Unit 3

BBM 208/05

Business Ethics

Managerial Ethics

wawasan open UNIVERSITY

the people's university

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Contents

Unit 3 Managerial Ethics

Unit overview 1

Unit objectives 2

3.1 Getting, promoting and firing 3

Objectives 3

Introduction 3

Hiring 3

Wages 21

Promoting employees 24

Firing 28

Suggested answers to activities 36

3.2 Deciding on a corporate culture and making it work 41

Objectives 41

Introduction 41

What is corporate culture? 42

The relation between organisational culture and knowing the right thing to do 51

What culture should a leader choose to instill? 56

Styles and values of management 61

Suggested answers to activities 67

3.3 The tense office 71

Objectives 71

Introduction 71

Racial discrimination 72

Gender discrimination and occupational segregation 83

The diversity of discrimination and victimisation 91

The prevention and rectification of discrimination: Affirmative action 97

Suggested answers to activities 107

Summary of Unit 3 113

Suggested answers to self-tests 115

References 121

Unit Overview

Ethical within human resources and recruitment has remained a sticky topic, especially within the last decade due to the Internet and more recently with the explosion of social media. Companies have embraced new tools and technology to help recruit and screen candidates faster than ever in an ever-growing competitive landscape. However, with these additional advanced tools available, there are increasingly more blurred lines of ethical responsibility.

In the first section of this unit, we will examine the ethics of hiring, promoting and firing employees. The recruitment process has earned a fairly bad reputation. This is because it is a profession where people stretch the truth, promise what they cannot deliver, and act only in self-interest with candidates. We hear stories from candidates about recruiters who were initially friendly and helpful; promising them assistance in negotiating for a position, and who then quickly ignored them when the client did not express interest. On the other hand, we hear stories of recruiters telling candidates the offer is "in the mail" or that the hiring manager has decided to make them an offer, only for the candidate to find out later that no offer is coming. We also hear stories of recruiters badger candidates into revealing private information or ask candidates to give them the names and even email addresses of senior-level executives or other key persons in their organisation. In most cases the behaviours are not illegal, but they cause candidates to look at an organisation as an institution that cannot be trusted. The fact is, most recruiters are ethical.

In the second section of this unit, we will examine the concept of corporate culture. Corporate culture refers to the shared values, attitudes, standards, beliefs practiced in the organisation. Corporate culture is usually rooted in the organisation's goals, strategies, structure and approaches to the employees, customers, shareholders and stakeholders. Corporate culture usually flows from top management downwards to the employees. Thus, in actual practice it is difficult to "re-invent" the existing corporate culture practiced by the organisation. At the end of the section we will examine the leadership styles, build based on beliefs, values and preferences that shape the organisation's culture.

In the final section of this unit, we will examine discrimination and harassment practiced at the workplace. Employers generally should not discriminate against sex, race, ethnicity, religion, age or disability. The employer also has the responsibility to ensure that a person is not victimised or treated unfavourably if he or she voiced the grievances to the employers or even supported another person to voice their grievances. The section will end with a discussion on affirmative action, as an action plan to address the injustices caused by discrimination.

Unit Objectives

By the end of Unit 3, you should be able to:

1. Explore the ethics in searching, screening and interviewing.
2. Discuss the ethics of wages as work incentives.
3. Examine managerial ethics on hiring, promoting and firing.
4. Define the concept of corporate culture and distinguish specific organisational culture.
5. Discuss the concept of a leadership style and its underlying values.
6. Define and distinguish discrimination at the workplace.
7. Consider the legal and ethical aspects of discrimination.
8. Define and elaborate on affirmative action and its ethics.

3.1 Getting, Promoting and Firing

Objectives

By the end of this section, you should be able to:

1. Locate ethical tensions affecting the breadth of a hiring search.
2. Define applicant screening, testing, interview and mark its ethical boundaries.
3. Explore the uses, limits and wages as work incentives
4. Distinguish criteria for promoting employees.
5. Define legal guidelines on firing employees.
6. Elaborate justifiable reasons for deciding to fire.
7. Consider ways of limiting the need to terminate employees.

Introduction

Recruitment and selection should be shaped by legislation, the company's policy and its values (notably values like fairness and integrity), which together would represent best practice. However, when these parameters are compromised, it can amount to conduct that is both unethical and illegal. This can include conduct such as unfairness, discrimination, nepotism or not following due process.

Hiring

Consider the following scenario ……

Help Wanted, but from Whom?

The Central Intelligence Agency's hiring practices are widely known and well depicted in the movie *The Recruit*. After discretely scouting the special capabilities of a young bartender played by Colin Ferrell, Al Pacino catches him at work, orders a drink, carries on a one-sided and cryptic conversation, performs a magic trick with a ripped newspaper, announces that "things are never quite as they appear," and finally admits that he's actually a job recruiter.

Ferrell seems annoyed by the man's presence.

Pacino returns to the newspaper, pulls out a page covered by an ad announcing "Two Day Specials." He circles the letters *c, i,* and *a* in "Specials" and walks out. Colin Ferrell follows.

R. Donaldson (director), *The Recruit* (Burbank, CA: Touchstone Pictures, 2003), film.

Actually, that's not true. The CIA doesn't hire that way. They advertise on CareerBuilder just like any other company. You can understand, though, why they wouldn't mind scouting out their applicants even before allowing people to apply; they don't want to end up hiring double agents.

Something like that happened soon after Procter & Gamble grew jealous of a competitor's hair-care products. Salon Selectives, Finesse, and Thermasilk were all doing so well for Unilever that P&G contracted people to get hired over at Unilever and bring back secrets of their success. The corporate espionage — which P&G executives characterised as a "rogue operation"— led to a multimillion-dollar settlement between the companies and left behind the lesson that when you're the boss and you're hiring, you've got to make sure that the people you bring in will be loyal to the company.

'Fortune: P&G admits spying on hair competitors,' *Business Courier,* 30 August 2001 http://cincinnati.bizjournals.com/cincinnati/stories/2001/08/27/daily43.html (Accessed 24 May 2011).

The problem is you have also got to make sure that they are going to do good work, the best work possible.

Between the two requirements there is a tension stretching through every decision to hire a new worker. On one side, you want to limit the people you even consider to those few who, for one reason or another, you know will not be a total disaster. On the other side, no company can survive playing it safe all the time; generally, the corporations able to hire the best talent will win over the long run. And one way to get the best talent is to cast as large a net as possible, let a maximum number know that a position is available, and work through the applications carefully no matter how many pour in.

Conclusion

Hiring employees can be safe or risky depending on how broadly you announce a job opening.

Three strategies for announcing a job opening: Nepotism, internal public announcement, mass public announcement

Start on the safe side of hiring. Nepotism is granting favoured status to family members. In the case of hiring, it means circulating information about open jobs only to your relatives. Naturally this happens at many small businesses. A sales representative at a small firm importing auto accessories meets a woman at work. She is also a rep. Marriage follows. A year later he decides to quit his job and strike

out on his own with a new website project that reviews and sells the same kind of car products. Things go well, page hits climb, sales increase, and soon he needs help so he hires…his wife. They have worked together before, and they both know the field. Most important, the risk is minimal. Since he is waking up with her in the morning, he can figure she is not going to skip out on work just because it is a nice spring day. And is she going to steal office supplies? A little money from the payroll? An important client? Probably not. This is a case where nepotism makes sense.

But what about the other way? What if the husband's solo venture flops, and at the same time, his wife's career flourishes. Now he needs a job, and she is got the power to hire. A job opens up. Probably, she has got junior staff ready for the post, but can she push them aside and bring her husband in?

There is some justification: she has worked with him before, and she knows he performs well. Plus, as a boss of his own (failed) business, he has obviously got leadership experience and he has demonstrated initiative. All that counts for something. But if she goes with him she is going to breed resentment in her group. You can hear it:

"Hey, what do you need to get a promotion around here?"

"A last name."

And

Now you might be asking why nepotism bugs me so much. It's the presumption. It's the attitude. It's just one more example of how life isn't fair. Am I jealous? I don't know. I guess I take advantage of the company in other ways…LOL. What can I learn from this? That life is good if you're born into the right family? That I need to control my attitude and stop letting petty crap drive me to drink?

Marti's Musings (2004) 'Nepotism sucks,' 30 August http://businessethicsworkshop.com/Chapter_8/Nepotism_sucks.html (Accessed 24 May 2011).

That last paragraph comes from a blog entry titled "Nepotism Sucks." It does for his company too: few firms can be successful with employees musing about how they "take advantage of the company" while they are punctuating comments about their work with LOL. As for the central issue, he is right. Basic fairness is not being honoured: people are getting considered for a job because of who they are related to, and it is not this blogger's fault that his last name is wrong.

On the other hand, "Is Nepotism So Bad?" titles an article on Forbes.com that compiles a list of large companies — including *Forbes* — where nepotism has been the norm…and successful. According to the article, experts estimate that executive-level nepotism works out about 40 per cent of the time. What are the advantages to bringing in your own? Familiarity with the business and trust are noted. Another advantage is also underlined: frequently, relatives do not want to let their own relatives down. Sons work harder for fathers, cousins for cousins, brothers for sisters. There

is a productivity advantage in nepotism. Arguably, that factor weighs more heavily than the bitterness arising when deserving workers already employed do not get a chance to apply for a job because it already went to the boss's sister-in-law.

Kneale, K (2009) 'Is nepotism so bad?,' *Forbes*, 20 June http://www.forbes.com/2009/06/19/ceo-executive-hiring-ceonewtork-leadership-nepotism.html (Accessed 24 May 2011).

Finally, at least theoretically, there is a creative solution to the bitterness caused by nepotism: make virtually every post a nepotism-first position. Oil-Dri, a producer of absorbent materials, celebrated its fiftieth anniversary with a party for all employees. "Would everyone," the group was asked at one point, "who is related to someone else in the company please stand up?" Of the seven hundred employees, about five hundred left their seats.

Internal public job announcements occupy a middle spot on the continuum between playing it safe (only letting selected people you are *certain* will be loyal and at least moderately capable know when a job is available) and going for the best talent (broadcasting the post as broadly as possible and accepting applications from anyone).

An example of an internal public job announcement comes from the *National Review*, a political magazine and website run by the kind of people who wear suits and ties to baseball games. Their blog is called *The Corner,* and the magazine's editors fill it with thoughts and arguments about the day's political debates in Washington, DC. There's also a bit of insider humour, provocation, and satire tossed back and forth between posters. If you keep reading for a few weeks, you will start to sense an intellectual soap opera developing along with the libertarian-conservative politics; there is an undercurrent of shifting alliances, snarkiness, and thoughtful jabs.

You will also notice that *National Review* places job announcements on *The Corner* blog. There are not a lot of openings, but every couple of weeks a little announcement appears between posts.

The National Review Online is seeking an editor with web capabilities. Send applications to ____@nationalreview.com.

It is pretty ingenious. The *only* people who are going to be reading *The Corner* are:

- *sincerely* interested in the wonkish subjects these guys publish about;
- not out there just looking for *any* job (at the time they see the announcement, they are not looking for a job at all because it is not a job site);
- compatible on a personal level with the *National Review* crew. The posters let personalities shine through, and if you do not have chemistry with their style of humour and talk, you are simply not going to be reading them.

What an internal public job announcement seeks to do is get the most applications in the hopper as possible, and so the announcement is published on a free internet page that anyone can see. That is the public part. *But* because the page is only commonly followed by people who are *already inside* the world of public policy defining the employees at *National Review*, the bosses do not need to worry about the wrong kind of people sending in résumés. That is the "internal" part. Recruiters can get a lot of applicants — increasing their chances of finding really talented people — without worrying too much about a bunch of lefties who really prefer websites like *Daily Kos* trying to fake their way into the organisation.

Mass public job announcements are just what they sound like. You need someone and you post the position at Monster, CareerBuilder, TheLadders. Here you are giving up confidence that applicants will fit into the organisation naturally, and you are even risking corporate spying moles like those that infested Unilever. In exchange, however, you are getting the broadest selection possible of people to toss their hat into the ring, which maximises your chances of finding stellar work performance.

Beyond the advantage of many applicants, there are good ethical arguments for mass public job announcements. The simplest is *fair play*: everyone should get an equal opportunity to take a run at any job. Just past that, there are concerns about discrimination that are eased by mass announcements. While there is no reason to launch charges of inherent racism at nepotistic hiring practices, it might well be true that if a small business is initiated by an Asian family, and they start hiring relatives, the result at the end of the day is a racial imbalance in the company. Again, no one is equating nepotism with racism, but the *appearance* can develop fairly easily whenever job announcements are not publicised as widely as possible. The parallel case can be made with respect to internal public job announcements. If 90 per cent of the people who come in contact with the "help wanted" message happen to be women, sooner or later, there is going to be some guy out there who complains. So, one argument in favour of mass announcements is the stand it helps take against illegal and unethical discrimination.

Another argument for mass announcements is *reciprocity*. If a company is trying to sell a product to the general public, to anyone who is willing to pay money for it, then should they not allow everyone a shot at becoming an employee? It does not seem quite right to profit from anyone — to try to sell, say, a car to anyone who walks in the door — and then turn around and not give all those consumers a decent chance at earning a living there at the dealership.

Conclusion

Announcing a job opening is not automatic. You can announce the spot more publicly or less so. There are advantages and disadvantages to the various approaches, but there is always an ethical responsibility to clearly account for the reasons why one approach is selected over another.

Ethical perils of job announcements

Ethical perils of job announcements include:

1. Describing a position in ways that do not correspond with the reality.

2. Announcing a post to people who really have no chance for the job.

Once you have identified the demographic pool you would like to recruit from, it is easy to oversell the job in the announcement you post. The most blatant cases — *You can earn $300 per hour working from home!* — are obvious frauds, but even sincere attempts can cause misunderstandings. Say a job requires "occasional travel." Fine, but does that mean occasionally during the year or occasionally during the month?

The much more severe case of insincerity in job announcements is posting one before an audience that has no reasonable chance of getting the job. When Hooters posts a "server wanted" sign, we all know what they are looking for just like when the rough bar next door advertises for a bouncer. But what if it is a formal restaurant advertising for a waiter? If the place is across town, you cannot just drop in to check out the kind of people they hire. So maybe you go through the application process and make the telephone calls and finally go in for the interview. As you walk through the door, the first thing they check out is your weight profile. Then your jaw line, haircut, eyes, and the rest. They want to see how you compare with the other waiters who all look like they model on the side.

If you are lucky, you see yourself fitting right in, but if you are like most of us, you know the interview's over before it started; the whole thing has been a huge waste of time.

