourism enterprises themselves. NGOs advocate a community based and locally managed version of tourism wherein the uniqueness of the community itself will be a tourism product. Butcher (2003) notes that the moralization of tourism stand adopted by NGOs has important implications for the way development itself is viewed: by this, forms of tourism like ecotourism have become vital means to achieve holistic socio-economic development.

Many NGOs have focused their locus of activity in the media sphere, especially in examining how media power is manipulated to concoct staged authenticity; how vested interest groups make use of media to advance their unethical practices; and so on. NGOs have been forerunners in voicing the rights of marginalized groups, like women and children, in the developmental process of tourism. Whenever situations called for, NGOs have demanded democracy and peace in the management and resolving of conflicts connected with tourism. Their position that tourism resources should be managed democratically has time and again invited the wrath of large–scale multinationals in tourism. Expressing solidarity with those who are directly and strongly affected by tourism and who suffer from the unjust structures connected with tourism is yet another associated activity that NGOs are called for to do. This policy often makes people to interpret as anti-tourism brigades. Yet, unfortunately, at least some NGOs do find vital fodder for their survival even in otherwise non-issues and have been found to be clandestinely fuelling human rights violations.

Tourism and the universal declaration of human rights

The Universal Declaration of Human Rights (UDHR), adopted by the UN General Assembly on December 10, 1948, consists of 30 articles which outline the view of the United Nations on the human rights guaranteed to all people in the world. Although tourism was not widely perceived as an area where the human rights declaration could find application, its ramifications for tourism are far and wide. In fact, a few of the articles of the UDHR are more direct in their application to tourism human rights than to any other sector: for instance, article 13, which states that everyone has the universal right to freedom of movement; and, article 24, which states that everyone has the universal right to rest, leisure, and holidays with pay. Also, some of the objectives of UDHR presented in its preamble are the social objectives of tourism as well: for instance, UDHR speaks of the role of human rights protection in strengthening the development of friendly relations between nations; similarly, one

of the evergreen goals of tourism is achieving international harmony and peace (D'Amore, 1988). Let us examine some of the more relevant UDHR articles separately in their implications for tourism practice:

Article 1 proclaims that all human beings are born free and equal in dignity and rights. They are endowed with reason and conscience and should act towards one another in a spirit of brotherhood. The word to be stressed is 'brotherhood'. The movement of hospitality from a cultural perspective (as a divine service for charity) to an economic perspective (as a means of making easy bucks) has made brotherhood also a commodity to be traded. The future of tourism will be brighter if the spirit of brotherhood could be cultivated among the various stakeholders of tourism.

Reference to this article may be made in the matter of treating tourists in the foreign land: in many countries, there are discriminatory clauses that bestow different rights for tourists and residents. The point to be noted is that, in the craze to satisfy one group, the other group should not be deprived off rights. It is wrong when the residents claim that a unique natural or cultural scenery is their unique preserve and not to be opened to tourists; likewise, tourists have no right to purchase preferential rights of the same at the cost of restricting the access of locals. Article 1 is corroborated by article 2 which declares that everyone is entitled to all the rights and freedoms set forth in this declaration, without distinction of any kind, such as race, color, sex, language, religion, political or other opinion, national or social origin, property, birth or other status. It is a violation of human rights to un-list a tourist from certain experiences just because he or she belonged to a particular group and not to another. Article 27 is also relevant here: it notes that everyone has the right freely to participate in the cultural life of the community.

Article 3 states that everyone has the right to life, liberty and security of person. This gives a radical interpretation to the rights of tourists. Many a time, host nations believe that the security of traveling persons is not their occupation. Tourists have the same right to life, liberty, and security just like the residents. However, this right too is applicable for the other stakeholders like the residents and the employees. This means, a self-conscientious balancing act by each is required. Articles 6, 7, 8, 9, 10 and 11 reaffirm UN's commitment towards a non-discriminatory international legal framework. Articles 4 and 5 elaborate the previous article by condemning slavery of all forms. According to article 5, no one shall be subjected to torture or to cruel, inhuman or degrading treatment or punishment. It may be noted that, globally, tourism industry is notorious for maltreating workers and sustaining a master-slave model of relationship between tourists and workers (Bruner, 1996).

Article 23 is also significant with regard to the workers' rights: according to this, everyone has the right to work, to free choice of employment, to just and favorable conditions of work, to claim decent wages, and to protection against unemployment. Everyone, without any discrimination, has the right to equal pay for equal work, too. Tourism industry has been snubbed by social critics that it discriminates women in myriad ways, all the more in the matter of terms and conditions of work and with regard to pay (Rao, 1995). Women are often paid less than men for the same job is an assault on the human rights of the latter. However, a more serious and much general issue is that neither gender is paid adequately to make a decent living by a large number of firms in the tourism industry (Johnson and Thomas, 2000). The article's call for providing social protection for the affected sections of the society through affirmative ac-

tions is also totally unheeded off. Article 23 also lists the right to form or join trade unions as one of its sub-clauses. Yet, trade unionism in the tourism industry has often been suppressed by managements, often with the covert and overt support of the ruling class (Elliot, 1997).

According to article 12, no one shall be subjected to arbitrary interference with his privacy, family, home or correspondence, or to attacks upon his or her honor and reputation. Privacy especially is an important issue in tourism, especially the locals' loss of privacy due to the touristic gaze (Urry, 2002). Also, tourists, especially those who spend time in the beachside, are often annoyed by the piercing looks and sexually charged comments made by locals. As per UDHR, everyone has the right to the protection of the law against such interference.

Article 13 is very important for tourism: it declares the right to freedom of movement and residence within the borders of each state. No regulation, including unfriendly visa regimes or poor relationships among countries, should be an insurmountable burden upon the one who wants to globetrot. The right to leave a country is juxtaposed with the right to return—which is the spirit of tourism, too: tourism is, by definition, the temporary movement of people (McIntosh, et al., 1995). When article 13 is read together with article 24, a fuller implication upon tourism becomes clear. Article 24 says that everyone has the right to rest and leisure, including reasonable limitation of working hours and periodic holidays with pay.

While leisure and recreation have been included as rights, tourism does not figure explicitly. However, it is very much implied with the phrase "periodic holidays with pay". Whatever the case may be, at a time when UDHR is more than half-a-century old, and when the global society is entering into a new phase whose one important hallmark is touristic pursuit, the right to tourism definitely needs to get a more formal mention in the UDHR.

