

Conscience and Corporation Culture

By Kenneth E. Goodpaster

Introduction to Corporate Conscience

Kenneth Goodpaster's *Conscience and Corporation Culture* takes the reader on an adventure through the development of a corporate conscience and the creation of a moral agenda. He starts off with explaining the issue of teleopathy within businesses, how a change in mindset is the cure, and how the leader is the primary architect of the corporate culture. Goodpaster shows how there are similarities between individuals and organizations, including the impacts of mindset on both parties.

He speaks about organizations as though they were individuals, talking about their characteristics and their values. The leader of the company is the source of the corporate conscience and they create "me too's" within the

workplace. This is part of the groupthink mentality, where the desire for harmony leads to employee's conforming to organizational behaviours. A leader's goal would be to create ethical norms and behaviours.

From there Goodpaster teaches leaders on the importance and need for a organizational agenda. He also touches on appropriate channels of ethical education to future leaders to ensure that the corporate conscience lives on to the next generation.



Ms. Doe has just become the Chief Executive Officer (CEO) of Company X. She has seen that Company X is experiencing ethical issues within the corporate culture. She has decided to visit Dr. Smith to help solve this situation. Right is Dr. Smith's diagnosis and prescription.



Symptoms seen in the organization

- *Fixation* - Company X is fixated on certain goals, and will try to achieve those goals at any cost
- *Detachment* - A social detachment allows the single focus on goals
- *Rationalization* - The group rationalizes its behaviours in the name of the goals

Diagnosis of the symptoms

Teleopathy: the unbalanced pursuit of goals or purposes by Company X. Single-mindedness.

Prescription to "make better" the diagnosis

Mindset of Conscience. This will move the organization to closer to a moral point of view, where employees can evaluate how to balance their needs and the needs of others. It is a method of internal control.

ANATOMY OF A MINDSET

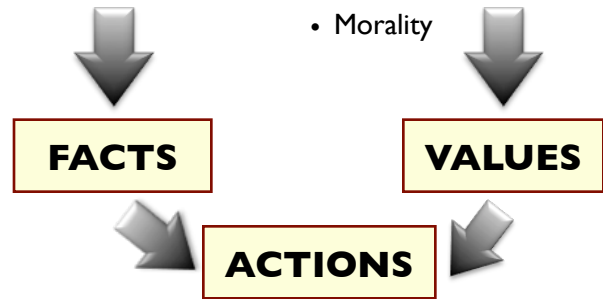
Mindset are the beliefs and attitudes which govern someone’s behaviour and outlook. There are two different inputs that create a person’s mindset. They are facts and values. An observer will not be able to understand a person’s behaviours without knowing a the person’s values and factual beliefs. A person’s mindset will influence the actions a person takes.

Sources of Facts

- Experience
- Testimony
- Science

Sources of Values

- Dominate Goals or Purposes
- Self-interest
- Shareholder Concern
- Morality



Story of Tracy Latimer

For an example of how a person’s mindset influences a person’s action take we will look at the story of Tracy Latimer. Tracy suffered from cerebral palsy, which lead to severe mental and physical disabilities including seizures. She was in constant pain.

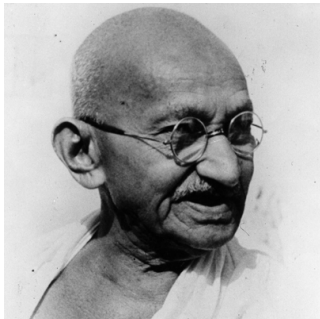
On October 24, 1993, she had died under the care of her father, Robert Latimer. Carbon monoxide poisoning killed her. As an observer you can know that Tracy was murdered, but Robert said his actions were motivated by love for Tracy and a desire to end her pain. Robert’s values influenced his behaviour.

INDIVIDUAL AND CORPORATE MINDSET

Servant leadership is the defined as servant first and the focus of leaders is on individuals and they have a decentralized organizational structure. Voluntary subordination, transforming influence, and covenantal relationship are three of the six dimensions of the Servant Leadership Behaviour Scale.

Both Gandhi and Southwest Airlines have the mindset of servant leadership. This shows that an organization’s mindset can be similar to that of an individual.