Now put yourself on the other side. As the restaurant manager trying to fill the position, you know you *should* put the requirement that applicants be devastatingly handsome into the ad. The duty to be honest requires it. The duty to treat others as an end and not a means requires it. The idea that our acts should be guided by the imperative to bring the greatest good to the greatest number requires it. Almost every mainstream ethical theory recommends that you tell the truth about what you are looking for when you announce a job. That way you do not waste peoples' time, and you spare them the humiliation of being treated as irrelevant. So you should want to put in the ad something about how only potential movie stars need apply.

But the law virtually requires that you *do not* put the line in. If you explicitly say you will *only* consider exceptionally attractive men for your job, you open yourself to a slew of lawsuits for unfair and discriminatory hiring practices. In fact, even Hooters are not safe. In 2009, the chain was sued by a Texas man named Nikolai Grushevski because they refused to hire servers who looked, well, like him. When it

gets to that point — when hairy guys can get away with calling lawyers because they are not hired to serve food in short shorts and halter tops — you can understand why restaurants do not want to publicly admit exactly what they are looking for.

Fox News (2009) 'Texas man settles discrimination lawsuit against Hooters for not hiring male waiters,' April 21 http://www.foxnews.com/story/0,2933,517334,00.html (Accessed 24 May 2011).

Conclusion

If Hooters just comes out and states what it is that makes their kind of employee, they can get sued. So they are much better off just making the announcement ambiguous. That way, when it turns out that no hairy guys ever seem to get hired, they can always say it is because they did not seem so adept at dodging tables while shooting around with trays of beers and sandwiches. Or whatever. One lie is as good as another so long as it keeps the restaurant out of the courtroom.

For managers, this is a tight spot. They are caught between what is right and the law. In ethical terms, they are stretched between two conflicting duties: to tell the truth and to get the famous Hooters girls into the restaurant.

Screening

Reducing a large pool of applicants to a manageable selection of people for serious consideration is applicant screening, sometimes referred to as filtering. Screening begins with the job announcement. Requirements like "three or more years of experience" and "willingness to work the night shift" go a long way toward eliminating applicants.

It is impossible, though, to completely define the perfect applicant beforehand, and even if you could, there is almost always going to be someone like Nikolai Grushevski who shows up. So screening continues as the preliminary review of applications and applicants to see who can be quickly crossed off the list without any serious consideration.

Legally, who can be crossed out? The default response is no one. In its broadest form, civil rights employment law guarantees equal opportunity. *All* applicants deserve to be considered and evaluated *solely* on their ability to do the job, and the federal government's Equal Employment Opportunity Commission is stocked with lawyers who are out there doing their best to make sure the rules are upheld. For managers, that means they have got to take all applicants seriously; they have got to pursue interview questions about ability, training, experience, and similar. Now, this is where a guy like Grushevski can come in the door and say, "Look, I can deliver a round of burgers and beer as well as any woman." He is probably right. Still, he is not the right person for the job; there is no reason for a manager to lose valuable time dealing with him.

Similarly, a wheelchair-bound man should not be a beach lifeguard; an eighty-year-old should not be flying commercial jetliners; the seven foot one and 330-pound Shaquille O'Neil is not going to be a horse jockey. There is a legal way for companies to summarily screen out inappropriate applicants: by appealing to *bona fide* occupational qualifications (BFOQs). BFOQs are exceptions granted to equal opportunity requirements. A form of legalised discrimination, they let managers cross off job applicants for reasons that are normally considered unfair: gender, physical size, religious belief, and similar. (As a note, race is not allowed to be considered a BFOQ.)

When do bosses get this easy way out? When they can show that the otherwise discriminatory practices are required because of a *business' nature*. So while it is clear that Shaquille O'Neil's intimidating size does not mean he will be a bad accountant, the nature and rules of horse racing require that riders be diminutive, and that means Shaq would be a disaster. A horse owner can show that the job requires a physically little person to be successful. Thus size becomes a BFOQ and a legitimate way of screening applicants for that particular job.

A maker of men's clothes can reasonably screen out women from the applicant pool for models — but they cannot eliminate female applicants from consideration for a *sales* position. Or they could, but *only* if they could show that maintaining a masculine public image was integral to the success of the company. For example, you could imagine a company called Manly Incorporated, which sold products based on the premise that every employee was a quality control officer.

Along similar line, a Catholic school may screen atheists from the search for a teacher, but it is harder to justify that filter for janitors. At the airport security line women can be assigned to pat down women and men to men, but either may apply for the job to hand check the carry-on bags.

Another common screen is education. Imagine you have just opened a local franchise of Jan-Pro, which offers commercial cleaning services to car dealerships, gyms, banks, churches, and schools.

Entrepreneur (2011) '2011 fastest-growing franchise,' http://www.entrepreneur.com/franchises/fastestgrowing/index.html (Accessed 24 May 2011)

What level of education will you be looking for in potential employees? Since the job involves mixing chemicals, it seems like requiring some basic education is a fair demand, but is a college degree necessary for the work? You may have one as a manager, but that does not mean you should necessarily demand that much from employees. And on the other side, is it fair to screen out someone who has got *too much* education, say a master's degree in chemistry? It does seems reasonable to suspect that this kind of person will soon become bored pushing a vacuum over carpets.

Then again, do you know that will happen? Is it fair to screen based on what you suspect might occur?

Another type of screening catches high-risk lifestyles. Smoking is one of the most often cited, and the Humana company in Ohio is one of a growing number that's directly banning smoking — on or *off work* — by new employees.

Wasmund, M (2009) 'Humana enforces mandatory stop smoking program,' *wcpo.com,* 16 June 16 http://www2.wcpo.com/dpp/news/local_news/Humana-Enforces-Mandatory-Stop-Smoking-Program (Accessed 7 June 2011).

These healthy lifestyle policies set off firestorms of ethical debates. With respect to smoking and in broad strokes, the company has an interest in prohibiting smoking because that should mean healthier workers, fewer sick days, lower health insurance premiums, and higher productivity. In short: better working workers. On the other side, job applicants (at least the smokers) do not believe that they are less productive than everyone else, and anyway, they resent being excluded for a recreational habit pursued on their own time. In long discussion boards — there are hundreds online — the debate plays out. Here is one exchange from a typical board:

bonos_rama:	I wouldn't hire anyone that has a habit of leaving their desk every hour to stand outside for 10 minutes. Doesn't matter if it's to smoke, drink coke, or pass gas that they're leaving, it's bad for productivity.
Mother of a Dr.:	But it's alright to stand by the coffee pot and discuss sports and politics? Productivity actually improves when you get away from the computer every hour.
matt12341:	Even discounting the productivity argument, smokers tend to have more long-term health problems, leading to higher insurance premiums so companies end up paying more.
jamiewb:	What if we apply this logic to people who are overweight? What about people who have a family history of cancer? Or a higher incidence of diabetes? As long as it doesn't impact job performance, I don't think it's fair to refuse to hire smokers.
happily-retired:	I think it is a great idea to not hire smokers. Up next should be obesity, as it leads to diabetes, heart problems, joint problems, etc. Companies following that path would be demonstrating good corporate citizenship by fostering a healthier America.
Zom Zom:	Yes, the good citizenship of fascism. Now my employer has the right to dictate what I do with my body? "Land of the free," unless your boss doesn't like the choices you make.

Newsvine.com (2009) 'Humana: We won't hire smokers,' 16 June 16 http://sorrelen.newsvine.com/_news/2009/06/16/2935298-humana-we-wont-hire-smokers (Accessed 24 May 2011).

You can see that underneath the back-and-forth, this is ultimately a debate about ethical perspectives. One side tends toward a utilitarian position: the greater good in terms of health and related issues justifies the filtering of smokers in hiring decisions. The other side tends toward a fundamental rights position: what I do with my time and body is my decision only. Both sides have strong arguments.

Criminal record screening is another common filter for job applicants. Most states will not allow employers to deny someone fair consideration for a job *only* because of a prior criminal conviction. There is wiggle room, though. In New York, Article 23-A of the correction law certifies that employment *may* be denied if:

- There is a direct relationship between the criminal offense committed and the employment sought.

- The applicant would pose an unreasonable risk to property or the safety or welfare of others.

Those are big loopholes. The first one means the Brinks armored car company can legally refuse to consider ex-bank robbers for a position. It may also apply to the shoplifter who wants to be a cashier or the drug dealer who wants a job in the pharmacy.

The second exception is still broader and applied in the case of *Grafter* v. *New York City Civil Service Commission 1992*. In that case, the Fire Department of New York refused to hire Grafter because he had been caught drunk driving on his last job. A potentially drunken fireman does seem like a risk to the welfare of others. Pushing that further out, the same would probably go if he applied to be a taxi driver. In fact, the list of jobs that may seem dangerous for others if the worker is drunk extends a long way, probably everything in construction, transportation, or anything with heavy equipment. So the law *does* allow employers to resist hiring convicts across a significant range of wrongdoing.

Finally, the basic ethical tension pulls in three competing directions for any manager facing a criminal hiring decision:

1. **The ethical responsibility to recovering criminals.** Rehabilitation (via honest work) is good for ex-convicts.

2. **The manager's responsibility to the company.** Managers need to avoid problems whenever possible and keep the machine running smoothly so profits flow smoothly too.

3. **The company's responsibility to the general public.** If a taxi syndicate is hiring ex-drunk drivers, you have got to figure something's going to go wrong sooner or later, and when it does, the person who put the driver behind the wheel will be partially responsible.

Social media is another potential filter. Fifty-six percent of millennial believe that the words and pictures they put on Facebook and Twitter should not be allowed to factor into hiring decisions.

Wei Du (2007) 'Job candidates getting tripped up by Facebook,' *MSNBC.com,* 14 August http://www.msnbc.msn.com/id/20202935/page/2 (Accessed 24 May 2011).

Recruitment officers, they are saying, should not be going through online photo albums to check out the kinds of things you and your buddies do on Friday nights.

From the employers' side, however, the argument in favour of checking the pages is simple. If an applicant is sufficiently incautious to leave pictures of massive beer funnel inhalations available for just anyone to see — and if they do that while they are trying to put their best face forward as job seekers — then God knows what kind of stuff will be circulating once they have got a job. As a manager, it is part of your job to protect the company's public image, which means you have got to account for clients and others maybe running the same Google and Facebook searches that you are.

It is an easy scenario to imagine: you hire someone with a flamboyant online life. Soon after, a client working with her gets nosey, does a Google image search, and what comes in at the top of the list is a picture of your new employee slamming beers, chain-smoking cigarettes, or maybe inhaling something that is not legal. This is not good and the person who looks really bad is the supposedly mature manager who allowed the whole thing to happen by hiring her.

Of course there is always the standard but still powerful argument that what employees do after hours is their own business, but one of the realities inherent in the Internet is that there is no such thing as "after hours" anymore. Once something goes online, it is there all the time, forever. Managers need to take account of that reality, which might mean rethinking old rules about privacy.

Testing

Once an ad has been placed, and applicants have been pooled, and the pool has been screened, the real hard work of hiring begins: choosing from among apparently qualified people. One tool used in the selection process is applicant testing. There are various sorts of tests, but no matter the kind, for it to be legitimate, it should itself pass three tests. It ought to be:

1. **Valid**

   The test must measure abilities connected to the specific job being filled. A prospective roadie for Metallica should not be asked to demonstrate mastery of Microsoft Excel, just as there is no reason to ask an accountant to wire up his cubicle with speakers blasting 115 decibels.

2. **Normalised**

   The test must be fair in the sense that results are adjusted for the circumstances of the testing session. If you are checking to see how frequently applicants for the post of TV weatherman have predicted sunshine and it turned out to rain, and one woman gets tested in Phoenix while another takes Seattle, it is pretty easy to see who is going to win in terms of raw numbers. Those numbers need to be adjusted for the divergent levels of difficulty.

3. **Constant**

   The results any test taker achieves over time should be similar. Just like a broken clock is right twice a day, an applicant for an interior design job who happens to be colour-blind might once in a while throw together a carpet-sofa combination that does not clash. A good test eliminates the lucky hits, and also the unlucky ones.

Of the many kinds of hiring tests now in use, the most direct try to measure the exact skills of the job. Skill tests can be simple. They are also relatively easy to control for validity, normalisation, and constancy. For example, applicants for a junior-level position in copyediting at a public relations firm may be given a poorly written paragraph about a fictional executive and asked to fix up the spelling and grammar.

Psychological and personality tests are murkier; it is more difficult to show a direct link between the results and job performance. On one side, you have got a test that probes your inspirations and fears, your tastes and personal demons. On the other side, the test's goal is to reveal how well you can handle plain work assignments. Here is an example of the disconnect. The following is a true-or-false question that Rent-A-Center placed on one of its employee application tests: "I have no difficulty starting or holding my bowel movement".

Carrigan, M (2007) 'Pre-employment testing — Prediction of employee success and legal issues,' *Journal of Business & Economics Research 5*, no. 8 (August): 35 – 44.

Well, it is hard to see the link between bathroom performance and the ability to rent washer and drier sets. Rent-A-Center wouldn't be asking, though, if they did not think the link was there. And they could be right; there may be some connection. One of the firmest sources of belief in the link between personality profile and job performance is the very interesting Minnesota Multiphasic Personality Inventory (MMPI). That specific test is the origin of the bathroom question. Other true-or-false choices on the long test include the following:

- I am very attracted to members of my own sex.
- Evil spirits possess me sometimes.

Now, the MMPI is a real test with a long and noble history. One of the things it tries to do is establish *correspondences*. That is, if we take a group of successful executives at Rent-A-Center and we discover that they nearly universally have trouble in the bathroom, then it may make sense to look for people who suffer this discomfort when looking to recruit future company leaders. As for the why question — as in *why is there a link between bathroom habits and success?* — that does not matter for a correspondence test; all that matters is that some link is there. And if it is, then you know where to look when you are hiring.

Theoretically, correspondence testing makes sense. Still, it is hard to know how *applicants* are going to react to questions about sexual attraction and evil spirits. Obviously, some are going to find the whole thing too weird and not turn in responses that actually match their profile. As for applicants and employees of Rent-A-Center, they filed a lawsuit in the case of *Karraker v. Rent-A-Center, 2005.*

Inescapably, correspondence-type personality tests are vulnerable to lawsuits because they are explicitly based on the premise that no one knows *why* the results indicate who is more and less suitable for a post. The administrators only know — or at least they think they know — that the correspondence is there. It is not obvious, however, like it is with a simple skill test, so it makes sense to imagine that some are going to doubt that the test is valid; they are going to doubt that it really shows who is more and less qualified for a job.

So the problems with psychological tests include validity failure and lawsuits. Problems with constancy and normalisation could also be developed. Added to that, there are invasion of privacy questions that are going to get raised whenever you start asking perspective employees about their bathroom habits and bedroom wishes.