The UDHR has suffered stiff resistance from its inception. Many, especially, Islamic scholars, say that it reflects the view of the Judeo-Christian civilization rather than anything truly secular or international. The broader question is whether anything in our pluri-cultural, multi-polar world is truly universal. The philosophical objection asserts essentially that nothing can be universal; that all rights and values are defined and limited by cultural perceptions (Tharoor, 2000). But, to dismiss human rights as ineffective in a multicultural world would mean to abandon the search for human improvement altogether. Waiting for applications until a perfectly ideal solution emergences may become disastrous. A pragmatic midway solution is to seek universality rather than uniformity in human rights. Another argument against UDHR is that it has no legal authority: but, that need not be a concern as long as we place moral codes at least at par with the legal counterparts. It may be noted that UDHR contains a series of principles and rights that are based on human rights standards enshrined in other international instruments such as the International Covenant on Civil and Political Rights that are legally binding (Buergental, 1995). It is encouraging to see that courts of law often refer to these moral codes as guideposts in situations involving complex decision-making.

Incorporating human rights into the sustainable tourism framework

The term sustainable development means development that meets the needs of the present without compromising the ability of future generations to meet their own needs. At its core

is the idea of equity: both inter-generational and intra-generational. Along similar lines, sustainable tourism refers to a level of tourism activity that can be maintained over the long term because it results in a net benefit for the social, economic, natural and cultural environments of the area in which it takes place (Hunter, 1997). It is a balancing act between the need for tourism development and growth against the need to protect the natural and built environment and the socio-cultural-economic fabric. It is about protecting everyone's rights while restricting the rights of one stakeholder from eating into the rights of another (George and Henthorne, 2007).

Tourism has been vehemently promoted as a panacea for sustainable development (Garrod and Fyall, 1998). However, in many situations, tourism's only contribution is the deterioration of control by the local community over its destiny. The globalization ethic that economic growth is the utmost priority concentrating upon which shall bring about the rest of virtues has intensely affected the current thinking and practice. Commodification is rampant in the tourism industry. Peoples and cultures are put on display on postcards, promotional literature, and in their own homes when tourists arrive (Cohen, 1988). This means that, to harness the positive benefits of tourism, developmental activities have to be carried out only within the ambit of an inclusive framework that shares the concerns of all the stakeholders. In other words, sustainable tourism will remain incomplete without including human rights of its stakeholders as one of its core constituents. Sustainable tourism will be restricted to mere environmental protection activities if we remove the vital element of human rights from its scope.

Fair trade in tourism is a key aspect of sustainable tourism. The International Network for Fair Trade in Tourism has listed out the following criteria for the fair practice of tourism: fair trade partnerships between tourism and hospitality investors and local communities; fair share of benefits for local stakeholders; fair trade between tourists and local people; fair and sustainable use of natural resources; and, fair wages and working conditions. These types of moves, often initiated by NGOs, are widely being accepted by the travel and tourism industry since corporate social responsibility is of growing importance to them. With an increasing percentage of customers favoring tourism that benefits the local community and surrounding environments, this issue is an essential one to be addressed by modern progressive managements (Tourism Concern, 2007). Wider industry acceptance of initiatives like Global Reporting Initiative (GRI, 2007) is also to be appreciated in the above scheme of things. Voluntary reporting on economic, environmental, and social performance by companies is becoming very common practice now. It is noteworthy that GRI provides specific sector supplements for tour operators and tourism. Another initiative, Dow Jones Sustainability Index (DJSI), ranks companies, including those in the tourism sector, based on their sustainability performance, including aspects such as corporate citizenship, labor practices and human capital development. This will bring a greater appreciation of the benefits of integrating sustainability principles in both corporate and investment strategies. The DJSI components are selected by a systematic corporate sustainability assessment and include only the leading sustainability companies' worldwide. The DJSI therefore provide a bridge between companies implementing sustainability principles and investors wishing to profit from their superior performance and favorable risk/return profiles (DJSI, 2007).

Another major boost in the direction of tourism human rights has been brought by the World Tourism Organization (WTO) through the 1999 Global Code of Ethics for Tourism

(GCET), which is a comprehensive set of principles whose purpose is to guide stakeholders in sustainable tourism development: central and local governments; local communities; the tourism industry and its professionals; as well as visitors, both international and domestic (WTO, 1999). According to WTO, GCET sets a frame of reference for the responsible and sustainable development of world tourism. The GCET has drawn heavily from many of the already existing and exalted instruments like the Universal Declaration of Human Rights; International Covenant on Economic, Social and Cultural Rights; Convention Concerning the Protection of the World Cultural and Natural Heritage; Manila Declaration of World Tourism; Rio Declaration; General Agreement on Trade in Services; and son. The Code includes ten articles: nine articles outlining the directives for destinations, governments, tour operators, developers, travel agents, workers and travelers themselves; the tenth article involves the redress of grievances. Although GCET is not a legally binding document, article 10 provides for a voluntary implementation mechanism through the recognition of the role of the World Committee on Tourism Ethics (WCTE), to which stakeholders may refer, on a voluntary basis, any matters concerning the application and interpretation of the Code.

Sustainable tourism is a realm which has received a lot of academic attention and is scientifically very robust. What is disheartening is that, even while sustainable tourism is proposed as a mechanism to protect human rights, it is given a dry instrumental orientation. What is needed is the evolution of a qualitatively richer humanistic ethic as a yardstick for practice (Holden, 2003). The present authors feel that the framework of sustainable tourism can positively accommodate the so-far foreign concept of human rights into its folds and enrich the discipline of tourism studies. Incorporating it into tourism has the potential to make the future of tourism practice naturally respect human values.

Tourism and human rights violations: a case-study of Alleppey, Kerala, India

(The following is the partial reproduction of an unpublished case study conducted during 2003-04 by the first author of the present paper to study the impact of tourism in Alleppey. Most of the information contained in the case has been culled out of his direct interactions with the people associated with tourism in Alleppey)

Alleppey, known popularly as the Venice of the east, is a beautiful strip of land stretching along the coast of the Arabian Sea networked by crisscrossing backwaters that connect small villages that constitute the region of Kuttanadu. The position of Alleppey in the tourism map of Kerala, the southern-most State of India, is very important and it is indeed an integral component of the Kerala tourism product which has been rated as "one of the fifty destinations to be visited in one's lifetime" by the National Geographic Channel.