If Gandhi was named CEO at an organization, he would transfer his mindset to the corporation and create a servant leadership culture.



Mahatma Gandhi	Southwest Airlines
One of the greatest leaders of a non-violent movement.	One of the most profitable airlines in the United States
<i>Voluntary Subordination:</i> Priority was the poor and sick.	<i>Voluntary Subordination:</i> Priority is their employees.
<i>Transforming Influence:</i> Practiced what he preached and mentored his followers to follow Satyagraha	<i>Transforming Influence:</i> Employees are encouraged to be responsible and are given authority to make decisions
<i>Covenantal Relationship:</i> Worked and made plans in consultation with his co-workers always	<i>Covenantal Relationship:</i> Limited emphasis on formal organizational structures and leadership meetings are taped and shared with employees.



FOUR ORGANIZATIONAL TRAITS REQUIRED FOR A CORPORATE CONSCIENCE



There are three levels of ethical decision-making:

1. Person
2. Organization
3. Wider Community

A Corporate Conscience is the primary check on the unbalanced pursuit of goals and purposes for an organization. There are four traits that a leader should try to instil in their workplace culture. There are: reflectiveness, humility, anticipation, and community involvement.

Reflectiveness is a “cultural disposition to encourage periodic relief from goal-directedness and busy-ness of everyday worklife.” People and organizations can suffer from “activism” – they do not take time to smell the roses and reflect on their past actions. Reflectiveness helps organizations ensure that they are following their moral agenda. Employers today are regularly using opinion surveys as a way to have employees reflect on their positions and the organization.

Humility is a trait that is seen when an organization is willing to be self-critical about the gaps between their stated values and the actions that they have taken. Awareness that you are falling short on living your moral agenda, leaders can commit to addressing the issues and barriers that are causes the failures.

Anticipation of the future shifts within an organization is vital to ensuring that the corporate conscience grows and maintains. Ethical awareness has to sustain itself over time, so leaders have to anticipate and avoid losing this awareness.

Community Involvement is a way to engage various communities that the organization serves. This is normally done through activities such as philanthropy, in-kind contributions, and employee-release time. These types of activities can be seen as a benefit for the employees involved and the organization develops a positive reputation in the community by participating.

These traits keep the company be aware of its behaviours and help balance their goals and objectives. They can be presented through various corporate strategies, organizational structures, information systems, human resource practices, and leadership style.

HOW TO CREATE A MORAL AGENDA

The leader of an organization is the primary architect of the corporate culture. It is their responsibility to create a moral agenda for the company. This agenda must address the stimulus and the response problems. The stimulus problem is a business system that lends to certain kinds of excess, for example teleopathy is a stimulus problem. The response problem is ambivalence. Ambivalence is the reluctance of companies to prescribe a cure to the stimulus problem.

A moral agenda includes three broad imperatives: orienting, institutionalizing and sustaining conscience.

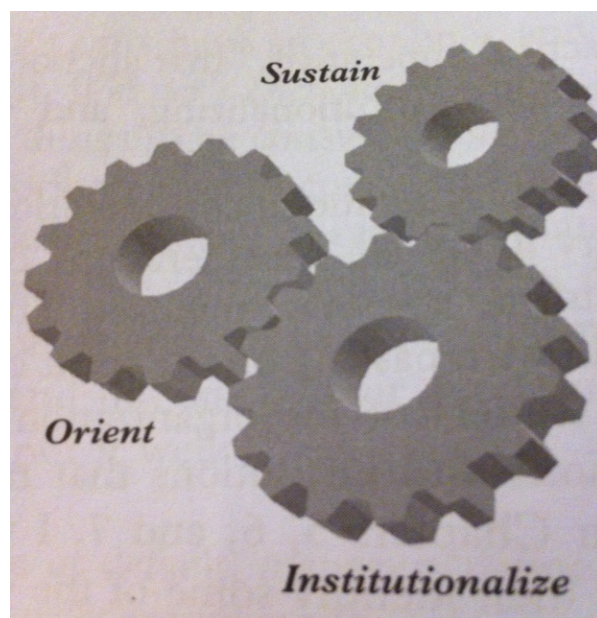
1. Orienting means setting the ethical course that a leader would like an organization to follow. There are three steps in orientation: direction (mission), location (inventory), and motivation. *Direction* can be given by developing an organization's values and mission. For example, the Federal Government of Canada has set values for all public servants. They are respect for democracy, respect for people, integrity, stewardship, and excellence. These values set expectations for employee behaviour. *Location* refers to leaders needing to

identify and adjust the current values of the company. To implement the new direction, the leader will need to *motivate* others within the organization to get onboard with the new values.