On the other hand, it needs to keep being emphasised that the tests do happen, and that is not a coincidence. At the Universal Studios Hollywood theme park, recruiter Nathan Giles reports that the tests he administers — with true-or-false questions including "It's maddening when the court lets guilty criminals go free" — actually do produce valuable results. They correlate highly, he says, with personal interviews: if you do well on the test, you are going to do well face to face. And though the application and interpretation of these tests are expensive, in the long run they are cheaper than interviewing everyone. Finally, if that is true, then don't managers have a responsibility to use the tests no matter how heated the protests?

Ariana Eunjung Cha (2005) 'Employers relying on personality tests to screen applicants,' *Washington Post,* 27 March http://www.washingtonpost.com/wp-dyn/articles/A4010-2005Mar26.html (Accessed 24 May 2011).

Lie detectors in the Hollywood sense of wires hooked up to the fingers for yes-or-no interrogations are illegal except in highly sensitive and limited cases, usually having to do with money (bank guards) and drugs (pharmaceutical distribution). Written honesty tests are legal. Generally, the questions populating these exams resemble those found on psychological tests, and deciphering the results again works through correlation. Obviously, the test cannot work directly since both honest and dishonest

people will answer "yes" to the question "are you honest?" Here are some typical questions that do get asked:

- I could help friends steal from my company.
- I'm not an honest person and might steal.
- I return quarters I find on the street to the police station.

Medical tests are generally only considered appropriate when the specific job is labour intensive. As always, there is a difference between testing and prying, and it is your responsibility as a manager to limit the questioning to specifically work-related information. Questions about past physical problems are generally considered off limits as are future problems that may be indicated by family health history. A simple example of an appropriate medical test would be a vision examination for a truck driver.

When Michael Phelps — the thick-grinned Olympic swimming hero — got photographed pulling on a bong, he immediately failed the drug test with one of his employers: Kellogg's breakfast cereal. He wouldn't be hired again, the company explained, because smoking pot "is not consistent" with the company's image.

The National Organization for Reform of Marijuana Laws rushed to disagree, insisting that the problem's not that the drugs are bad; it's the law that's outdated and wrongheaded. They were supported, NORML claims, by the *Washington Post* and *Wall Street Journal.*

Armentano, P (2009) 'The Kellogg company drops Michael Phelps, the cannabis community drops Kellogg's,' *NORML* (blog), 6 February http://blog.norml.org/2009/02/06/the-kellogg-company-drops-michael-phelps-the-cannabis-community-drops-kelloggs (Accessed 24 May 2011).

However that might be, it seems difficult to object to Kellogg's argument. The *reason* they hire Michael Phelps in the first place is to brand their product with the image of beaming, young health, not zoning out in front of the TV eating Doritos. Whether it is legal or not, pot smoking is going to clash with the job description.

But what if he had n ot been caught by someone with a camera? Would Kellogg's have the right to demand a drug test before signing Phelps up as a representative? It depends where you are. Because there is no broad federal law on the subject, the rules change depending on your state, even your city. If you are looking for a job and you share a pastime with Michael Phelps, you may be in trouble in Alaska where any employer can test any applicant at any moment. In Arizona, on the other hand, you have to get written warning beforehand, which might allow for some cleanup. And if you are applying for a government job in Berkeley, California, you can party on because a local ordinance prohibits testing.

American Civil Liberties Union (2011) 'Testing chart,' *aclu.org* http://www.aclu.org/FilesPDFs/testing_chart.pdf (Accessed 24 May 2011).

Looking at the Berkeley law allows a sense of the central ethical conflict. On one side, the employers', the obvious and strong argument is that drug use negatively affects work performance, so evaluating job prospects in terms of their future productivity implies, it almost *requires*, making sure they are not distracted or disoriented by drug habits. In contrast, the Berkeley ordinance persuasively states that mandatory drug testing fails two distinct tests:

1. It assumes guilt instead of innocence.

2. It invades the individual's privacy.

Deciding about drug tests seems to come down to deciding whose legitimate rights deserve higher billing: the employer's or the employee's.

In 1971 the US Supreme Court banned intelligence quotient (IQ) testing except in very limited circumstances after finding that the tests disparately affected racial minorities. Further, serious IQ tests (as opposed to seven-question Internet quizzes) are extremely expensive to apply, so even if it were legal, few employers would use the test with any frequency.

Conclusion

Tests applied by employers to job applicants include those probing skills, psychological profile, honesty, medical condition, and drug use.

Interviewing

In 1998 the Indianapolis Colts had a very good problem. Holders of the top pick in the National Football League draft, they had to choose between two exceptional players: two that everyone agreed radiated Super Bowl talent. Both were quarterbacks. Peyton Manning had a better sense of the field and smoother control of the ball; Ryan Leaf had a larger frame and more arm strength. Which would make the better employee? The call was so close that the team with the *second* choice, the San Diego Chargers, did not care much who the Colts selected; they would be happy with either one.

The Colts did not have the luxury of letting the choice be made for them, and as draft day approached they studied film of the players' college games, poured over statistics, measured their size, speed, and how sharply and accurately they threw the ball. Everything. But they could not make a decision.

So they decided to interview both candidates. The key question came from Colts coach Jim Mora. He asked the young men, "What's the *first thing you'll do if drafted by the Colts?"* Leaf said he would cash his signing bonus and hit Vegas with a bunch of buddies. Manning responded that he would meet with the rest of the Colts'

offense and start going over the playbook. Mora saw in Manning a mature football player ready for the challenges of the sport at its highest level. In Leaf he saw an unpredictable kid.

More than a decade later, Peyton Manning heads into another season as starting quarterback. Having won the Super Bowl, set countless team and NFL passing records, and assured himself a spot in the NFL Hall of Fame, you can understand that the Colts are happy with their selection.

Ryan Leaf has recently been indicted on burglary and drug charges in Texas. He got the news while in Canada at a rehab clinic. As for football, after a rocky first few seasons, his performance collapsed entirely. He has not been on a field in years.

Interviews matter. Grades, recommendation letters, past successes, and failures on the job — all those numbers and facts carry weight. But for most hiring decisions, nothing replaces the sense you get of a candidate face to face; it is the most human part of the process.

Because it is so human, it is also one of the most ethically treacherous. Two factors usually weigh heavily in deciding which questions should and should not be asked:

1. Fairness.

2. Pertinence.

Fair questioning means asking similar questions to all applicants for a post. If the position is entry level, many candidates will be young, inexperienced, and probably easily flustered. That is normal. So there is nothing necessarily wrong with trying to knock applicants off rhythm with a surprise or trick question. The problem comes when one candidate gets pressed while another gets softballs.

What do tough questions look like? One answer comes from Google. There are always blog entries circulating the Internet from applicants talking about the latest weird questions asked by that successful and unpredictable company:

- How many golf balls can fit in a school bus?

- You are shrunk to the height of a nickel and your mass is proportionally reduced so as to maintain your original density. You are then thrown into an empty glass blender. The blades will start moving in 60 seconds. What do you do?

- How much should you charge to wash all the windows in Seattle?

- Every man in a village of 100 married couples has cheated on his wife. Every wife in the village instantly knows when a man other than her husband has cheated, but does not know when her own husband has. The village has a law that does not allow for adultery. Any wife who can prove that her husband is unfaithful must kill him that very day. The women of the village would never

disobey this law. One day, the queen of the village visits and announces that at least one husband has been unfaithful. What happens?

- Explain a database in three sentences to your eight-year-old nephew.

Kaplan, M (2007) 'Want a job at Google? Try these brainteasers first,' *CNNMoney.com,* 30 August http://money.cnn.com/2007/08/29/technology/brain_teasers.biz2/index.htm (Accessed 24 May 2011).

We are a long way from "why do you want to work at Google?" and even further from "what was your biggest accomplishment or failure in your last job?" Those are softballs; anyone going into Google for an interview is going to have prepared answers to those. It is like reading from a script. But looking at the hard questions Google actually poses, there is no script, and you can see how things could go south quickly. You cannot figure out about golf balls and school buses, and you start to get nervous. Next, the blender question seems odd and threatening, and it is all downhill from there. Some interviews just do not go well and that is it. As an applicant, you probably do not have too much to complain about as long as the next guy gets the same treatment. But if the next guy gets the softballs, the fairness test is getting failed. As a manager, you can go hard or soft, but you cannot change up.

On the question of pertinent interview questions, the Google queries seem, on the face, to be troublesome. Is there any job that requires employees to escape from a blender? No. But there *are* many jobs that require employees to solve unfamiliar problems calmly, reasonably, and creatively. On that ground, the Google questions seem perfectly justifiable as long as it is assumed that the posts being filled require those skills. By confronting prospective employees with unexpected problems demanding creative solutions, they are, very possibly, rehearsing future job performance.

When the Colts were interviewing Peyton Manning and Ryan Leaf, something similar happened at the key moment. At first glance, it seems like the question about the first thing each player would do after draft day would not reveal much about all the other days to come. But the guys probably were not prepared for the question, and so they had to reveal how they would face a rapidly shifting reality that they had no experience in dealing with, a reality just like the one they would face the day after the draft when they would go from being college students on campus to wealthy adults in the big world. *That* makes the question pertinent. And that explains why the answers that came back were telling. They distinguished a great hire from one of the sports world's monumental bungles.

On the other side, what kinds of questions reveal employees' personalities but not their job skills? Interview consultants typically warn managers to avoid asking about these subjects:

- Sex life.
- Opinions about homosexuality.

- Beliefs about contraception.
- Personal finances.
- Religious faith.
- Political affiliations.

Except in special circumstances (a job is with a church, a political party, or similar), these kinds of questions fall under the category of privacy invasion.

Finally, there are legal red lines to respect. While managers should ensure that applicants are old enough to work and so can confirm that people are, say, eighteen or older, it is discriminatory in the legal sense to hire one person instead of another because of an age difference. This means asking "how old are you?" is an off-limits question. It is also illegal to ask about citizenship, though you can ask whether applicants are legally authorised to work in the United States. It is illegal to ask about disabilities, except as they relate directly to the job. It is illegal to ask about past drug and alcohol use, though you may ask applicants whether they are now alcoholics or drug addicts.

The interviewer's fundamental responsibility is to choose the best applicant for the job while giving everyone a fair shot. Being fair is not difficult; all you need to do is just ask everyone the standard questions: Why do you want to work for our company? What are your strengths? How do you work with others? Do you stay cool under pressure? The problem here, though, is that it is easy to get gamed. It is too easy for applicants to say, "I love your company, I'm a team player, and I never get mad." Since everyone knows the questions and answers, there is a risk that everything will be fake. And that makes identifying the best applicant nearly impossible.

One response to this is to junk the standard questions and come up with surprising and (seemingly) crazy questions like they do at Google. Another strategy is a different kind of interview. A situational or behavioural interview asks candidates to show how they work instead of talking about it.

Here is how it goes. Instead of asking an applicant, "Do you stay cool under pressure?" (the correct response is "yes"), the question gets sharpened this way:

You know how jobs are when you need to deal with the general public: you are always going to get the lady who had too much coffee, the guy who did not sleep last night and he comes in angry and ends up getting madder and madder…at *you*. Tell me about a time when something like this actually happened to you. What happened? How did you deal with it?

It is harder to fake this. Try it yourself, try inventing a story. Unless you are a real good liar, you are going to hear the slipperiness in your own voice, the uncertainty and stammering that goes with making things up. Probably, most people who get hit with situational questions are going to opt for the easiest route, which is tell the truth and see how it goes. So the advantage to this kind of interview is that it helps

sort out qualified candidates by giving an unvarnished look at how they confront problems. On the other side, however, there's also a disadvantage here, one coming from the fairness side. If candidate A has spent years at the counter of Hertz and candidates B through G have all been working in the Hertz back office, of course the counter person is going to do better.

Activity 3.1

1. Why might an employer opt for nepotism when hiring?
2. What is an advantage of a mass public job announcement?
3. Why might an applicant pool be screened for use of social media?
4. List the three requirements for a fair and legitimate job-applicant test.
5. How do psychological and personality tests work through correspondence?

Wages

Two salary issues facing managers

Two salary issues facing managers are wage confidentiality and the use of wages as a work incentive. Starting with wage confidentiality, in the private sector it is frequently difficult to discover what an organisation's workers are paid. Because of freedom of information laws, many salaries in government operations and contracting are available for public viewing, but in the private sector, there are no laws requiring disclosure except in very specific circumstances.

The main ethical reason for keeping wage information concealed is the right to privacy: agreements struck between specific workers and their company is personal matters and will likely stay that way. Still, ethical arguments can be mounted in favour of general disclosure. One reason is to defend against managerial abuse. In a law firm, two paralegals may have similar experience, responsibilities, and abilities. But Jane is single and living in a downtown apartment while John has just purchased a home where his wife is living and caring for their newborn. Any boss worth his salt is going to see that Jane's got no local commitments and, who knows, she may just up and decide to spend a few months traveling, and then make a run at living in some different city. Maybe she likes skiing and a few years in Denver do not sound bad. John, on the other hand, is tied down; he cannot just walk away from his job. He can always get a new one, of course, but if money is tight and a recession is on, there is an incentive to raise Jane's salary to keep her and not worry so much about John who probably will not be going anywhere anyway. That seems to be taking

unfair advantage of John's personal situation, and it also seems like paying someone for something beyond the quality of the work they actually do. But if no one knows what anyone else is making, the boss may well get away with it.

Stronger, the boss may actually have an *obligation* to try to get away with it given his responsibility to help the company maximise its success.

Another argument against confidentiality is the general stand in favour of transparency, and in this case, it is transparency as a way of guaranteeing that ethical standards of equality are being met. Since the signing of the Equal Pay Act in 1963, the ideal of "equal pay for equal work" has become a central business ethics imperative in the United States. But it is hard to know whether the equality is really happening when no one knows how much anyone else is making.

Of course, workers *do* frequently know how much other people are getting. In an extreme case, if you are labouring in a union shop, it is probable that your wage scale will be set identically to those of your companions. Even if you are not unionised, though, people still talk at the water cooler. The result is, in practice, that some wage transparency is achieved in most places. From there, arguments can be mounted for the expansion of that transparency, but in most cases, the weight of privacy concerns will carry the day.

Another wage issue concerns its use to provide a work incentive. Many sales positions have the incentive explicitly built in as the employees receive a percentage of the revenue they generate. (That is why salespeople at some department stores stick so close after helping you choose a pair of pants; they want to be sure *they* get credit for the sale at checkout.) In other jobs, generating a motivation to work well is not tremendously important. The late-night checkout guy at 7-Eleven is not going to get you out of the store with cigarettes and a liter of Coke any faster just because his salary has been hiked a dollar an hour. Between the two extremes, however, there are significant questions.