The region of Kuttanadu to which Alleppey belong is also known as the "granary of Kerala" since a major chunk of the agricultural produce of the state of Kerala comes from this region. Till the early '80s, a majority of the farming community lived here were illiterate and were largely unaware of the developments being taken place outside the territory. But at the same time, the communities were self-sustained as they produced and shared whatever was required for them to lead a fulfilling life. Surplus was traded at the port city of Alleppey. During that pe-

riod, the cargo boats, called as "kettuvallam", were used to collect agricultural produce from the villages dotted across the backwaters and transport the same to sell in the market. The main produce was rice and hence they were popularly called "rice boats". But, in a few years time, the situation has changed dramatically because of momentous regional development schemes. Roads, bridges and motorized ferry services came to the scene and people began taking advantage of the comforts of such modernities of sorts. As a result, rice boats became anachronistic and ceased to occupy a spot in the economic geography of the region. In the place of rice boats came their new incarnation, houseboats, which became the hallmark tourist product of Alleppey.

Tourism development in Alleppey began to gear up in the early 1990's and it became an indispensable destination for nature tourists by 2000. In this march towards more and more growth, a major resource allocation crisis was in the making: tourists consumed a disproportionately large chunk of the consumptive resources depriving the local population of the traditional control over the same. The prices of essential commodities shot up and the income available from the agricultural and agribusiness activities became insufficient to buy them. This led to a sudden demand for employment in the tourism sector. However, openings were insufficient and even the available vacancies, in many instances, were filled up from talent sourced from elsewhere. By 2000, due to the over-supply of workers, wages began to slide down, leading to another major crisis. This provided the right set of conditions for antisocial elements to prop-up. Sex-tourism though houseboats, especially involving women and minors, is a major disruptive development worth mentioning. Tourists staying overnight in houseboats floating on the serene backwaters were provided with prostitutes and this took only a short while to be grown in full swing as a huge black market mafia. Over a period, this has got the recognition as a safe business since there was hardly any raid or so by police.

This has a spiraling effect: once the news is spread that wine and women are freely available the same influences the nature of subsequent demand. The irresponsible tourist in the post-drink/sex mirth makes the locals feel as if they were commodities for his consumption. Even otherwise, one big menace is the tourists' unsolicited photographing of locals, especially women, while they take bath in the backwaters, and putting them in the internet.

Houseboat tourism generates other human rights violations as well: the sewages pumped out of these to the backwaters make it extremely unhealthy for human consumption. The locals who used to utilize this water for virtually everything in their routine lives ceased to get the benefit of something that they kept as their natural right from time immemorial. The government did not do anything to control the water pollution or bring in alternative sources of potable water. The local panchayat's request to bring water through pipes or construct water distribution canals has fallen into deaf ears. The water pollution had yet another detrimental effect upon the local livelihood: the region was a harvesting place for freshwater fish; fishes in particular and the aquatic life in general has almost depleted off the region's water body.

Tourism related property developers grabbed a lot of easy deals from the state government which were damaging to the local interests. For instance, a large number of localites were forcefully evicted out of acres of agrarian land facing the waterfront in the name of resort construction, with meager compensation and no certain livelihood alternatives. Had the right to make a

decent living been recognized as a human right, this could not have been permitted.

Concluding remarks

Though tourism ethics as an issue for academic deliberations has had relatively a longer history, the concept of human rights has not yet been incorporated into the discourse. It is amazing to know that tourism research community, despite its ability to profusely enrich the nomological network of tourism theory, has not yet taken the concept of human rights into serious consideration. In this context, ours is a modest attempt to introduce the dynamics in the interface of tourism and human rights.

The present paper has introduced the concept of human rights and tried to explicate why human rights is an interesting issue requiring special attention in the context of tourism. In particular, the partial perspectives from different stakeholder groups have been presented to help readers form a holistic picture about human rights in tourism. Understanding the positions held by different stakeholders is the primary step in building multi-stakeholder participation, which is noted to be the best means of advancing human rights in tourism (Tepelus, 2006). After all, tourism is all about temporary human movements to alien places and complex interactions among alien human beings involved in making tourism possible in different ways. Temporariness marked by liminality in everything obfuscates the long-term visions of stakeholders leading to downplay of human rights wherever admissible. For this to change, the international tourism system has to metamorphose from a blind economic orientation to an alternative orientation that respects ethics and cultural norms. The big question is: how do you create a code of rights that apply to a highly diverse group of stakeholders that tourism has got?

In the present paper, we have proposed the incorporation of human rights into the sustainable tourism framework. This will unify and strengthen two fields of enquiry which have a common ground. Right assessment of human rights issues from the points of view of different stakeholders is an important ingredient of collaborative tourism planning that leads to sustainable tourism development (Araujo and Bramwell, 1999). However, it is to be admitted that this is a long-term project and cannot be achieved overnight. Quick remedies are at best merely rhetoric devises: for example, many destinations are made as "ecotourism" destinations, but "eco-tourists" cannot be made the same way. To overcome this problem, everyone who visits the so-called ecotourism destinations is called an eco-tourist. This not only prevents a genuine solution from coming up but also trivializes the original problem. Wrongly framing the issues and offering quick fixes in the form of solutions are rampant in an industry like tourism whose even dominant players are notorious for their short-term orientation. If human rights pose more serious issues in the developing country context, it is because of these quick fixes put into practice in these countries by the multinational tourism firms which are rooted in the developed west (Fleckenstein and Huebsch, 1999).

Touristic pursuit constitute one of the characteristic features of the increasingly globalized world of the 21st century in which we live and even we often understand our very own existence through the mirror of tourism. Alongside, awareness and action about human rights has also become truly current and global in spread. In this backdrop, one of most significant practical application of the principles of human rights would be in making tourism a tool for global affirmative action: while post-modern humans around the world acquire a touristic face, tourism simultaneously has to acquire a human face!

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Disguised Employment – The Nature of Forced Entrepreneurship

Juha Kansikas

Abstract

Present labor markets are in the wind of change. A widely made distinction between employees and individual contractors has been challenged. The study discusses abductively, i.e. both conceptually and empirically, the nature of being a responsible employer. Consequently, the two central concepts are: a) responsibility and b) employment relationship. The empirical research task is: Why does disguised employment exist? Question of the research is: What is disguised employment as forced entrepreneurship? The approach is qualitative and abductive, which in this case means a two-way dialogue between the findings gained from literature and interviews. For this exploration, twelve open and unstructured interviews were conducted, two authentic written descriptions of dispute cases were analyzed and three concluding theme-based interviews were made by phone to clarify some remaining open questions. Disguised employment causes harm to employers and employees in the form of forced contracts, lack of experience in firms and unethical and irresponsible outsourcing. Responsible employment is a balance between rights, obligations, power and corporate social responsibility.

