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Communities of Practice and Organizational Development for Ethics and Values

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INTRODUCTION AND BACKGROUND

Ethics is the study of moral issues and choices. In organizations, such a study inevitably involves consideration of decision-making practices and interpersonal relationships. This in turn may require the investigation of complex combinations of influences which include personality characteristics, values, and moral principles as well as organizational mechanisms and the cultural climate that rewards and reinforces ethical or unethical behavioral practices. Organizations ignore ethical issues at their peril as we know from recent examples of:

- past claims of brutality, poor wages, and 15-hour days in the Asian sweatshops run by Adidas, Nike and GAP,
- banks that rate their customers by the size of their accounts,
- the race for commercial control by private firms, universities, and charities claiming exclusive development rights over natural processes in the human body and patents sought by organizations, overwhelmingly from rich countries, on hundreds of thousands of animal and plant genes, including those in staple crops such as rice and wheat,
- a lack of people management skills and supervision which was said to be responsible for the falsification of some important quality control data of an experimental mixed plutonium and uranium fuel at the Sellafield nuclear reprocessing scandal which led to cancelled orders and the resignation of its chief executive.

We can all think of other examples that have hit the headlines to indicate that modern business management must recognize its responsibility to provide an ethical framework to guide action. This is the case in respect to human resources policy, health and safety policy, marketing policy, operations management, and environmental management.

Ethical policymaking has become the watchword for both national and local government. Ethics is now taught in the police force in order to be proactive and combat discrimination. Concern is now expressed in all forms of decision making from genetic modification of foods and the patenting of human organs to the ethical decisions of pharmaceutical companies or the marketing dilemmas of global corporations. Despite these developments, we continue to find many examples of decision makers making bad ethical decisions and people who blow the whistle on many of those actions. On the positive side, we have seen how so called green organizations have proved that ethics and profit are not incompatible goals.

COMMUNITIES OF PRACTICE AND SOCIAL RELATIONSHIPS

While many of these issues will engage people at the organizational level, communities of practice need to be aware of ethical issues particularly in relation to social relationships. This is because compromises have often to be made in relation to decision making as well as in the production of products and the provision of services. We can therefore distinguish between deliberate practices which include activities to deceive others such as consumers, employees, or colleagues and stakeholders from actions which are not premeditated to deceive but do, nevertheless, contravene what we might call ethical standards.

There are also many practices that may not be legally defined as unethical but which may result from collusion between subordinates and others who hold positions of power. Such examples are often not perceived as controversial and tend to be rationalized by means of situational expediency. These are related to the five main sources of power articulated by

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French and Raven (1968) and involves the relative perceptions of the manager and subordinate relationship. The examples below indicate how this can occur when an individual makes decisions that are informed by perceptions and situational circumstances that constrain reflective judgment.

1. **Reward power** is seen to legitimize actions when a subordinate perceives the manager has the ability and resources to obtain rewards for compliance with directives. These often take the form of pay, promotion, praise, recognition, and the granting of various privileges. While this is quite a natural process, it can give rise to conflicts of interest when the motives of a subordinate are informed by personal gain, and those of the manager seek to achieve instrumental objectives.
2. **Coercive power** may not legitimize the actions to conform in the eyes of subordinates, but it does explain how collusion is sometimes related to perceived fear of punishment. This may, of course, be extremely subtle since the perception of punishment may be related to desired personal objectives or rewards such as promotion or an increase in pay. The abuse of power occurs when power holders can exercise power to the extent that subordinates fear that non-compliance may lead to the allocation of undesirable tasks or to lost opportunities to progress their careers.
3. **Legitimate power** reflects the assumptions of subordinates that a power holder as manager or supervisor has a right to expect compliance with a particular course of action. This is fairly typical of the position power that exists within bureaucratic structures. Unless subordinates are extremely knowledgeable about their own rights in relation to a particular manager's legitimate right to command obedience, they are likely to be drawn along by the situation.
4. **Referent power** occurs when a particular manager exercises influence because of charismatic reasons or because of personal attributes perceived to be desirable by subordinates. In situations where a conflict of interest may occur, collusion in a course of action may result because subordinates may be over-zealous in their pursuit of particular objectives while failing to reflect on the consequences of their actions. This may often be the motive for *group-think*, the consequences of which may be disastrous for an organization.
5. **Expert power** occurs when a leader is perceived to have a special knowledge, expertise, or degree of competence in a given area. In such cases, subordinates and, indeed, other stakeholders are likely to defer to the expertise of a particular individual. Thus, alternative judgments and information can be overlooked.

Because individuals often seek to achieve organizational objectives, their tendency to ignore conflicting value systems can create value dilemmas and ethical conflicts of interest. Many people do report conflict of interest in their work. Examples often cited in relation to overt practices include bribes, gifts, slush funds, concealing information from customers, shareholders, or, more generally, from the market place, engaging in price-fixing, and so on. We can regard these examples as institutionalized practices, but there are also examples where ethical problems emerge because of workplace pressures to achieve results.

How people come to rationalize their judgments is partly explained by the exercise of power but is also informed by the belief that actions are not illegal or unethical. This is illustrated by Gellerman (1986) who argues that there are four commonly held rationalizations that lead to ethical misconduct:

1. The belief that the activity is within reasonable ethical and legal limits—that it is not "really" illegal or immoral.
2. A belief that the activity is in the individual's or the corporation's best interests—that the individual would somehow be expected to undertake the activity.
3. A believe that the activity is "safe" because it will never be found out when publicized—the classic crime-and-punishment issue of discovery.
4. A belief that, because the activity helps the company, the company will condone it and even protect the person who engages in it.

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