Probably, the main issue involving the use of wages as a carrot in the workplace involves clarity. It is quite common, of course, for managers to promise an employee or a team of workers a pay hike if they win a certain account or meet productivity goals. Inevitably, the moment of the promise is warm and fuzzy — everyone is looking forward to getting something they want, and no one wants to sour things by overbearingly demanding specifics. The problems come afterward, though, if the terms of the agreement have been misunderstood and it begins to look like there is an attempt to worm out of a promised salary increase. It is management's responsibility as the proposers of the accord to be sure the terms are clearly stated and grasped all around:

- What, exactly, needs to be accomplished?
- How much, exactly, is the wage hike?

The mirror image of promised wage hikes to encourage improved worker performance is the bonus paid at year's end to employees marking a job well done. In a letter to the editor of the Greensboro *News-Record* in North Carolina, a teacher cuts to the central ethical problem of the bonus: on the basis of what do some employees receive one while others do not? Some teachers, the writer states,

> "at schools with high 'at-risk' populations and students coming from homes where education is just not valued, work themselves into a tizzy every year, but because of the clientele they serve, will never see that bonus money. Inversely, schools with middle-class clienteles have teachers who work hard, but also others who merely go through the motions but usually can count on that bonus because their students come from homes that think education matters. Where is the justice in this?"

Toth, B (2008) 'Entire state ABC bonus system unfair,' *News-Record.com,* Letters to the Editor, 19 August http://blog.news-record.com/opinion/letters/archives/2008/08/ (Accessed 24 May 2011).

It is not clear where the justice is, but there is no doubt that bonuses are not serving their purpose. The problem here is not a lack of clarity. No one disputes that the rules for assigning a bonus are clear. The problem is that the rules do not seem to account for divergent working conditions and challenges.

The important point, finally, is that even though a bonus is extra money outside the basic salary structure, that does not mean it escapes the question, "Where's the justice in this?," coming with every decision about who gets how much.

Activity 3.2

1. Why might a company want to maintain wage confidentiality?

2. What is an example of a payment bonus becoming disconnected from work performance?

Promoting employees

The drinking strategy

If you want a promotion, does going out for drinks with the crew from work help the cause? Here is a blog post; it is about two uncles — one who goes drinking with the crew and one who does not — and you will see why the answer might be yes:

> Look at my uncles, they both work for Ford and one has been in his position for 10-plus years and still doesn't have a company car, while my other uncle has a company car, increase salary, paid training. Even though he comes home to my auntie blinded drunk in the end it's all worth it if you want to be noticed.

Maya (2006) 'Alcohol: Income booster?,' *Monster* (blog), 20 September http://monster.typepad.com/monsterblog/2006/09/alcohol_ income_.html (Accessed 24 May 2011).

Get hammered to get promoted! Too good to be true? Probably. But not entirely, the Reason Foundation commissioned a report on the question of whether drinkers earn more money than non-drinkers.

Peters, B L and Stringham, E (2006) 'No booze? You may lose,' *Reason Foundation*, 1 September http://reason.org/news/show/127594.html (Accessed 24 May 2011).

The title "No Booze? You May Lose" pretty much tells what the study concluded about the link between social drinking with workmates and promotions. A few things should be noted, though. Drinking does not mean coming home blind drunk every night; it just means taking down alcohol in some amount. And the payoff is not huge, but it *is* respectable: about 10 percent pay advantage goes to the wet bunch compared to those workers who stay dry. The really interesting result, though, is that guys who *drink in bars* at least once a month get another 7 percent pay advantage on top of the 10 percent. The bad news for drinking women is that for them, going to the bars does not seem to help.

So there are two findings. First, just drinking is better than not drinking for your wallet. Second, at least for men, drinking socially at bars is even better. One of the study's authors, Edward Stringham, an economics professor at San José State University, comments on the second result: "Social drinking builds social capital. Social drinkers are networking, building relationships, and adding contacts to their Blackberries that result in bigger paychecks."

Peters, B L and Stringham, E (2006) 'No booze? You may lose,' *Reason Foundation*, 1 September http://reason.org/news/show/127594.html (Accessed 24 May 2011).

Now, going back to the blog comment about the drunken uncle, is this not more or less what the blogger sees too? Here are the next lines from the entry:

> No senior management wants to promote a boring old fart. They want outgoing people, in and outside of work. They want social people. If you can display your social abilities to them, it means that you want more than the 9am to 5pm, thank God, time to go home. They want people who enjoy working with the company and the people who they work for.

Maya (2006) 'Alcohol: Income booster?,' *Monster* (blog), 20 September http://monster.typepad.com/monsterblog/2006/09/alcohol_ income_.html (Accessed 24 May 2011).

That sounds reasonable, and it may explain why there is some serious scientific evidence that partying with the workmates does, in fact, lead to promotions in the company.

The link between lifting a glass and moving up may be solid, but is it *right*? From the worker's side, there is not a lot you can do about the situation so you may want to leave some Thursday and Friday evenings available for happy hour regardless of whether you think that is the way promotions ought to be arranged. From management side, however, there is a stark issue here. When you sit down to look at two candidates in your company for one promotion, do you have a right to consider how well they mix after hours? Do you have a *duty* or *responsibility* to consider it? There are two issues:

1. Should you consider a worker's party aptitude?

2. If you do, how should you manage it?

The reasons for not considering party ability are many. Two stand out. First, workers are being paid for what they do from nine to five. That is the job. If you are going to start considering other things, then why stop at parties? You could give the promotion to the better player on the company softball team, or the one who has got curlier hair, or whatever. Second, workers may not have an equal opportunity to party. The guy who lives closer to work and is not married obviously holds an advantage over the guy who has diabetes when gin and tonics become job qualifications.

On the other hand, when workmates gather after work to drink, what do they talk about? Well, work. That is why people say a new advertising campaign or a fresh product idea got scratched onto a napkin. It is not a metaphor. Further, the ability to labour together with others — teamwork — that is a real job qualification, and it is reasonable to suppose that people who get along well drinking will carry the

camaraderie over to the next morning's breakfast meeting (where coffee and tea are served). This explains why companies including Deloitte Consulting encourage and even to some extent *pressure* employees to socialise outside the office.

Deloitte Consulting: WetFeet Insider Guide (San Francisco: WetFeet) http://www.wellesley.edu/Activities/homepage/consultingclub/wetfeet%20-%20deloitte_consulting.pdf (Accessed 24 May 2011).

Finally, it is a hard call — there are reasonable arguments to be made on both sides. It is also difficult to be absolutely certain how the party qualification should be managed *if* it is included in the performance evaluation. On one hand, a strong case can be made for transparency and openness, for simply stating that after-hours socialising is, in fact, a part of the job. To *not* inform workers, the argument goes, that hanging out is a job requirement is really a form of lying: it is dishonest because the default understanding typical employees are going to have is that what counts in determining the quality of work is the work, period. Whether the assigned task got outlined in a cubicle or on a bar stool is irrelevant. Therefore, any manager who secretly totes up the social aptitude of the workers is not being honest about the way workers are graded. It is the equivalent of a college teacher assigning grades partially based on class participation without listing that in the syllabus.

On the other hand, all teachers know that listing class participation as part of a student's grade can lead to brown nosing, and there is a similar threat in the workplace: if employees are told to party, then at least a few are going to tag along for drinks even when they really do not want to go and end up souring the evening for everyone. If you as a manager believe in honesty above all, then you may accept that cost. On the other hand, if your vision of corporate responsibility dovetails more closely with profit maximisation, you may be able to build an ethical case around the idea that in the name of evaluating employees as perfectly as possible some elements of that evaluation may have to remain close to the vest.

Three considerations for promotion: Work performance, seniority, projected work performance

When managing a promotion, there are three fundamental considerations; **work performance** is the most obvious. The person most deserving to step up to a higher level of responsibility is the one who has best managed current responsibilities. This may be measured by accounts won, contributions to a larger group, or some other work-related factor, but the key is that the measured performance be related with the job.

The problem comes in determining exactly what that word *related* means. When read narrowly, it means that the employee who looks best on paper — the one who's written the best reports, achieved the highest sales, won the most cases — will be the most deserving. When read broadly, however, the range of considerations can expand dramatically to include contributions having to do with personality, chemistry, and other characteristics tangential to nine-to-five tasks. This is where questions about

going out for drinks after work start to gain traction and importance. Finally, it is not clear that after-hours socialising should be considered part of work performance, but the fact that it *can* be included shows how broad this category is.

The second consideration when weighing a promotion is **seniority**. Seniority is preference for promotion granted to the person who's been with the company the longest. A *strong* or *pure* seniority system simply reduces the choice to comparisons of time with the firm: the promotion goes to the longest-serving employee. There is a taste of fairness here since no one will be overlooked for a job because of a personal conflict with the boss, or because he does not smile enough at work, or because her skirt is too short or his necktie too absurd or whatever. More, there is an inherent tranquility in the fact that all employees know exactly where they stand. The connected problem, obviously, is that good work is not directly rewarded. This explains why the seniority system seems especially suited to production line jobs or any kind of labor where experience is more important than analytic skills, high-level training, or creativity. If it is true that experience is what matters on a job, then a seniority system should produce promotions that more or less dovetail with expertise and the ability to do a good job.

A weak seniority system considers time with the company as a positive element, but only as one component in evaluating candidates for a promotion. The advantage of this kind of system is the encouraging of worker loyalty. The retention of good workers is nearly the highest human resources priority of any company, and rewarding seniority plus performance gives good workers a reason to stick around. Equally important, it helps retain good, loyal workers without forcing the company to promote old-timers who have never really learnt to get the job done well.

The third promotion consideration is **projected performance**, which evaluates candidates in terms of what they will be able to do in the future. A tool used by companies to groom young people for future leadership roles, the escalation normally goes to highly qualified individuals currently working at a level beneath their ability. For example, a health insurance company may hire a college graduate with a strong premed profile and hope to keep that person out of medical school by pulling her up the career ladder at a crisp rate. She simply does not have the experience, however (no one does), to just *start* near the top. In order for her to play a leadership role in the future, she does need to be familiar with how the company works at every level, including the lowest. That means spending some time on the front lines, say, manning telephones, answering questions from (frequently frustrated or angry) customers. Of course it is difficult to really stand out in this kind of work, so if she is going to move up, it is going to have to be because she is expected to stand out at something more demanding later on.

Other employees are going to be tempted to resent the rapid ascension since many of them have done just as well at the same job for a longer time. Within the narrow view of performance evaluation (your job performance equals how well you do the work) their resentment is justified. The rule of equal treatment is being severely broken. But if you are in management, you have a responsibility to the company (and to shareholders if the company is public) to be successful. And you need to face the

problem that highly educated and qualified young people have options. Arguably, retaining them is a higher priority — not just financially but also ethically — than keeping more replaceable talent content.

Activity 3.3

1. Why might someone's social skills be considered a factor in receiving a promotion?

2. What are some advantages and disadvantages of seniority promotion?

3. Why might a promotion be based on projected performance?

Firing

Optimal level firing

A study funded by the CATO Institute and titled "The Federal Government Should Increase Firing Rate" concludes this way: "The rate of 'involuntary separations' is only about one-fourth as high in the federal government as in the private sector. No doubt private-sector firing is *below optimal* as well since firms are under threat of expensive wrongful discharge lawsuits."

Edwards, C and DeHaven, T (2002) 'Federal government should increase firing rate,' Cato Institute, *Tax and Budget*, no. 10 (November) http://www.cato.org/pubs/tbb/tbb-0211-10.pdf (Accessed 24 May 2011).

There is, in other words, an *optimal level* for firing, and in both the public and private sectors it is not being met. People are not being fired enough.

The strictly economic question here is, "What is the optimal firing level?" No matter the answer, there is an ethical implication for the workplace: firing workers is a positive skill. For managers to perform well — for them to serve the interest of their enterprise by maximising workplace performance — the skills of discharging employees must be honed and applied just like those of hiring and promoting.

On the ethical front, these are the basic questions:

- When *can* an employee be fired?
- When *should* an employee be fired?
- How should an employee be fired once the decision's been made?

- What steps can management take to support workers in a world where firing is inevitable?

When can an employee be fired?

In the world of for-profit companies, most work contracts offer at-will employment. Within this scheme, a clause is written into the contract offering employment only as long as the employer desires. Stated more aggressively, managers may discharge an employee whenever they wish and for whatever reason. Here is a standard version of the contractual language:

> This is an "At Will" employment agreement. Nothing in Employer's policies, actions, or this document shall be construed to alter the "At Will" nature of Employee's status with Employer, and Employee understands that Employer may terminate his/her employment at any time for any reason or for no reason, provided it is not terminated in violation of state or federal law.

The legal parameters for firing seem clear.

Things blur, however, once reality hits. As the Cato study authors note, simply the fear of a possible lawsuit does impinge to some extent on the freedom to fire, especially when the discharged worker fits into a **protected group**. This means *older workers, foreigners, or disabled workers may protest that no matter what reasons are given for termination* — assuming some are given — the *real* reason is their age, nationality, or disability. Further, gender protection may be claimed by women fired from largely male companies and vice versa.

Another round of blurring occurs on the state level where *legislation sometimes adds specific employee protections,* and so curtails employers' rights. In Minnesota, for example, firing may not be based on a worker's participation in union activities or the performance of jury duty.

These varied and frequently changing legal protections are the reason managers are typically instructed to keep detailed records of employee performance. If those can be produced to show a pattern of incompetence or simply inadequate results, they can justify a dismissal before a judge, if it ever comes to that.

Even though legal complexities mean managers are well advised to be careful about firing workers, and it is prudent to be sure that there are directly work-related reasons for the dismissal, none of that changes the fact that at-will hiring gives wide latitude to the company, and fired workers are typically left with few good avenues of protest. One way to see how tilted the table is toward the employer and away from the employee is to compare the American at-will firing system with the European model, where a *reasonable cause for termination must be demonstrated.* In the United States, employers may more or less fire anyone for any reason, and the burden of showing the termination was illegal or unfair falls entirely on the worker. In Europe, by contrast, the legal burden falls largely on the employer. Instead of the worker having to show the firing was wrong, now the company has to show

the firing was right. This is a big deal. It is like the difference between innocent until proven guilty and guilty until proven innocent. Just because firing means the company holds the burden of proof: it must demonstrate that the worker was not holding up his or her end of the employment contract. That is a lot harder to do than just producing some work evaluations to buttress the claim that she was not fired because she is Jewish or he was not let go because he is Asian. As opposed to the European reality, the conclusion is, employees in the United States hired at will have few recourses against a company that wants them out.

Finally, it is worth noting that elements of just cause law have been working their way into the American legal system in recent years.

When should an employee be fired?

Because the legal footing is usually more or less solid for American managers, the real hard questions about terminating employees are not legal ones about what cannot be done but ethical ones about what should be done.