Keywords

Disguised employment, Forced Entrepreneurship, Flexibility, Responsibility

Introduction

The main purpose of the paper is to analyze disguised employment as a form of forced entrepreneurship. The topic is relevant, because present labor markets are in the wind of change. A widely used distinction between employees and individual contractors has been challenged. Traditionally, we have thought that people who go work for, and subordinate themselves, to a single business are employees and people who run their own businesses and contract out their products and services to customers are independent contractors. This may look as clearly different as black and white, but it is not. In the middle, there is mushrooming a so-called grey area that can be labeled as disguised employment. A firm may be involved in this kind of a situation both as an employer and an employee. This study contributes to practice with analyzing current employment markets. The aim of this study is to analyze the experiences between employers and employees, but also with other stakeholders like legal experts, trade unionists, start-up-advisers and employment officers to analyze the conflict of interests in employing.

This study contributes to theory with opening up irresponsible employment to debates of corporate social responsibility. Analyzing immoral and even illegal employment can increase the understanding on corporate social responsibility. The empirical research task is: Why does disguised employment exist? Question of the research is: What is disguised employment as forced entrepreneurship?

Contribution of this study increases understanding on corporate social responsibility. Firm as an employer is responsible for decisions, actions and re-

sults to stakeholders. Like Carroll (1991) suggests, social responsibility to stakeholders can be achieved if managers are morally aware. Stakeholders can have stakes in the form of shares, legitimate interests and rights for the firm. (Näsi & Näsi & Savage, 2002a). A firm is in interaction with its stakeholders (Näsi, 2002b; Carroll & Näsi, 2002). Like Näsi mentions (2002a), owners, management and employees are often the main stakeholders in a firm.

Organizing production has during recent years been strongly influenced by subcontracting and outsourcing. It has meant networking, flexible staffing, and renewed supply chains. These arrangements have increased some flexibility, and promoted growth in business. Outsourcing those business activities which are not core competencies, is not as such negative. It can also promote employees' career development opportunities. New outsourced business can be more rewarding than the former more stable hierarchical organization. (Kessler & Coyle-Shapiro & Purcell, 1999). Workload has been divided to employees and independent contractors who take entrepreneurial risks. However, the difference between employees and contractors is not black and white. There can sometimes be a grey area between employment and independent contracting. Employers might sometimes use disguised employment and forced entrepreneurs in reducing costs and in achieving profitable gains. The tax system, laws and unions try to safeguard so that contracts are covered by industrial employment agreements and taxes and social security payments are properly paid on time. In many countries, the marginal rate of taxation is lower for business profits for income based on wages or salaries, which explains why disguised employment can be welcomed by employees. To avoid the risk of unfair dismissal, employers use a contracting labor force, and simultaneously they also avoid the expense of providing a range of protective entitlements and escape the cost of labor regulation. Fixed labor costs become more variable. Employers may find the costs of meeting their obligations too financially onerous and are, consequently, seeking for solutions through avoidance

of legal and moral obligations.

Disguised employment is flexibility in staffing but also in diminishing costs. According to trade unionists an ex-employee has been told that he could earn more money by being an independent contractor. Also it has been made clear that there is no work available if he does not start disguised employment as a forced entrepreneur. Like an interviewed trade unionist explained "There is usually co-operation with the one and only former employer. People are forced to become entrepreneurs…. (idea of) traditional professional self-employed jobs, like a doctor or a lawyer, have been expanded to different jobs where gaining income through self-employment is not possible. It is one of the most disgusting ways to increase employer's profits. Employees are really in trouble in these cases. Starting your own business out of your own desire, it is a totally different situation. I do not see any good in this disguised employment."

A firm may be involved in this kind of situation both as an employer and as an employee. First, a firm can sometimes be totally financially dependent on one of its members who are asked to set up a company for self-employment and become a forced entrepreneur. Second, a firm may have to compete against other companies who use disguised employees, which can be seen as unfair competition. Third, if they use a subcontractor who operates as a self-employed actor, the subcontractor's company can be taxed as if she were an employee, particularly if the income comes from a single source. Fourth, there is also a risk that the firm using disguised employees can later be ordered to pay statutory social costs as a percentage of the whole invoiced amount, and this kind of "time bomb" can be a stress factor caused by taxation. Fifth, a closely-held firm may pay wages and salaries to non-working junior or retired executives to reduce overall taxation, but this can be dubious, immoralizing, unfair, and in any case it has nothing to do with real employment. To understand better the nature of responsible employment, disguised employment is used as an opposite and rather controversial example. The purpose of the paper is to illustrate the nature of responsible employment and dimensions of responsibility in employing (Kaler, 2002; Gray, 2001; Chrisman & Chua & Zahra, 2003).

Corporate Social Responsibility and Disguised Employment: Background for Forced Enterpreneurship

Responsibility is a reflection of duties and accountability (Kaler, 2002, see also Cranston 2002) which are part of a reliable business. Informative accountability (Spira, 2001; Swift, 2001; Lemieux, 2001) makes a business accountable. This includes also recruiting employees. Employing is a part of reputation, image and brand in the company. It reflects ethics in recruiting (Käyhkö, 2002; Simmons, 2004). Accountability as informative responsibility is legally controlled (Gray, 2001). It creates information for stakeholders. Accountability is typically causal responsibility which is based on the right to use power and to delegate it. Employing is typically causal for employees and the firm. Employing as accountable decisions and acts must be justified and it must be based on legitimate power. These kinds of morals and ethics are based on law and society's norms (Laporta, 1996) and can be a part of corporate social responsibility in a firm. (Sarre, Doig & Fiedler, 2001; Bertelli & Lynn Jr. 2003). According to Carroll (1991) corporate social responsibility can be divided into economic, legal, ethical and philanthropic responsibilities. It is interaction between community, government, business, owners, consumers and employees (Carroll, 1993). A firm is responsible for business operations, profitability and competitive position (economic), but also for obeying law

and norms in production, marketing, management and business operations (legal). Fairness in planning, decision-making and actions are ethical responsibilities. (Carroll, 1991). In other words, it means making the right and justified actions (Everson, 1998) that are based on values (Annas, 1998). Meyer (1998) sees that the nature of responsibility is based on values and morality. Demands, expectations and control of society direct the nature of responsibility. Morality is dividing our expectations, decisions and judgment on what is right and wrong and what is justified and unjustified. (Nuttall, 1993). The fourth dimension of corporate social responsibility, "Being a good corporate citizen" (Carroll, 1991) by producing resources for the community and improving the environment is the basis for philanthropic responsibilities. Like Matten and Crane (2005) mention, companies are competing globally and at the same time trying to fulfill many different stakeholder goals (see also Crane et al. 2005). They suggest, that public interest and citizenship, "stakeholder democracy" can have an impact in a form of corporate social responsibility on all firms. Firms should, according to Klonoski (1991) work for common social goals in society for achieving the aims of corporate social responsibility (see also Carroll, 1979).