2. Institutionalizing is when the words used in orienting become action. The organization needs to align the ethical course set out with the incentive and rewards system. For example, the Saskatoon Health Region holds a BRAVO awards night to celebrate employees that positive role models. The awards categories reflect the values and mission of the health region. A leader has four different tools they can use to reinforce the vision and mission; symbols, ceremonies, celebrations, and seminars.

3. The third imperative is sustaining conscience. This means that the leader has to continually vocalize the corporate conscience. The moral agenda has to be interweaved with all company activities. Companies have used performance appraisals to discuss the moral agenda on an annual basis with individual employees.

A leader will need to understand and evaluate the relationships between the three levels of ethical decision-making be able to make a successful moral agenda. An moral agenda will only be successful with full commitment, it takes time to development and energy to implement. A moral agenda will create a strong corporate conscience if done appropriately.



THE THREE ACADEMIES

I agree with Goodpaster that the corporate leader is the primary architects for the corporate culture and is responsible for the development of the moral agenda for the organization. To ensure that future leaders have the skillsets needed for setting this agenda educational support structures need to be put in place. Goodpaster identified three specific educational “academies” to address these needs.

Modern Business School

The modern business school is the first academy. At the University of Saskatchewan, this would be the Edwards School of Business. The study of ethics should be taught within the curriculum and weaved into classes regularly. The classes or modules should raise ethical awareness and develop sound moral judgement.



EDWARDS
SCHOOL OF BUSINESS

UNIVERSITY OF SASKATCHEWAN

Corporate Ethics and Leadership Programs

Corporate and leadership development programs should be embedded within the organization. There are two principal developmental engines within this academy. One is the preparation the current leadership is doing for when the next generation takes over. This includes such programming as formalized mentorship opportunities, professional development classes, and succession planning. The second is corporate ethics and compliance programs. The main purpose of these programs is organizational education around ethical norms and behaviours.



Associations of Distinguished Leaders

Associations of business leaders already exist in certain professions as medicine and law, where they have professional bodies that create ethical regulations that these professions have to adhere too. The question has always been, could these types of associations expand to include business people. Goodpaster suggests that it can. In reality this may be difficult, as what one person may see as ethical another may not. Setting these standards would be a long process and the time commitment may be too much to attract distinguished leaders.

**ASSOCIATION
MÉDICALE
CANADIENNE**



**CANADIAN
MEDICAL
ASSOCIATION**

CRITICAL REVIEW OF THE BOOK

Kenneth Goodpaster has written a book that covers the complex topic of business ethics. He uses strong examples to make his cases which illustrate the points he is trying to make. The major issue with *Conscience and Corporate Culture* is the amount of topics that he tries to cover. It could have easily been separated into two books, one about the conscience of an organization and the other about creating the moral agenda for companies.

It is hard to find fault with many of his arguments, but I feel as he does not truly reflect the amount of effort and time needed to change a corporate culture and implement a moral agenda. To achieve this leadership will have to have to overcome the resistance to change that can be seen in the workplace. Change can lead to employee detachment and disengagement, which is a symptom of teleopathy.

ABOUT THE AUTHOR

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Kenneth Goodpaster holds a A.B. in mathematics from the University of Notre Dame and his A.M. and Ph.D. in philosophy from the University of Michigan. He has had a distinguished career working in the area of Ethical Behaviour.

Goodpaster has been published in various professional journals including: the Journal of Philosophy, Ethics, Environmental Ethics, the Journal of Business Ethics, Thought, Business Ethics Quarterly, and the Harvard Business Review.

His also served as Executive Editor for Corporate Responsibility: The American Experience (Cambridge University Press, 2012).

In 1990, Goodpaster accepted the David and Barbara Koch Endowed Chair in Business Ethics at the University of St. Thomas (MN). He is still holds this position.



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