Sometimes firing is unavoidable. Economic slowdowns frequently bring furloughs and terminations. When the company's books turn red, and after all the easy cost cutting has been done, people need to be cut. Who? There are three broad philosophies:

1. Inverted seniority.
2. Workload.
3. Recovery preparation.

Inverted seniority

Occurs when the last worker hired is the first released. This works especially well for assembly-line-type labor where one worker can replace another easily. As long as replacement is possible, dismissing the most recently hired allows clear and impersonal rules to make downsizing orderly.

Workload firings

This type of firing focus the pain of job cuts on that part of the company suffering most directly from a falloff in business. An office furniture supply company may find its line of hospital products unaffected by an economic downturn (people keep getting sick even if they do not have a job) so layoffs are taken from other divisions. This may mean losing workers with higher seniority or better job performance, but it minimises cash-flow disruption.

Recovery preparation

This type takes the long view on an economic slowdown: firings and layoffs are executed not so much to compensate for the present downturn but to sharpen the company for success when the economy bounces back. Staying with the office furniture supply company, the owner may see better long-term opportunities for profits in the nonhospital units, so the downsizing may occur across the board. The idea is to keep those slow-moving units at least minimally prepared to meet new demand when it eventually comes.

Sometimes economic slowdowns do not reflect a problem with the larger economy, they are the result of fundamental changes in the market, frequently brought on by technological advance. For example, the popularisation of digital photography has shrunk the market for old fashioned film. Seeing this coming, what can a company like Kodak do? They are probably going to let workers from the old film side go to create room for new hires in the digital division. This is potentially unfair to terminated workers because they may be doing exemplary work. Still, it would be unfair — and financially disastrous — to the company as a whole to not change with the times.

Rank and yank is a management philosophy promoted by former General Electric Company CEO Jack Welch. Every year, he counsels, the entire workforce should be ranked and the bottom 10 percent ("There's no way to sugarcoat this," he says) should be fired to make room for new employees who may be able to perform at a higher level. Here, the responsibility to the company is being weighed far heavier than the one to the employee because, theoretically at least, those in the bottom 10 percent may be doing fine on the job — fulfilling their responsibilities adequately — it is just that others out there who could be hired to replace them may do it better. In the hope they will, workers who have done nothing wrong are sacrificed.

Murray, A (undated) 'Should I rank my employees?,' *Wall Street Journal* http://guides.wsj.com/management/recruiting-hiring-and-firing/should-i- rank-my-employees (Accessed 24 May 2011).

There are two main criticisms of this practice. First, it is a *betrayal of employees who are fulfilling their contractual obligations* (they are just not over performing as well as others). Second, it is *counterproductive* because it lowers morale by drowning workers in the fear that even though they are doing what is being asked, they may end up in that dreaded bottom 10 percent.

Employee misbehaviour is the least controversial reason to fire a worker. Here, the ethics are relatively clear. Employees are not being mistreated when they are dismissed because it is their own actions that lead to their end. Standard definitions of misbehaviour include:

- Rudeness toward clients or customers.
- Drinking or drugs on the job.

- Theft of company property or using company property for personal business.
- Frequent and unexplained absences from work.
- Entering false information on records.
- Gross insubordination.
- Fighting or other physical aggression.
- Harassment of others (sexual, sexual orientation, religious, racial, and similar).

How should an employee be fired once the decision has been made?

At the Friday all-staff meeting the office manager stands up to announce, "The good news is the following people have not been fired!" He reads a list of seventeen names. There are nineteen people at the meeting.

That is from a (perhaps unemployed) comic's stand-up routine. Unfortunately, people have written into the CNNMoney.com with real stories that are not so far removed:

- An employee received news of her firing in a curt letter delivered to her home by FedEx.
- A man tells of being halted at the building door by security and being humiliatingly sent away.
- People report that they arrived at their office to find the lock changed and their stuff thrown in a box sitting on the floor.

'Worst ways to get fired," *CNNMoney.com* 6 September 2006 http://money.cnn.com/blogs/yourturn/2006/09/worst-ways-to-get-fired.html (Accessed 24 May 2011).

All these are inhumane firings in the sense that no flesh and blood person took the trouble to present the bad news.

It is easy to understand why inhumane firings occur: not many people enjoy sitting down with someone and telling them they are out. So it is tempting to yield to cowardice. Instead of facing the worker you have fired, just drop a note, change the lock, talk to security. On the ethical level, however, firing an employee is no different from working with an employee: as a manager, you must balance your duties to the company and the worker.

How can the manager's duty to the organisation be satisfied when terminating a worker?

1. First, to the extent possible, *the fired person should leave with a positive impression of the organisation.* That means treating the employee with respect. No mailed notices of termination, no embarrassing lockouts, just a direct, eye-to-eye explanation are probably the most reliable rule of thumb.

2. Second, *the terminated employee should not be allowed to disrupt the continued work of those who remain.* If deemed necessary, security personnel should be present to ensure the ex-worker leaves the premises promptly. Also, if the worker is involved in larger projects, a time for severance should be found when their contribution is minimal so that other members of the team will be able to carry on near normally. (It may be recommendable to arrange the termination to coincide with the finishing of a larger project so that everyone may start fresh with the new, substitute employee.)

3. Third, *the financial costs of the termination should be minimised.* This means having clear reasons for the termination and documents (pertaining to worker performance or behaviour) supporting the reasons to guard against lawsuits. Also, there should be clear understandings and prompt payment of wages for work done, as well as reimbursements for travel expenses and the full satisfaction of all monetary obligations to the employee. This will allow the human resources department to close the file.

With duties to the company covered, how can the manager's duty to the employee be satisfied? Consultants — both legal and ethical — typically share some bullet-point answers.

First, the *employee should be addressed honestly and directly* with a clear explanation for termination. Speak firmly, the advice is; do not waver or provide any kind of false hope. Further, the termination should not come as a total surprise. Previous and clear indications should have been given concerning employee performance along with specific directions as to what areas require improvement. Many companies institute a structure of written warnings that clearly explain what the employee's job is and why their work is not meeting expectations.

Second, getting fired is embarrassing, and steps should be taken to *minimise the humiliation*. The employee should be the first to know about the discharge. Also, the severance should occur in a private meeting, not in view of other workers. To the extent possible, the employee should have an opportunity to say good-bye to workmates or, if this is the preference, to leave discreetly. For this reason, a meeting late in the day may be chosen as the appropriate time for notice to be given.

Third, to the extent possible and within the boundaries of the truth, an offer should be extended to *provide a recommendation for another job.*

Fourth, make sure the *employee gets all the money coming for work done,* without having to jump through hoops.

What steps can management take to support workers in a world where firing is inevitable?

One response to the inescapable reality that firing happens is preemptive; it is to reduce the moral uncertainty and hardship before they arise. Two strategies serve this purpose: actions can be implemented to minimise the occasions when firing will be necessary, and steps can be taken to reduce the severity of the firing experience for employees when it happens.

In her book *Men and Women of the Corporation*, Rosabeth Moss Kanter generates a list of measures that corporations use to diminish firings, and reduce the professional impact for those who are let go. Here is an abbreviated selection of her recommendations, along with a few additions:

- Recruit for the potential to increase competence, not simply for narrow skills to fill today's slots.
- Rotate assignments: allow workers to expand their competence.
- Retrain employees instead of firing them.
- Offer learning opportunities and seminars in work-related fields.
- Subsidise employee trips to work-related conferences and meetings.
- Provide educational sabbaticals for employees who want to return to school.
- Encourage independence and entrepreneurship: turn every employee into a self-guided professional.
- Keep employees informed of management decisions concerning the direction of the company: What units are more and less profitable? Which ones will grow? Which may shrink?
- Ensure that pensions and benefits are portable.

List adapted from Kanter, R M (1993) *Men and Women of the Corporation,* New York: Basic Books, 330–31.

Activity 3.4

1. What is the difference between at-will and just cause firing?

2. How might fundamental changes in the marketplace require a company to fire workers?

3. What is *rank* and *yank*?

4. What are some steps organisations can take to protect their workers from the effects of discharge if firing becomes necessary?

Summary

In publicising a job opening, a tension exists between limiting the job announcement to ensure that applicants are appropriate, and widely publicising the announcement to ensure that applicants include highly qualified individuals. However, decisions about how broadly to publicise a job opening can be implemented through nepotism, internal public job announcements, and mass public job announcements.

Screening job applicants makes the hiring process more efficient but raises ethical concerns. Common screening techniques involve BFOQs, educational requirements, high-risk lifestyles, criminal record, and an applicant's social media history. Testing allows applicants' suitability for a post to be measured but raises ethical concerns. Common tests include skill tests, psychological and personality tests, honesty tests, medical tests, and drug tests.

Wage confidentiality pits the right to privacy against the desire for, and benefits of, transparency. Wages and bonuses are used to provide a work incentive, but problems arise when the pay increments do not obviously align well with promises or with job performance.

Work performance is defined in diverse ways, and managers may have a right to consider after-hours activities as part of that definition. Three common criteria for awarding promotions are seniority, work performance, and projected performance. Each contains specific ethical tensions.

The act of firing a worker requires managers to weigh responsibilities to the organisation and to the ex-employee. At-will firing grants employers broad legal latitude to discharge employees, but it does not erase ethical concerns. Justifiable worker firings include cases where workers bear none, some, or all of the blame for the discharge. Steps can be taken to limit the need for, and effects of, employee discharge.

Self-test 3.1

1. Imagine a job and then an interview question for applicants that would not be pertinent and one that would be pertinent.

2. When managers fire employees, what duties do they hold to the organisation, and what are the duties to the dismissed worker?

Suggested answers to activities

Feedback

Activity 3.1

1. Employers opt for nepotism when hiring probably because:

   - Familiar with the person.
   - The person may be familiar with the field / industry.
   - The risk is minimum because of family relationships.
   - Do not wish to let the family / relatives down.
   - Family members works harder for the elder family member.

2. To be able to get the most applications as possible in the shortest time

3. Over the past few years, social networking sites have become the most popular destinations on the Internet for almost everyone in or close to Generation Y. These websites enable users to share their lives with the world. This includes showing pictures, hobbies, personality, etc., for anyone who finds their profile to see. If you are using these websites to screen candidates, the real question that is raised is, "How much information is too much?" A recent trend shows that employers are starting to use social networking sites to find out information about their potential candidates. According to a CareerBuilder.com survey, 12% of 1,150 hiring managers said they have used social networking sites to screen potential candidates. Of this 12%, 63% said they did not hire a person based on their profiles. Social networking sites can prove to be a great resource for pre-screening candidates for a position. We will certainly find a wealth of information about a person and formulate our opinion about them before we even meet. However, heed the warning: do not become reliant on these websites for the screening process. The face-to-face interview remains the best way to learn if a potential candidate qualifies for the open position.

4. Three requirements for a fair and legitimate job-applicant test are:

   - Valid. Test must measure the abilities connected to the specific job being filled.

   - Normalised. Test must be fair in the sense that results are adjusted for the circumstances of the testing session.

   - Constant. The results any test taker achieves over time should be similar.

5. Correspondence-type personality tests are vulnerable to lawsuits because they are explicitly based on the premise that no one knows why the results indicate who is more and less suitable for a post. The administrators only know — or at least they think they know — that the correspondence is there.

   The problems with psychological tests include validity failure and lawsuits. Problems with constancy and normalisation could also be developed. Added to that, there are invasion of privacy questions that are going to get raised whenever one start asking perspective employees concerning their bathroom habits and bedroom wishes.

Activity 3.2

1. The main ethical reason for keeping wage information concealed is the right to privacy: agreements struck between specific workers and their companies are personal matters and will likely stay that way. Still, ethical arguments can be mounted in favour of general disclosure. One reason is to defend against managerial abuse. Another argument against confidentiality is the general stand in favour of transparency, and in this case, it is transparency as a way of guaranteeing that ethical standards of equality are being met.

2. An example of bonus payment that is disconnected from work performance is the 13th month contractual bonus. An employee will just have to go through the motions and will be paid the 13th month bonus. There is no doubt that these type of bonuses aren't serving its purpose. As such, bonuses nowadays are based on Key Performance Indicators (KPIs).

Activity 3.3

1. Partying with the workmates does, in fact, lead to promotions in the company. This is because workmates who gathers after work for drinks usually ends up discussing about work and at times, a fresh idea may be conceived from it. Secondly, by gathering together, it demonstrates the ability to work together with others, i.e., teamwork. Another reason is that after office hours socialising opens up transparency and openness with the employee.

2. Seniority is preference for promotion granted to the person who has been with the company the longest.

   Advantages of seniority promotions:

   - Employees get to experience many jobs on the way up the promotional ladder, provided that they stay long enough and openings develop. Jobs can be grouped into different ladders such that experience on one job constitutes good training for the next.

   - Cooperation between workers is generally not hindered by competition for subjectively determined promotions.

   - Workers need not seek to gain favour with supervisors (through non-productive means) to obtain advancement. If, for example, a supervisor's direction violates the interests

or policy of the ranch, employees would have less fear of reprisal for not following it.

- Encourages workers' loyalty.

Disadvantages of seniority promotions:

- Some employees may not be able or want to do certain jobs into which a strict seniority system would propel them. (Not all tractor drivers would make good foremen, or would like to be foremen.) Employees should be able to opt not to accept an opportunity for promotion.

- Ambitious workers may not be willing to "wait their turn" for higher-level jobs that they want.

- Employee motivation to work as well as possible is not reinforced.

- Employers would tend to hire over skilled people at entry level, so they have the capacity for promotion.

3. Projected performance evaluates the candidates in terms of what they will be able to do in the future. It is a tool used by companies to groom young people for future leadership roles, the escalation normally goes to highly qualified individuals currently working at a level beneath their ability. For example financial institutions hire highly qualified individuals from reputable universities to undergo the bank's two years internship programme to groom them into future leaders of the institution. Usually after the interns have completed their training programme, they will be immediately promoted to assistant managers or managers to the financial institution.

Activity 3.4

1. "At will" employment means that a clause is written on the employment contract offering employment to the employee only as long as the employer desires. In other words, an employer can discharge the employee whenever they wish and for whatever reason.

   Just because firing means the company holds the burden of proof: the company must demonstrate that the worker was not fulfilling his / her duties within the employment contract.

2. Fundamental changes in the marketplace such as economic slowdowns and downsizing due to cost cutting may require a company to fire their workers.

3. Rank and Yank is a term used to describe a process by which a company ranks its employees against each other, and terminates the employment of the people at the lowest end of the ranking (that is the yank).

   The term is associated to the former CEO Jack Welch General Electric (GE). The purported purpose of rank and yank is that by firing the worst performers, and replacing them, the company will end up with a better workforce.