In this study, employers are also business owners and managers. Behavior can be seen as a result of responsible or irresponsible decision-making (Lambrecht & Uhlaner, 2005). International competition, taxation or social costs can easily affect decision making. Owners face moral questions regularly at the workplace. High taxes or social costs can tempt disguised employment. Recruiting, firing staff, rewarding, job advertising, training new employees, paying wages, taking care of the health and retirement of employees and following the conditions of workplace are the basis for responsible employment. For an employer, it is essential to obey the law when recruiting personnel. Analyzing complaints, interacting with employees and making decisions based on fair rules are the basis for responsibility in being an employer. (Carroll, 1993).

Efficiency, outsourcing, downsizing and delayering create needs for a flexible workforce by challenging responsible employment. Reductions of labor force lead in some circumstances to disguised employment. If workers want to keep their job they are obliged to start their own company as forced entrepreneurs. (Boyle, 1994). This has meant transition from employment to self-employment. Firms have externalized functions previously conducted in-house by continuing to make contracts with their employees. (Stanworth & Stanworth, 1997). Employees are more often self-employed or they work part-time in different organizations. Short-term contracts in the firms are usual. Companies are buying skills that they need on a contract basis. They seek for profitability and productivity. They hire a workforce depending on the demand of the market. (Cooper, 1999). The forced entrepreneurship can be explained by labor market flexibility. The nature of flexibility can be functional, financial, numerical and distancing. These concepts are connected with each other in a definition of "flexible firm" given by Atkinson (1984a). Functional flexibility is achieved inside the organization by combining employees' abilities and tasks into a new form and sharing work differently in the organization. Numerical flexibility can be controlling the number of workers according to changing economic circumstances and demand. Financial flexibility is something that reduces costs, and it can create competitive advantage in the business. Distancing flexibility may be subcontracting but sometimes also downsizing an organization into new units. (Atkinson, 1984b; Atkinson, 1987, see also Gramm & Schnell, 2001). The nature of flexibility is a result of increasing changes and uncertainty in the environment (At-

kinson & Meager, 1986). However, sometimes flexibility causes immoral management in the sense that employees are seen just as costs that can be used and exploited in the short term (Carroll, 1991; on immoral management see also Halme & Näsi, 2002) as disguised employees and forced entrepreneurs.

Data and Research Methodology

The present paper reports abductively about the complexity of employment. The focus of qualitative research is in the perceptions of employment and responsibility. This is one of the most appropriate solutions for conducting qualitative research. (Cassell & Symon, 1994). Opinions of the different dimensions of responsibility are compared between legal experts, employers, potential, former and working disguised employees, trade unionists, start-up-advisers and employment officers. The multiple approach in choosing informants enhances understanding the responsible employment. Legal experts' knowledge is about the labor law and the judgments in the juridical cases. They interpret contracting cases by law. Employers have a managerial perspective. They take managerial responsibility of employment and employees and describe the decision making in the business. Former disguised employees give details about the situations and motives which they have come across with in the contracting. Trade unionists deal with the issues concerning employees and how employers are recruiting and outsourcing business. Employees take contact to trade unionists when they want to know more about how legal disguised employment is and what employees' rights are in these cases. Start-up-advisers do a lot of work with new entrepreneurs and new business development. They also see quite often situations where disguised employment is used. By giving instructions to future and novice entrepreneurs, they have got a lot of contacts and experienced a lot in the topics of employment and unemployment. Employment officers deal with disguised employment when employees want to ask help in the cases of becoming an entrepreneur or how to avoid unemployment.

The data is collected by conducting twelve individual and anonymous open interviews and two written cases. Furthermore, three complementary theme interviews were made by telephone (see table 1). Two persons were purposefully chosen from legal experts, employers and employment officers for the interview. Three disguised employees, and three start-up-advisers and three trade unionists were interviewed. One of them was a potential disguised employee and the other one former disguised employee, who had negative experiences about the disguised employment. The third one was an employee who had been successful in the circumstances which were very similar with the disguised employment. Most of the informants were men and the employees were younger than the employers. All informants were chosen by the former experiences of disguised employment but also by the criteria how well they were familiar with the subject. The multiple approach in choosing informants supports the understanding of the responsible employment. By interviewing different specialists it is possible to achieve a more holistic view of the topic. It also helps to find new research ideas for continuing the analysis of the forced entrepreneurship.

All contacts were made first by phone screening two weeks before the interviews. After the schedule was decided between the informants and the interviewer, information about the interviews and the topic was sent as a reminder by e-mail. Interviews were conducted during March and April 2004. All open interviews lasted from 40 to 60 minutes and they were recorded to c-cassettes. Two employers and one legal expert interview were made by phone. Two authentic written cases by former disguised employees are also analyzed in this research. It must be remembered that the cases were written by the employees for trade unions earlier on, and not at all for this study in the first instance. We hold the view that this description makes them more reliable as the former disguised employees have trusted on the trade unions and given them an abundance of details concerning their cases. Their aim has been to get some instructions and help for finding a solution in contracting. When trying to explore the dimensions of responsible employment, a multidimensional triangulative approach is used.