4. Steps organsations can take to protect workers from the effects of discharge should dismissal becomes necessary:-

   - Recruit for the potential to increase competence, not simply for narrow skills to fill today's slots.
   - Rotate assignments: allow workers to expand their competence.
   - Retrain employees instead of firing them.
   - Offer learning opportunities and seminars in work-related fields.
   - Subsidise employee trips to work-related conferences and meetings.
   - Provide educational sabbaticals for employees who want to return to school.
   - Encourage independence and entrepreneurship: turn every employee into a self-guided professional.
   - Keep employees informed of management decisions concerning the direction of the company: What units are more and less profitable? Which ones will grow? Which may shrink?
   - Ensure that pensions and benefits are portable.

3.2 Deciding On a Corporate Culture and Making It Work

Objectives

By the end of this section, you should be able to:

1. Define the concept of corporate culture and distinguish specific organisational culture.
2. Consider ways that a culture may be instilled in an organisation.
3. Consider responses to an ethically questionable organisational culture.
4. Define compliance and measuring it in the business world.
5. Compare the different kinds of businesses and organisations that lend themselves to distinct cultures and guiding values.
6. Examine specific aspects of an organisational culture may be founded on ethical theory.
7. Define the concept of a leadership style.
8. Discuss the values underlying specific leadership styles.

Introduction

Corporate culture refers to the shared values, attitudes, standards, and beliefs that characterise members of an organisation and define its nature. Corporate culture is rooted in an organisation's goals, strategies, structure, and approaches to employees, customers, investors, and the greater community. As such, it is an essential component in any business' ultimate success or failure.

Corporate culture by definition affects a firm's operations. It is also, by definition, something that flows from management downward and outward. In many corporations, the "culture" was set very early on by the charismatic activity and leadership of a founder. But as major tendencies become deeply institutionalised, corporate culture also becomes an institutional habit that newcomers acquire. In actual practice "reinventing" the corporation from the top down, therefore, is difficult to achieve, takes time, and happens only under strong leadership.

There are a number of different approaches, or "styles" to leadership and management that are based on different assumptions and theories. The style that individuals use

will be based on a combination of their beliefs, values and preferences, as well as the organisational culture and norms which will encourage some styles and discourage others.

What is corporate culture?

I'm a Mac, and I'm a PC

"I'm a Mac, and I'm a PC" is the first line from a set of advertisements produced for Apple."'Get a Mac' Collection," YouTube video, 9:39, posted by "Aploosh," February 26, 2007, http://www.youtube.com/watch?v=siSHJfPWxs8.

Two guys stand in front of a white screen, a step or two apart. The one pretending to be an Apple Macintosh computer looks a lot like you would expect the typical Apple computer user to look: casual, young, and cool; he is not stressed but certainly alert and thoughtful. He has not had a haircut in a while, but the situation is not out of control. He speaks up for himself without being aggressive. His t-shirt is clean, his jeans reliable, and his tennis shoes stylish. The PC, on the other hand, cannot relax in a polyester suit that is a half size too small, especially for his inflated waistline. Bulky glasses slide down his greasy nose. Short, parted hair glues to his head. He is clean, shaven, and very earnest. In one of the commercials, the PC man talks about the things he does well: calculation, spreadsheets, pie charts. The Mac responds that he feels more comfortable helping users make their own movies and organise their music collections.

Underneath these ads there are two very different corporate cultures, two very different *kinds* of companies making two very different products even though both sell their machines in the store's computer section. Now, because this is advertising and it is paid for by Apple, we should take the claims being made with a grain of salt. And, obviously, Apple did not air these spots because they wanted to exhibit their corporate culture. They wanted to sell computers (and hammer the competition in the process). None of that, however, changes the fact that the commercials do a good job of displaying what a difference between corporate cultures looks like. It looks like these two guys. They are both capable and dedicated, but everything about each of them makes the other one squirm; it is hard to imagine they could work well together because their habits and comportments — everything from how they dress to the way the talk — is so completely different.

The same can be said about workplaces. It is easy to imagine a kind of office where PC fits nicely. People there would wear ties and skirts. They would be punctual. Their days and working styles would be regimented and predictable. Employees would have their own cubicle offices, and anyone proposing an "informal Friday" break from the dress code would be looked on with suspicion. By contrast, Mac would function well in an open, warehouse-like space with a bike rack out front. Flextime would be common — that is, people arriving earlier or later in the morning depending on their preference and on the circumstances of their lives (whether they have children, when they can avoid rush-hour traffic). Regardless of when they show up, they take responsibility for making sure they log a full workday. The attire would be casual

and diverse. Maybe the boss wears jeans. Some people would probably be annoying others with their loud music, but everyone would force smiles and be tolerant.

One of the reasons the Apple ad works well is that it resists the temptation to simply say Apple is superior. Yes, PC is dorky and Apple is cool, but Apple does admit that PC really is better at analytic-type activities like producing clean spreadsheets. The same mixed findings apply to corporate culture. At the PC office, the clothes are not nearly as comfortable as the ones you find at the Mac place, but at least there are not any guys wearing jeans that fall a little too low over their back end. And the flextime scheduling at Apple may make for a happier workforce, but only until it happens that a project suddenly arises and needs to be executed immediately, and one of the key participants has flex-timed and already left for the day. The other team members are left, that means, to do his share of the work. What about the bike racks outside? Everyone agrees that it is great that the Mac people are peddling to work, but only until a morning thunderstorm pops up and no one can make it to the office. The point is there are advantages and drawbacks to every corporate culture. It is hard to say that one is better than another (just like Macs work for some people while others prefer PCs), but it's certainly true that there are different value systems beneath the distinct cultures.

Anyone who has a management role in any organisation will be expected to have a grip on what values guide the enterprise and how they reflect in the day-to-day life of people on the job. Further, some managers — and all entrepreneurs — will not only need to apply guiding values; they will have to select and create them.

Definitions of corporate culture

Corporate culture is easier to get intuitively than put into words. Because you cannot touch it, measure it, or take its picture (even though you can show two people in an advertisement that obviously *belong* to different corporate cultures), it is not surprising that there is no consensus definition attached to the term. Here are three attempts to put the idea in words. A **corporate culture** is:

- *"the shared beliefs top managers have in a company about how they should manage themselves and other employees, and how they should conduct their business"*; "Can this Man Save Labor?" *BusinessWeek,* September 24, 2004, 84.

- *"the pattern of shared values and beliefs that gives members of an institution meaning and provides them with rules for behavior in their organization"*;Robert Kuttner, "Labor and Management—Will They Ever Wise-Up?" *BusinessWeek,* May 9, 1994, 16.

- *"a general constellation of beliefs, mores, customs, value systems and behavioral norms, and ways of doing business that are unique to each corporation, that set a pattern for corporate activities and actions, and that describe the implicit and emer*gent patterns of behavior and emotions characterising life in the organization."

Head, S (2004) 'Inside the Leviathan,' *New York Review of Books,* 16 December, 88.
There are common threads to these cited definitions and some points that may be added:

- *Corporate culture is shared;* it is not like a regulation or a code that is imposed from some specific place outside the organisation. The culture may begin that way, but once installed, it belongs to all those participating in the workplace.

- *Corporate culture provides guidance.* It is not a potted plant to be looked at; corporate culture tells an employee that the Daffy Duck necktie is too far out there and should be left in the closet. The pumpkin necktie, however, is acceptable as long as we are coming up on Halloween. Analogously, though more significantly, it tells a salesman whether it is acceptable to flagrantly lie to a customer, to stretch the truth a little, or only to play it straight.

- *Corporate culture provides meaning in the organisation;* it tells members why they are there. At Goldman Sachs, the bottom line really is the bottom line: people are there to make money. At Greenpeace, by contrast, people arrive in the morning to protect the planet, and while it is true that many receive a paycheck for their efforts, that is not the reason they show up for work.

- *Corporate culture is top heavy;* management carries the heaviest burden. Unlike simple office codes — such as turning in your expense reports within a week of terminating travel — that apply to people more or less uniformly, the burden of understanding and promulgating the organisation's culture falls heavily, though not exclusively, on the leaders.

- *A corporate culture is a constellation of values,* a set of ways of seeing the business world.

- *The constellation of cultural values is dynamic;* everyone involved every day stretches and pushes the organisation's culture.

- *An organisation's culture is organic;* it is born and grows with the organisation. It dies there too.

- *The organisation's culture includes life values,* ones that cross beyond purely business concerns to touch questions including, "Is it alright to date someone from work?" "Can I cry at my desk?" "Will anyone object if I have a shouting match with my wife from the telephone in my cubicle?"

This list is not exhaustive. It does, however, show how thoroughly corporate culture penetrates the workday.

What is my organisation's culture?

Managers' job responsibilities include protecting and promoting their organisation's culture. Fulfilling the responsibility requires determining exactly what culture lives in the workplace. There is no secret decoding mechanism, but there are a number of indicating questions that may be asked. One of the most natural is to brainstorm associated words. For example, imagine visiting two offices, one filled with people who look like the Apple Mac from the commercial, and the other with those who would fit naturally into the office where PCs are bought and used. Just looking at the commercial and jotting words as they flow might lead to lists beginning this way:

- On the Apple side: sloppy, fun, warm, loose, careless, resigned, informal, smart, creative, soft-spoken, controlled, cool, and haughty.

- On the PC side: uptight, formal, reliable, demanding, uncomfortable, determined, perfectionist, detail oriented, disciplined, unconcerned with appearances, and geeky.

These are short, rapidly composed lists, but they are developed enough to observe two profiles of work-life peeking out. You can see that that the Apple office is going to fit closely with values including comfort, innovation, and independence, while the PC office will be more compatible with values including reliability and responsibility. You can count on the PC office to get things done, but if you are looking for something outside the box, you may be better off going the Apple route.

Other questions getting at the heart of an organisation's culture and basic values include these dealing with the workplace time: How many hours are expected at work each week? Is there flextime? Is there telecommuting? Is there a punch clock or some other kind of employee time-in-the-office monitoring? Is it more important that the employee be present or that the work gets done? In some offices it's the former; in others, the latter.

Then there are questions about employee interaction. Is each worker situated in a private room or a more open, common space? Do people tend to compete with each other or is teamwork a higher value? To the extent there's individual competition, how far does it go? Is it a good-natured jousting, or closer to hostile blood sport? Of course different kinds of organisations are going to recommend themselves to one side or the other of the spectrum. For example, a doctor's office, an archeological dig, a construction company are relatively good places to value teamwork. A stock broking office, a pro basketball team, and an actors' studio are spots where you may want to encourage individuals to outdo those around them.

What is the workplace mood? Fun? Somber? Energetic? Modern? Traditional? Many Volkswagen dealerships are remarkable for their huge windows and sunlight; it is a kind of work environment for the sales staff meant to encourage an open, airy feel conducive to car buying. Elevated heating and cooling costs go along with all that glass, however, and different workplaces where money is valued more than ambience may choose to cut operating costs with a drabber space. Going beyond

the architecture, different offices have different moods. It is pretty rare that you see practical jokes or trash-basket basketball games going on at the dentist's office. On the other hand, anyone who's ever operated a call center telephone knows there's a solid chunk of each workday dedicated to high jinks.

Is the workplace personalised? Some office cubicles burst with family snapshots and personal memorabilia. Most assembly lines, on the other hand, are practically devoid of individual touches.

Are employee's workers or people doing work? If the former — if the value the organisation attributes to those receiving paychecks is limited to what they do to earn the check — then few resources will be dedicated to supplemental and benefits. On the other side, a corporate culture valuing its employees as people may provide extra vacation time, health insurance, and retirement plans. Branching out further, you can get an idea of a workplace culture by checking to see if a gym or exercise room is provided. Day care for those with young children is another sign of the corporate culture that values workers as integral people.

Dress codes reflect the organisation's values. Is uniformity or individuality more highly prized? If uniformity is the rule, what kind is it? In some advertising agencies, for example, the people who work in the creative department conceiving the commercials at first appear to be a diverse collection of independent-minded dressers, but get a few together and you will immediately perceive a uniform that is as binding as the most traditional office — it is just that ratty jeans replace slacks and clever t-shirts replace neckties.

Another cultural indicator runs through the employees' leisure time. Where do people hang out? Do they go to football games, the opera, church? Do they spend their weekend mornings on family excursions because they have spouses and children, or are they still in bed, sleeping off the night before? More, is leisure time spent with coworkers? Do employees get together just because they enjoy each other's company? If they do, the social outings are more likely to occur in connection with organisations seeking a harmonious workforce and expending resources to foster camaraderie on the job. They are less likely to occur at organisations where everyone is fiercely competing with everyone else, as sometimes happens, for example, at stockbrokerages.

Healthy community interaction is a value emphasised in some corporate cultures. Everyone has seen the "adopt a highway" signs indicating that a local firm or group has taken responsibility for keeping a stretch of highway litter-free. The professional sports leagues have traditionally asked players to dedicate some season and off-season time to community outreach. Other kinds of organisations, by contrast, may not even have a local community. Telecommuting and cloud computing mean employees can easily form a functioning organisation with members living in different states, even different countries.

Social cause activism is another marker of corporate culture. The shoemaker TOMS Shoes fights rural poverty in developing nations by donating shoes. Other companies focus entirely on doing well in the for-profit marketplace.

Political action may (or may not) infuse a corporate culture. Many companies steer clear of overt or even hints of political partisanship for fear of alienating one or the other half of the electorate. This is especially true for larger enterprises spread across the entire country, drawing consumers from liberal corners of San Francisco, conservative bastions of north Dallas, and the libertarian towns of New Hampshire. Local businesses, however, especially those catering to relatively homogenous communities, may find no downside to flipping the switch on political activism and breeding partisanship as a guiding value. The company Manhattan Mini Storage provides (obviously) storage for household items in Manhattan. Their big competition comes from warehouses in New Jersey. The Manhattan Mini Storage billboard ads read, "If You Store Your Things in New Jersey, They May Come Back Republican." This appeal may work pretty well in central New York City, but it will not seem very funny most other places.

Like politics, religious belief and doctrine are rarely set at the center of the largest corporations, but smaller outfits operating in a narrow social context may well embody a particular faith.

Conclusion

Taken together, these categories of values begin shaping the particular culture defining an organisation:

1. Dress code.
2. Leisure time.
3. Healthy community interaction.
4. Social cause activism.
5. Political action.

How is organisational culture instilled?

A specific culture may be instilled in an organisation through a set of published rules for employees to follow or by the example of leaders and employees already working inside the organisation.

Instilling a culture through established rules typically means publishing an organisational code governing behaviour, expectations, and attitudes. The multinational firm Henkel — the company that invented laundry detergent and today produces many cleaning and health products sold under different brand names around the world — has published this kind of code. It is quite long, but here is an edited section:

Shared values form the foundation of our behaviour and our actions throughout Henkel. Every single person plays a key role here. It is the sum of our actions that makes Henkel what it is — a lively corporate culture in which change is embraced as opportunity and everyone is committed to continuous improvement.

Our values

1. We are customer driven.
2. We develop superior brands and technologies.
3. We aspire to excellence in quality.
4. We strive for innovation.
5. We embrace change.
6. We are successful because of our people.
7. We are committed to shareholder value.
8. We are dedicated to sustainability and corporate social responsibility.
9. We communicate openly and actively.
10. We preserve the tradition of an open family company.

Henkel North America (2008) *Vision and Values,* Düsseldorf, Germany: Henkel AG & Co. http://businessethicsworkshop.com/Chapter_9/images/HenkelNorthAmerica_Vision_and_Values.pdf (Accessed 24 May 2011).

This statement sounds good in general. The stubborn problem, however, with trying to capture a corporate culture with a string of dictates and definitions parallels the ones constantly faced in ethics when trying to make decisions by adhering to pre-established rules and duties: frequently, the specific situation is far more complicated than the written code's clear application. So, in the case of Henkel, we learn that they *embrace change*, but does that mean employees can change the dress code by showing up for work in their pajamas? Does it mean managers should rank and yank: should they constantly fire the lowest-performing workers and replace them with fresh, young talent in order to keep turnover going in the office? There is no way to answer those questions by just looking at the code. And that creates the threat of an at least perceived cultural dissonance within the organi sation — that is, a sense that what actually happens on the ground does not jibe with the lofty principles supposedly controlling things from above.

Social conditioning

The second form of instilling a culture does not work through rules but through social conditioning; it is not about written codes so much as the cues provided by the customs of the workplace, by the way people speak and act in the organisation. New employees, in other words, do not read handbooks but look around, listen, and try to fit in.

In his book *Business Ethics,* O. C. Ferrell lists some of the social ways a culture infiltrates the organisation. Selecting a few of those and adding others yields this list:

1. *The founder's ethical legacy to the organisation may contribute to its living culture.* Walmart's founder Sam Walton was a legend in austerity; he industriously minimised costs so in-store prices could be lowered correspondingly. This is a continuing aspect of Walmart's cultural legacy, though it can be controversial on other fronts. Some complain that Walmart is in essence encouraging third world sweatshop labor by ruthlessly granting contracts to lowest-cost providers.

2. *Stories and myths embedded in daily conversations may indicate culturally appropriate conduct.* Warren Buffett, leader of the Berkshire Hathaway investment group is a kind of Yogi Berra of the finance world, a highly skilled professional with a knack for encapsulating pieces of wisdom. Here is a paraphrase of one of Buffett's thoughts, "I'm rich because I've always sold too early and bought too late." Conservative investing, the lesson is, yields value for shareholders. It is also a high ethical value within the corporate culture he tries to nurture.

3. *Heroes or stars in the organisation may consistently communicate a common message about the organisation's guiding values.* There is a difference between lists of values written up in a handbook and a group of leaders who together consistently talk about guiding values and live by them.

4. *The dress, speech, and physical work setting may be arranged to cohere with the organisation's values.* The United Nations threw a wrench into its own efforts to reduce global carbon emissions by scheduling its thirteenth annual global warming meeting in Bali. The weather was nice there, but since most participants came from the United States and Europe, it became difficult not to notice that the values of the organisation's handbook (control of carbon emissions) did not jibe with the values of the organisation's members (burn tons of jet fuel to work in a place with sunny beaches). On the other hand, the UN Foundation — which advocates reduced greenhouse gas emissions and similar — recently moved into an environmentally friendly building with cubicles formed from a biodegradable product and many similar, environmentally friendly features. "UN Foundation Green Building," YouTube video, 2:23, posted by "unfoundation," February 14, 2008 http://www.youtube.com/watch?v=15_MdcSUlSY (Accessed 25 May 2011).

5. *An organisational culture may reinforce itself through self-selective processes.* A self-selective process is one where individuals effectively select themselves into a group as opposed to being chosen by others. Hiring presents a good example. Presumably, when an organisation hires new employees, certain filters are constructed to reduce the applicant pool to those most likely to succeed. The process becomes self-selective, however, when job interviews are conducted as they are at Google. There, perspective employees are faced with bizarre questions that have nothing to do with the typical "Why do you want to work at Google?" and "Why would you excel at this job?" Instead, they get the following:

   a. You have five pirates, ranked from five to one in descending order. The top pirate has the right to propose how a hundred gold coins should be divided among them. But the others get to vote on his plan, and if fewer than half agree with him, he gets killed. How should he allocate the gold in order to maximise his share but live to enjoy it? (Hint: One pirate ends up with 98 percent of the gold.)

   b. A man pushed his car to a hotel and lost his fortune. What happened?

   c. Explain the significance of "dead beef."

In response, some applicants will dive into the challenges excitedly, while others will find the whole process really weird and prefer not to be caught within a mile of a place where job interviewers ask such bizarre questions. In the end, those who enjoy and want to continue with the job application process are precisely those who will fit in at Google. Perspectives, that means, select themselves.

Conclusion

Two ways a corporate culture may be instilled and nurtured in a workplace are a list of codes to be followed and a set of social techniques that subtly ensure those sharing a workspace also share values corresponding with the organisation.

Activity 3.5

1. List five aspects of a corporate or organisational culture.

2. Describe two workplace decisions that may be determined by a corporate culture.

3. What are five ways that an organisation may attempt to instill a culture through social conditioning?

The relation between organisational culture and knowing the right thing to do

Dishonesty in the Fish Market

A frequently recurring business ethics question involves dishonesty: when, if ever, is it alright to lie, to stretch the truth, to not tell the whole truth? A simple scene of deceit goes like this: A fish dealer sells both expensive salmon caught in the wild and relatively cheap farmed salmon. Occasionally, he switches the farmed for the wild — a change that is very difficult to detect through appearance or taste, even by expert chefs — and pockets the difference. Randy Hartnell is a fish dealer in New York who suspected that a lot of that kind of dishonest fish switching was going on among his competitors. He investigated and published an Internet report. As he tells it, he visited the famed Fulton Fish Market in lower Manhattan and found some dealers openly admitting that the fish they were selling as wild had actually come from a farm.

Hartnell, R (2005) 'N.Y. Times calls wild salmon a gamble for consumers,' *VitalChoices* 2, no. 25 (22 April) http://www.imakenews.com/vitalchoiceseafood/e_article000389904.cfm (Accessed 25 May 2011).

This led the *New York Times* to do a follow-up story. Using sophisticated chemical tests, the Times confirmed that, yes, at six of eight places sampled, fish being sold as wild for about thirty dollars per pound was actually farmed salmon, which typically sells for about ten dollars a pound.

In the six bad cases, the person who actually made the switch participated in an organisation where one or both of two things were true about the culture:

1. Profit was understood as being more important than honesty.

2. Honesty was presumably important, but recalcitrant workers paid little attention and sacrificed the truth to make a buck.

These are two very different situations, and they lead to distinct discussions: One has to do with choices being made about what specific culture to instill in an organisation. The other concerns compliance, which, in the business world, measures the distance between what an organisation says it believes and what its members actually do.

An ethically questionable corporate culture

The first situation — one where a fish seller puts profit above honesty because that is just the way things are done in the company — is one which most outside observers would categorise as fundamentally corrupt. Everyone inside the operation knows what is going on — principal and peripheral members are lying to bring in money — and newcomers are meant to pick up on and continue the practice. The organisation itself is dishonest.

What responses are available? First, we need to check whether a serious attempt is being made, or there is a real interest in making a serious attempt, to justify the deceitful actions. If there is not, if management and leaders of a fish-selling business are not interested in ethical debates, there is not much ethical arguments can do about it. For those wishing to change a situation like this, the law (criminal and civil) presents good venues for action. Bad publicity in the *New York Times* might do the trick too.

If, on the other hand, there is an interest on the organisation's part in justifying their actions from an ethical viewpoint, we could ask, "Can institutionalised lying be justified and, if so, how?" Three possible answers run through three distinct ethical theories: duty theory, consequentialist-utilitarian theory, egoism:

1. *Can basic duty theories justify putting profits above honesty?* Probably not. Duty theories affirm that right and wrong is determined by a set of unchanging rules, and they typically include do not steal, do not lie, and similar. Because this kind of ethics starts from the proposition that dishonesty is wrong, it's hard to see a non-frivolous way of justifying the fish seller's deceit.

2. *Can a consequentialist-utilitarian theory justify putting profits above honesty?* Utilitarian theory is oriented by the common welfare. Acts in business — whether it is lying or doing anything else — are defined as acceptable or reproachable depending on whether they end up doing the most good for the most people. Any act, the theory affirms, that ultimately makes more people happier is good.

   In this case, we can imagine an organisation promoting lying as a common operating principal and making the case that the ethical stance is, in fact, good. Every Christmas, department stores deploy heavy men in red suits to proclaim that they live at the North Pole and ride a sleigh pulled by reindeer. The stores promote these fictions — addressed to innocent children, no less — to make money. Almost no one finds that ethically objectionable, however. One reason is that they are implicitly accepting the affirmation that an act making people happier in the end is good, even if it is dishonest. Similarly, the CIA covert operations branch (undercover spying, insofar as it truly exists) fits a utilitarian mold. In this organisation, lying is good because it ultimately serves the American national interest and the basic principles of liberal democracies. Again here, the effects of what is done matters more than what is done. Finally, can this reasoning be applied to the lying fish seller? Maybe. As the *New York Times* story notes, the truth is that even the highest-level chefs and experts have a hard time distinguishing farmed from wild salmon. There is, therefore, a kind of placebo effect for food. If the fake stuff tastes just as good as the real thing, and the only real difference between selling one or the other is that the fish dealer makes out like a bandit, then an argument could be formed that the double-dealing does, in fact, increase happiness (the fish dealer's) without hurting anyone else. Therefore, the dishonesty is ethically justifiable. In practical terms, however, it is difficult to see how this strategy could get too far. Sooner or later someone is going to notice the difference, and as

people begin to feel scammed (and therefore unhappy), the justification for the double-dealing crumbles.

3. *Can an ethical theory of egoism justify putting profits above honesty?* Egoism is a coherent ethical approach to the world that does offer some justification for a deceitful fish trader. On this account, the ethical good for organisations and individuals in the economic world is defined as just whatever serves the organisation's or individual's interest. And switching in the farmed stuff in for the wild is good for the fish sellers. (It is hard to find any other explanation for the fact that, as the *New York Times* discovered, fully 75 percent of the places where fish was sold had some switching going on.) By definition, then, the dealing is ethically justifiable under this theory. Of course, most proponents of egoism in the business world do not stop there. They go on to note that other, honest dealers who are pursuing their interests have a good reason to reveal the fraud. And, as it turns out, that's just what honest dealer Randy Hartnell did, presumably helping his own business in the process.

Conclusion

Organisational cultures that incorporate lying as an acceptable part of day-to-day business do exist. Whether or not these cultures are ethically justifiable depends on the deep theoretical stances people adopt when going into business.

The ethics of compliance

What happens when an organisation's principles are laudable, but they do not get put into practice by the people actually doing the work? What happens, the question is, when an enterprise (say, a fish-selling operation) internally promotes basic values including honesty, but outside in the world where the transactions happen, the lesson is lost and individual sellers are swapping farmed for wild salmon?

In the business world, this is called a breakdown in compliance. Of course there are different reasons for compliance failure, everything from a bad-apple employee to a misunderstanding of directions, but the broadest explanation is simply that key elements of the organisation's guiding philosophy are not getting through to the members. One response to this possibility is a corporate culture ethics audit.

A corporate culture ethics audit attempts to loosely measure how open channels are between the ethical values stationed at the top, and the actual practices down below, and one common way of doing the measuring is with a questionnaire addressed to all an organisation's members. Strings of questions can be answered simply yes/no or on a numerical scale from strongly agree (5) down to strongly disagree (0). These questionnaires can be distributed and the responses coming back summed and compared with previous samples in the same workplace or against results drawn from other workplaces. The goal is to get a sense of where people are at in terms of putting company ideals into practice.

It goes without saying that a simple questionnaire can, at best, provide only a crude picture of what is actually going on inside an organisation. The process must begin somewhere, however, and two attempts at drawing up auditing questionnaires come from O. C. Ferrell's *Business Ethics* and Schaefer, A G Schaefer and Anthony Zaller (undated) *Strategic Modeling: The Ethics Audit for Non-Profit Organizations* http://www.austincc.edu/npo/library/documents/Strategic%20Modelng%20The%20Ethics%20Audit%20for% 20Nonprofit%20Organizations.pdf (Accessed 25 May 2011). Combined, and with additions, subtractions, and modifications, the following corporate ethics audit emerges. (As a quick note, this test could be nuanced by changing the responses from yes or no, to agree or disagree on a one-through-five scale. Some audits also add a section for comments.)

Corporate culture ethics audit

Answer yes or no.

Part 1: Corporate Culture as Defined and Understood throughout the Organisation (In terms of codes, rules, procedures, value systems, open communication, rewards & penalty and consistency)

1. Are codes of ethics and business practices clearly communicated to employees?
2. Are there rules or procedures in company publications that may be consulted?
3. Is there a value system and understanding of what constitutes appropriate behavior within the organisation that is shared by members at all levels of the organisation?
4. Is there open communication going both ways between superiors and subordinates on questions concerning ethics and organisational practices and goals?
5. Have employees ever received advice on how to bring behaviour into closer alignment with the organisation's values and norms?
6. Does the organisation have methods for detecting ethical and behaviuoral concerns?
7. Are there penalties that are publicly discussed for transgressions of the organisation's rules and values?
8. Are there rewards for decisions corresponding with the organisation's culture (even if they don't result in a profit)?
9. Do people at work act in a way that's consistent with what they say are the organization's values?
10. Do employees spend their time working in a cohesive way that is in accord with the organisation's values?
11. Does the organisation clearly and directly represent its activities and goals in its public communications?

Part 2: Corporate Culture as Organic and Encompassing

(In terms of participation in organisational values, employee treatment, leadership decision making, professionalism, day-to-day operational responsibility, conflict management, work expectations, shared beliefs and contribution to the community)

1. Does the company recognise the importance of creating a culture that is concerned about people and their self-development as participants in the organisation's values?

2. Do employees treat each other with a respect, honesty, and fairness that correspond to the organisation's values?

3. Are leadership decisions made with an opportunity for input from all relevant sources?

4. To what extent does leadership, the board of trustees or executive committee, view its responsibility as one to represent the entire organisation?

5. Is leadership positions open to all members (in so far as such openness coincides with the organisation's values)?

6. Does the professional staff provide services to all members in accordance with organisational policy and regardless of board or leadership status?