It was possible to gain a more holistic understanding by using an intensive schedule in the interviews. They were conducted group by group so that it was possible to discuss deeply with each informant. Interviews with the employers were conducted on the last week because in the first weeks the aim was to increase information about the responsibility and employment. After that stage was achieved the employers were interviewed. Theme-based interviews by phone were possible because the conducted open and unstructured interviews had already given understanding and information about the research topic. The questions were sent to informants beforehand by e-mail and

Table 1: Demography of informants

STATUS	AGE	TECHNIQUE	METHOD	SCHEDULE
Employee A (Male)	25-40	Archives of administration	Written case	Week 15 (2004)
Employee B (Male)	25-40	Archives of administration	Written case	Week 15 (2004)
Employee C (Male)	18-24	Individual face-to-face interview	Recorded open interview	Week 14 (2004)
Employment officer A (Female)	41-60	Individual face-to-face interview	Recorded open interview	Week 18 (2004)
Employment officer B (Male)	41-60	Individual face-to-face interview	Recorded open interview	Week 15 (2004)
Employer A (Male)	41-60	Telephone interview	Written theme interview	Week 16 (2004)
Employer B (Male)	41-60	Telephone interview	Written theme interview	Week 16 (2004)
Lawyer A (Female)	41-60	Individual face-to-face interview	Recorded open interview	Week 15 (2004)
Lawyer B (Male)	25-40	Telephone interview	Written theme interview	Week 15 (2004)
Employer C (Male)	25-40	Individual face-to-face interview	Recorded open interview	Week 14 (2004)
Employer D (Male)	25-40	Individual face-to-face interview	Recorded open interview	Week 14 (2004)
Start-up-adviser A (Male)	25-40	Individual face-to-face interview	Recorded open interview	Week 14 (2004)
Start-up-adviser B (Male)	41-60	Individual face-to-face interview	Recorded open interview	Week 14 (2004)
Start-up-adviser C (Male)	41-60	Individual face-to-face interview	Recorded open interview	Week 15 (2004)
Trade-unionist A (Male)	41-60	Individual face-to-face interview	Recorded open interview	Week 15 (2004)
Trade-unionist B (Male)	25-40	Individual face-to-face interview	Recorded open interview	Week 15 (2004)
Trade-unionist C (Male)	41-60	Indidual face-to-face interview	Recorded open interview	Week 15 (2004)

Age is only as estimation, because the informants are anonymous. Age, gender and professional status are not analyzed in this study, but they are given as demographical information on informants.

the interviews were conducted directly by phone. Each theme-based interview lasted about 30 to 40 minutes. The main issues in the open and theme-based interviews were respectable employment, contracting, disguised employment and firms as respectable employers. It was possible to record the open interviews without interruptions. The interviewer did not know informants on a personal basis. Every single word of the data has not been transcribed, but the main answers were directly transcribed from the recorded material. In a qualitative research, the decisions and conclusions can be made from the recorded material and not necessarily only from the transcribed material. (Hirsjärvi & Hurme, 2000).

Theme analysis for each interview was conducted. Data was analyzed by comparing informants´ thoughts, emotions and words in disguised employment. Themes reflect a social reality on disguised employment. Themes are results of theme interview analysis. The aim of the analysis was to understand the disguised employment as a form of forced entrepreneurship. Both the empirical research task (Why does disguised employment exist) and research question (What is disguised employment as forced entrepreneurship) were analyzed as a basis of theme interview analysis. Interviews were coded straightly from the tapes and written documents. The coded texts were analyzed so that especially themes on disguised employment were the focus of the analysis. Characteristics were analyzed in themes by formulating types of disguised employment.

Motives and Consequences of Disguised Employment

Theme 1: Unclear status: employee, entrepreneur or subcontractor?
Employers can make immoral decisions in trying to achieve flexible staffing and profitability. For instance when employees are forced to accept new working contracts as reluctant risk-takers it is typically a way to force them into disguised employment. Employees are then often left only with this choice as a means of employment and become a contractor for the same company as a forced entrepreneur. From an employee's point of view, disguised employment can be an opportunity or a threat. In legal terms, 'disguised employment' does not exist. It may occur but it is possible to analyze case by case if the business is self-employment, contracting or employment. Like lawyer A (representing for a governmental agency) says: "There is a very clear distinction whether you are an entrepreneur or an employee… you can not even make any other agreements… interpretation is very strict…" Working as an employee means that you work as an employee for someone else and you get salary from the employer. Disguised employment is not only due to the lack of needed skills but it is also due to the lack of knowledge in making agreements. Lawyer B mentions that "Problems could occur if you do not make it clear enough for both sides. Then in the interpretation, opinions can differ. It is always a matter of evidence… how much employer can control employees' work… Disguised employment may occur if you want to keep your job… you accept it because you will not get any new job from anywhere else… you might get positive and optimistic views of becoming self-employed. Then you do not understand how extensive all compulsory insurance and social costs are for you."

Theme 2: Threat of unemployment
Employee A was just thinking of taking a new step towards disguised employment. He has a permanent job. The managers in the company Y have proposed that A would outsource this job. The working conditions would be the same. Employee A would have a possibility to charge the company Y for his work. He told

that "My father has his own company and he is doing business with company Y… I can do the same work as my father… I do not need any tools for working because I can use my father's machines and equipment."

Employee A was planning to continue his father's firm because the father was going to retire in a few years' time. In A's case, own personal conditions were affecting a lot to a decision making. The case is not necessarily disguised employment, but a typical example of multidimensional working conditions. Employee B has got a lot of negative feedback about disguised employment. Employee B says that "Technological changes have caused a lot of unemployment and there have been lay-offs. We were told that we are more expensive than machines… Especially social costs are special problem for employers... Company Z's manager N.N. proposed me self-employment because it is more appropriate for saving my employment."

Employee B refused and stayed as an employee. The threat of unemployment was still severe. All the time B analyzed possibilities to make a contract. B thought that working as an entrepreneur would be more independent. B believed that profitable business could be possible in a new contract. According to B "… I would be also an equal negotiator with company Z….".

There was a meeting between B and three managers of the company Z. B told that "We agreed that company Z will give me… (information about).. forthcoming work which I then do by planning individually. They promised me that I will get work for at least 10 months every year. We did not make any written agreement… although I wanted it."

B's old agreement was never canceled, B did not get fired, and B did not fire himself. One of the managers in company Z collected B's output. The tariffs were contracted between the manager and company Z. "I never had an opportunity to see this contract", B told. The work was the same as before when B worked in the company Z for several years. "Soon I realized that I did not have any kind of opportunity to have independent work. Independence would have been a principle for profitability." B did not have any kind of possibility for independent decision making. He did not simply have any time to make contracts with other employers or companies. Everything was strictly monitored and ordered by company Z. B used even the same tools he had used before the new contract. All tools and machines were owned by company Z. "There were no financial risks in my working… I did not hire any employees, because I could not afford it." B's work was not profitable for himself. B insisted that he should have more wage. Company Z agreed, but after the decision was made B got only one short work contract instead of longer working period. B did not manage to cover costs and he faced with some financial problems and he finally got unemployed. He thinks that he was misused and exploited by the company Z. "Self-employment was only a way to avoid social security payments and other responsibilities of employer. I did not even have any kind of opportunity to work as an entrepreneur and a possibility to success… in reality I worked normally as an employee without those rights which should have been belonged to me according the law".

Theme 3: Avoiding the expense of protection
An employee was in this situation left without any legal protection. There was not even a possibility to see the contract. Employee B thought first that the position could be equal as a negotiator. Own independent decision making was also a lucrative vision for Employee B. The threat of unemployment was severe in these circumstances. B did not have many choices. Everything was decided without written agreements. After all, it was

unclear for an employee what are the rights that belonged to contractors. Everything remained the same except that the income was insufficient. B thought that this was illegal. Employer avoided all responsibilities. Employee B sees that there is neither justice in nor reason for this kind of behavior. Disguised employment is a desired way of working sometimes. Employee C has worked already five years in conditions which are very similar to the disguised employment. In the disguised employment the changing part-time contracts are a risk to disguised employees. C says that "My own risk is that if my company will change contract, I might get weaker position. I have worked already five years in these contracts and it has been done three times at this company. It is typical that you have to negotiate about them. By controlling the salaries the company is monitoring entrepreneurs to certain kind of behavior."

Employee C has accepted his role. It makes him earn sufficient living. Risks have been divided in that contract so that it is possible to earn the living. Both sides have accepted it. Details have been co-decided locally in making the working agreement. Legally this kind of situation is possible. It is not morally also so problematic than the real disguised employment. Companies want to add their market share. They, however, want to avoid the risk of recruiting employees. Like Trade Unionist C says

"It is a problem if the people are made to be self-employed… then it can be a question about the same targets as the employer has had before. At the same time the same employer's own personnel's working time is diminishing. Then they are talking about subcontracting and then we can not use any labor laws although in the situation when we recruit new franchisees and diminish our own employees' working time we are avoiding employment protection."

From employer's point of view, profitability is important. Employer B says that "I think that the motive is that you make money when it is possible. Employer's motive is that the work must be profitable. But on the other hand employer must also take care of the business… employer must have a responsibility for employees and they must take care of them. If a business is not profitable you do not have a job." Trade unionist A thinks that for an employee it is the most important thing that there will be a job. "Disguised employment exists because it is easier to know the right price-level, there will not be any long contracts, competition is followed more easily. The smaller the group will become, the more flexible the working times will be and there will not be any extra payments."

Theme 4: Transferring risks to employees

Also individual reasons can be a motive for being a disguised employee. Employer A says that "There can be a situation that you can be an unemployed. You may be old and you believe that you cannot get any other job or you just simply do not want to take risks. If you accept something like that (disguised employment) the motive must be a fear or a situation that you have to work like that. If we think it (disguised employment) in the ethical or moral levels it does not feel very justified that you risk employees' well being like that. It is morally wrong to force old employees to entrepreneurship. It is a different situation if we start a new business and recruit new employees and in doing the working agreement we discuss together that we have got this kind of way to handle the things in the business."

To some extent, disguised employment can also be risk preventing. There is not so much risk, because one does not have to pay any social costs and for quiet times. Risk is transferred from one's company to another person. Start-up-adviser A says that "The risk is transferred artificially from the entrepreneur

to these employees who start to work in one-member companies. There is very little any entrepreneurial freedom, schedules are fixed and the work that you get is given from the company where you are working. It is a question about outsourcing and trying to concentrate on core competency. It is a question about flexibility, we want to transfer the risk and try to avoid lay-offs. If there is no work then it is entrepreneur's own risk."

Theme 5: Social problems: loss of wage level and tax incomes

Consequences of contracts as to self-employment and employment are affecting both the employers and the employees. Employer A thinks that actors who do not pay all labor costs according to the law can sell products or services at lower prices. He says that "Society loses money. Tax payers pay social security costs. Everybody wants to save money as much as possible… so they are looking for their own benefit. These kinds of entrepreneurs… can sell illegally purchased products."

According to Employer A, disguised employment is a very negative phenomenon in the market. He says that "This kind of development (disguised employment) can create uncertainty and unfair competition if everyone is fighting for the customers... The consequences reflect to mental welfare and we can see it in the sick leaves and in the families… it reflects to children and youth and to other society and there you can have the our next generation."

Employer B is against disguised employment which in his opinion is negative. B assumes that "Disguised employment limits… you become a slave. An employer will not give you resources. Resources can be reduced by saving the costs. Owners want to maximize profits. Employees do just the minimum amount in the work so that they achieve financially certain level but they do not want to do any extra. If you work as an individual entrepreneur they work absolutely differently. Employees do not have any privileges but they do not have entrepreneur's freedom."

Theme 6: Consequences for employers:
The level of quality and services will suffer

Employment Officer B thinks that disguised employment causes problems not just for the disguised employees, but also to customers and the society. B explains that "Risks are real… Outsourcing will increase flexibility of job markets. Products and services are born more reactively. Quality may suffer. Economical pressure can affect those circumstances. The amount of new entrepreneurs will rise when there is a lot of unemployment… and if a large company has been downsized."

Tax authorities can prevent partly disguised employment. Start-up-adviser A says that "Tax system does not necessarily accept this kind of entrepreneurship… The conditions must be clear. If you get your living by disguised employment it is hard to judge this kind of business very strongly if the opportunity is unemployment. At least there is someone who is offering some job to another one. If there is clear misbehavior and they are based on wrong decisions then we have to discuss about them. At least it is a question about entrepreneurial choice. It could be great if you have a possibility to develop your own business idea before you do not have any job, so you could have own networks too. Franchising is perfect for certain groups but everything in the field of entrepreneurship is not franchising. If we have real entrepreneurs with real business ideas… then they will not accept this kind of way (disguised employment) to operate in business."

In disguised employment, one cannot decide the price level. Employers, on the other hand, have difficulties to lead and

manage work. Trade unionist B assumes that "…there is no any commitment to the company. People are not any more working for the company's success. It is not possible to guarantee quality concept. You can be out of the social security system, and if you cannot decide your own price level, then you have in hand some serious problems. Then we are in a serious situation concerning social costs... Disguised employment is… white slavery."

To sum up the themes, motives of disguised employment are controversial. While companies are working responsibly by finding the right price level and saving extra costs, they do not take responsibility for the employees in disguised employment. Employees are afraid of saving their jobs and incomes. They want to have a job, but they are often lacking knowledge and skills to become self-employed. Disguised employment as such is in general illegal and nearly always unethical. Consequences of disguised employment will affect to the society, companies and individuals. Wages will decline. Tax incomes are lost by lowering wages but also by illegal operations made by disguised employers. Authorities' work will increase. Unfair competition can increase. Outsourcing, also unethical outsourcing, can become more common. The level of service and quality will suffer. Disguised employees have got weak negotiation power which can gradually lead to labor abuse. They prefer to do just the minimum and earn just the minimum for living because there is no possibility to entrepreneurs' or employees' real incomes.

Conclusions

By using disguised employment as an example of being a non-responsible employer the owners' responsibility of setting moral standards to firm's personal administration has been opened for academic discussion. The corporate social responsibility of a firm should cover the well-being of the staff without sacrificing the company profitability with regards to the competition. The avoidance of legal obligations is risky and expensive in the long run.

At the theme 1 ("Unclear status: employee, entrepreneur or subcontractor") types are disguised employee and reluctant risk-taker. Disguised employee does not know the rights in making a contract with an employer. This kind of employee is ignorant or mislead. Lack of information, education and activity affect to disguised employees. Reluctant risk-taker does not have any other choice than transform from an employee to risk-taking forced entrepreneur. Employer wants to delegate entrepreneurial risk to former employees. In these cases employees do not have any other choice than accept forced entrepreneurship.

Theme 2 ("Threat of unemployment") types are exploited employee and permanent job seeker. Exploited employee does not have opportunity to make working contract with an employer. This kind of person is working only because of the threat of unemployment. Especially technological changes affect to the severe unemployment in some industries. Exploited employee does not get sufficient income of disguised employment. Permanent job seeker is looking for stability. This kind of person is looking for continuous job and income. Disguised employment is often monitored by the employer so strictly, that permanent job seeker does not have opportunities to negotiate new contracts with any other employers.

Theme 3 ("Avoiding the expense of protection") types can be irresponsible employer and profitability seeker. Irresponsible employer leaves employees without any legal protection. Irresponsible employer acts against labor laws. Working is done without any written documents which will give an advantage to immoral employer to mislead the employees. These employ-

ers want to avoid the costs they should face for recruiting employees. Irresponsible employers' only goal is to increase illegally market share and cash flow to themselves as soon as possible. Profitability seekers' only motive is profitability in business by disguised employment. The availability of information increases possibilities to act as a profitability seeker in some industries.

Theme 4 ("Transferring risks to employees") types are greedy employers and risk avoiders. Greedy employers want to recruit unemployed persons and take immoral advantage of disguised employees who are looking desperately for job and income. Risk avoider wants to also transfer risks and costs to employees. This kind of employer does not care about employees' well-being. Job regulations are not followed and employees can not handle the financial and personal risks they must take. They do not have any rights entrepreneurs have, because they are against their will disguised employees.

Theme 5 ("Social problems: loss of wage level and tax incomes") types are unfair competitors and tax avoiders. Unfair competitors want to recruit disguised employees to achieve competitive advantage against other companies. They affect to loss of wage level and tax incomes by acting against labor laws. Tax avoiders can be both employees and employers. Employees are willing to work in unclear conditions of disguised employment and at the same time avoid the tax paying. This has got an impact to pensions and the tax incomes society will have. At the same time employers are just trying to illegally maximize the profits by avoiding the tax payments they should do when contracting employees.

Theme 6 ("Consequences for employers: The level of quality and services will suffer") types are unskilled disguised employee and uncommitted disguised employee. Unskilled disguised employee is recruited irresponsibly to take some duties without needed experience and expertise. In these cases disguised employees can not find any other job and they may have a risk to become disguised employees by irresponsible employers. Unskilled disguised employees cause inefficient and poor results in quality of services and products. Uncommitted disguised employees are not motivated for disguised and unclear working conditions. They work only when they are monitored by the disguised employers.

Theoretically, forced entrepreneurs in disguised employment can be seen as a result of employers´ economic responsibility (Carroll, 1991), when companies are trying to compete on the global market with minimum costs. Disguised employment goes against legal, ethical and philanthropic responsibilities. Forced entrepreneurship can be defined as a form of disguised employment in a nature of avoiding employers´ corporate social responsibility. Disguised employment is employer´s actions and decisions against employees´ rights.

Society's norms (Laporta, 1996) make decision making and working legitimate and while firms are typically very closely connected to local circumstances they can achieve more legitimate responsibility. An employer has to set goals in terms of credibility and profitability. They are based on accountability (Gray, 2001) to the stakeholders. Forced entrepreneurship is a result of avoiding responsible employing and recruiting (Kaler, 2002). Employers have causal responsibility for decisions concerning human resource management and staffing. Employers are taking responsibility for success and failure and for economic welfare as economic responsibilities. Doing business morally and ethically is basically analyzing what is right and wrong in the terms of virtue-ethics (Stocks & Phillips, 1974; Smart, 1984). Capacity to work and to make decisions about employment is moral and ethical if it is based on goodness (Smart, 1984)

which is based on truth. The aim of increasing flexibility (including flexible staffing) is natural from the employer's point of view (Stanworth & Stanworth, 1997; Cooper, 1999). Outsourcing, networking, down- or rightsizing are fashionable and popular wisdoms in doing so. If these strategies are used in a responsible manner they are congruent with the demands of good ownership, governance and management in the business. But if they are used in an unethical (or even illegal) way, they reveal that owners and managers have not internalized corporate social responsibility. However, at the same time, we should not underestimate the positive effects of outsourcing in encouraging new start-ups, in improving overall competitiveness and for instance in creating business networks.

Practically, results show that employers should be aware of corporate social responsibility and stakeholder democracy. More attention to corporate social responsibility must be paid in educating new entrepreneurs. Politically, more attention to labor laws must be made in order to prevent disguised employment and forced entrepreneurship in global competition. Employees must be informed more on the rights they have in making contracts. At the same time, society can reward responsible employment through taxation.

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