7. Are employees satisfied that day-to-day responsibilities correspond with what the organisation's culture has led them to expect?

8. Is turnover low?

9. Are emotional outbursts springing from ambiguity about responsibilities within the organisation rare? (I'm in charge here!)

10. Is there an absence of open hostility and severe conflict that goes beyond the internal competition provided for by the organisation's culture?

11. Does the organisation address contract negotiations, work expectations, and compensation levels in a way that corresponds with the organisation's values?

12. Are there shared and commonly held beliefs about how to succeed in the organisation?

13. Are there day-to-day rituals, habits, and practices within the organisation that create direction and prevent confusion on ethical and business matters?

14. Do the dress, speech, and physical work setting prevent an environment of fragmentation or inconsistency about what is right and appropriate for the organisation?

15. Does the organisation's involvement in community activities correspond with the effects of the organisation's day-to-day activities?

In its simplest form — with this audit rendered as a string of yes-or-no questions — the yes answers may be summed with a higher number indicating more compliance within the organisation.

This audit can be applied to the question initiating this section. If we assume a fish seller is misrepresenting farmed salmon as the more expensive wild variety and if we assume that the larger business for which the fish seller works actually does value honesty within its corporate culture, then we should expect to see an audit like this produce a low score. We should expect to see that employees either are not getting the message as to what the corporate culture is, or they are seeing it as just words, not real values supported on a day-to-day basis by the company's leaders.

Activity 3.6

1. In what ways can an ethically questionable organisational culture be challenged by outsiders? In what situations might one way be preferable to another?

2. What is an example of compliance, and an example of failure of compliance, in a fish-selling business that openly values honesty?

3. What does a corporate ethics audit do and how does it do it?

What culture should a leader choose to instill?

Choosing the right organisational culture for me

For those starting a business, the first question about the values and culture of the new workplace is the simplest: *What should they be?* There is no right or wrong answer, but there are different ways that any set of values may be justified.

Diverse fields of work will lend themselves more naturally to one or another organisational style and tone. A fish seller delivering to markets, restaurants, and homes, for example, one entrusted with providing food for others to sell and cook, will need to value punctuality and reliability. This kind of firm must honour its contracts by getting orders delivered to clients when promised and by making sure the quality (at least the quality that consumers perceive) is up to standard. Further, the physical workplace — which stretches from the office where orders are received to trucks delivering goods — will probably function best if the values of fairness, respect, and openness are enforced. The various individuals entrusted with any one account must be able to work together well and produce results individually that the entire group stands behind.

On the other hand, if the small company you are forming happens to be a rock band, then *creativity* (as they say in the business world, the ability to think outside the box) steps forward as a cardinal value. When trying to get a nightclub or bar

to book your group, you may lie about (or "exorbitantly exaggerate") the response your songs have gotten from people who have listened to you in the garage. You may promise that you have got material to present a forty-five-minute show and run out after half an hour. You may not foster mutual respect in the workplace: the lead guitarist may secretly instruct the soundman to reduce the hapless bass player's volume to near zero or the drummer may show up for work blind drunk and flinging expletives. All those failures in reliability and respect will wash away, though, if you have got a new sound and people like hearing it. Fish sellers and rock bands, finally, are different kinds of businesses and the organisational values surrounding them may be similarly divergent.

Even within the same pursuit, even when two corporations are producing comparable products, there is no requirement that their cultures be similar. In fact, that is a central point of the "I'm a Mac, I'm a PC" advertising campaign. The appeal being made in these ads is not that Apple is better because their processors run a gigahertz faster than a PC's or because the screen images are crisper or the battery life is longer. Fundamentally, Apple is making the case that the values — as displayed by the style of clothes the actors wear and their way of standing and speaking — are ones the purchaser may want to participate in. Apple, in essence, turns corporate culture into a selling point.

Refocusing on the problem of determining a set of values for an organisation, there is a two-step process: decide the values, then justify them. One way to proceed is by posing some questions aimed at the core of workplace culture.

What counts as success?

In some organisations (especially nonprofits and political groupings), success gets defined socially. Perhaps it is an effort to eradicate homelessness, or diminish the effects of poverty, or advance a legislative agenda. In this kind of endeavor, one existing to serve the greater good, a utilitarian ethical perspective could be employed to justify the organisation's existence and goals. The *reason* for the organisation's existence fits well with the theory that acts are ethically good if they bring the greatest good to the greatest number.

By contrast, if success for an organisation is economic not social, if it is about me getting rich and not the general welfare, other theoretical foundations may be more recommendable. A culturalist ethics — one that defines moral right and wrong as just what the larger society dictates — might work in this case, at least in the United States where private enterprise and the pursuit of wealth have customarily been regarded as a virtue. Alternatively, a rights-based theory, one that maximises individuals' liberty to pursue their own happiness (as long as the rights of others aren't infringed upon in the process) may work well for those choosing to establish a corporate culture that raises profit as the main goal of the business.

Am I a collectivist or an individualist?

If I believe that people work best when they work together, then I may choose to raise **collectivism** as a central virtue. *Individuals are rated professionally in terms of their workgroup's accomplishments*. This kind of organisation would recognise a single person's accomplishment only when it served the efforts of others and individual rewards like bonuses and similar would be severely limited. By contrast, benefits received by one member like health insurance or a year-end bonus would likely be received by all. In the business world, finally, assembly-line work would be a good candidate for collectivism because any finished product is only as good as the weakest part.

On the other hand, someone starting their own business may believe that individuals do not work best when teaming up with colleagues but when competing against them. In this case, an **individualistic** corporate culture might be established *with workers granted incentives to outperform their colleagues.* Pay and benefits in this kind of organisation would likely be closely linked to performance and success; those who do well for the company would receive a healthy percentage of the revenue they generate. Further, on the other side, employees should not make the mistake of thinking that just because the organisation is doing well, *they are* doing well. They are not, at least not unless they can show how they contribute personally and significantly to the success. Finally, this orientation of values may be constructed by someone starting up a wholesale fish-selling operation, and hiring a sales force to go out and lure restaurants away from their current providers and give the new company a chance.

What do I value more, the means or the ends?

One of the curious aspects of the farmed or wild salmon story is that for many (though definitely not all) consumers, there is really no difference. Their palettes are not sufficiently trained, their cooking expertise insufficiently developed for the distinctions between the two kinds of fish to register inside their mouth. If that is right, if a consumer really cannot distinguish farmed from wild salmon, then is there any harm in selling the farmed variety as wild (at a 200 percent markup)? Some people will answer yes and others no. If you are on the yes side, if the kind of organisation you want to set up will be ruled by what members do more than the results of what has been done, then an ethics based on duties suggests itself as the right way to go. Within this kind of enterprise, the basic ideas of honesty and respect for others will prevail; they will guide the way people act inside the workplace and also the way the business interacts with customers. You can take people at their word inside this business because telling the truth is a basic element of the organisation's culture.

On the other side, if you look at this and say, "well, consumers are just as happy either way, but selling the farmed fish as wild makes me a lot happier because my profit margin jumps," then you will find a more comfortable spot on the consequentialist side of the ethical spectrum. Here, what people do is less important than the outcome. Decisions about whether an act is acceptable or not is answered by looking at the act's consequences and nothing else. In this case — and assuming people really cannot tell the difference between the two fish — the way opens to affirming that

the general welfare really is improved by the sleight of hand. The fish seller is better off, and no one else has grounds for complaining.

This ethical dilemma — one between valuing the sincerity and the ethical protocol of the actual transaction, and one valuing just the end result and consumer satisfaction — plays out in many and diverse organisational environments. There is the fish seller debating selling cheap product that tastes expensive. In 2004 Ashlee Simpson got caught lip-synching on *Saturday Night Live* when the soundtrack kicked in before she opened her mouth and Tom Petty's 2008 Super Bowl halftime performance looked fishy. Does it really matter, though? In Simpson's case, it obviously does because she got caught and it ruined her show, but if everything had fit together right, do you think it is fair for her to pretend she has live and then go to the tape without anyone noticing? Are people who paid money to see her sing getting cheated?

One organisation where this dilemma plays out in quite dramatic terms is police work. It is an old-time policing phrase that more good has been done with the business end of a nightstick than through every courthouse in the land. It is unclear whether that is true, but it gets right to the heart of the question about means or ends. Should a police department be more focused on going by the book, treating all suspects as the written law dictates, or should they be more focused on the ends — that is, punishing criminals and minimising crime in a community? Take a situation where an officer knows a man is guilty of a violent assault but the evidence is not there. Is it acceptable to plant something? As is the case of the fish seller and the stage performer, the basic values — the way the members have learnt to live and act within organisation — will dictate what ultimately happens.

How do I see my employees?

Many small businesses have only one employee: the owner who doubles as the employer. Others, however, require a workforce. If people need to be hired, the question about how they are to be valued cannot be avoided. Are they paid mercenaries? Something closer to extended members of a family? Somewhere in between? One type of business where this question can rise quickly is a franchise. In a franchise operation, a parent company sells the rights to a certain name and kind of product to an individual to start their own branch. Domino's Pizza is a good example. Though there are corporate-owned stores, many of the local Domino's are owned by their managers. These entrepreneurs agree to buy basic material from the mother business — the pizza dough and so on, as well as the signage and participation in advertising campaigns — and in exchange they are allowed to command their own small outpost of the pizza empire. The extent of corporate control over particular franchises varies from one business to another, but since the actual owner is the person there from day-to-day and in charge of hiring and firing, the culture surrounding the place is going to be largely determined by the values the owner installs.

With respect to employees, what are the possibilities? *A libertarian culture comes close to the mercenary system. Under this ethical umbrella, freedom and the individual pursuit of his or her own happiness become guiding values.* Ethical good is defined as that freedom and pursuit, while reprobation is assigned to those acts interfering with others doing the same. In this case, the owner may (though not necessarily)

adapt a somewhat disinterested attitude with respect to employees. A certain job is offered at a certain wage and the applicant is free to accept or decline. Acceptance means nothing more than assuming the responsibilities in exchange for a paycheck. Initiating a Domino's Pizza business, of course, requires hiring many drivers to deliver the product. These aren't great jobs, driving around and knocking on doors with pizzas, but they may work for students and others who need a little income. Neither the employer nor employee expects any loyalty from each other and the relation continues forward just as long as both benefit, nothing more.

Alternatively, a franchise owner may want to welcome employees as integral parts of the business. An ethics of care suits this purpose. Within this theory, good is defined not as freedom or the pursuit of happiness but as the maintenance and fortifying of social networks and relationships. The workplace becomes paternalist (or maternalist) as workers begin seeing themselves participating in an organic unit. In this case, the owner is much less likely to fire workers who foul up (bring pizzas to the wrong address, incorrectly input customer orders into the computer), and probably more likely to share revenue and benefits with workers as much as possible. Drivers are likely to be trained at other tasks (making pizzas and taking orders being the main opportunities) so that they can participate more fully in the enterprise.

The above questions posed and answered are only a beginning, only the first of many steps on the way to defining and implementing a corporate culture. It is also true, however, that in the real world people do not have time to sit down and extensively draw up every detail of their ethical business plan before commencing; every new manager will have to decide for him or herself how far to go on paper before actually beginning to run their operation, whether it is a Domino's Pizza franchise or something else. Many will probably just go ahead with the enterprise and pick up ethical things along the way. This is not necessarily a bad idea: it is hard for anyone to know what they believe until they have experimented a bit. It is worth noting, however, that these kinds of decisions will have to be made at some point. Staying with the Domino's example, every franchise has a few drivers who mess up more than the rest and every manager has to draw a line somewhere to mark the point where the driver is let go. When that happens, a decision about the values of the organisation — the extent to which drivers are more like mercenaries or members of a big business family — will have to be made.

Some further questions that a manager may ask to help sort out the organisational culture of the operation include the following:

- **Who are my consumers?** Are they purely a way for me to make money, or something closer to a social network with a financial element attached?

- **Am I a short or long termer?** Do I see my business as a lifelong project, or is this a quick hit and then I'll move on to something else?

- **Who am I responsible to?** Am I doing this for me, my family, the community, the world?

- **What are the vital ingredients of success?** Does my organisation need to value analysis, competence, reliability, creativity, or something else to thrive?

- **What is my organisation's relation with the law?** Do I want to obey the letter and spirit of the law, just the letter, just the spirit, or do whatever I can get away with?

- **Am I a delegator or a micromanager?** Will I give employees goals and let them find ways to accomplish them, or will I monitor their performance every step of the way?

Conclusion

If you are starting your own business or joining up with friends to put something together, the first ethical questions you are likely to face are those concerning the organisational culture of your enterprise. It is true that you can put decisions off, but for most businesses at some point, there will need to be a coherent response.

Activity 3.7

1. Why might diverse fields of work lend themselves to divergent internal cultures?

2. Picture a business you may want to initiate one day. What are some questions you could ask that might help you get a sense of the kind of culture and values you would erect inside the enterprise?

Styles and values of management

Selecting a leadership persona

A persona of leadership is the image you adopt, the kind of person you decide to be when you stand in front of others as a director. What values will be most important to your particular leadership role, and how will they be transmitted? Psychologist Daniel Goleman has identified the following leadership styles in his book *Primal Leadership*: See Daniel Goleman, *Primal Leadership* (Cambridge: Harvard University, 2002).

1. **Visionary.** This leader guides an organisation's members toward a shared vision. Establishing and communicating that vision become the primary leadership task and subordinates are granted significant leeway to reach the vision.

2. **Coach.** Members of the organisation are challenged to meet specific, relatively accessible goals, and they are closely supervised — and encouraged — as they work.

3. **Affiliative.** This leader fosters social harmony within the organisation and focuses on the human and emotional dynamic of the workplace over immediate work requirements. Nurturing a well-integrated team that works well together is considered the best way to reach the organisation's goals.

4. **Democratic.** These leaders seek active participation from an organisation's members and value consensus in decision making.

5. **Pacesetter.** This leader challenges members of the organisation to work and meet goals by setting a strong example, possibly one that most members will be unable to match.

6. **Commander.** This leader gives clear directions and expects compliance.

Of course there are other ways of leading, and elements of these six models may be mixed in a single person, but taken together this group of strategies represents common ways of fostering specific values in the workplace. Two examples — John Buford and Carol Smith — illustrate how the strategies and values function together.

John Buford

In a short video from the *Washington Post's* continuing "On Leadership" series, the story of John Buford at Gettysburg in 1863 is examined."On Leadership at Gettysburg: 'Find Those Confederate Forces," *Washington Post* video, 4:40, http://www.washingtonpost.com/wp-dyn/content/video/2010/04/21/VI2010042100960.html. Buford, a general in the Federal army leads a small force of cavalrymen on a mission to locate and engage Robert E. Lee's Confederate forces. He finds them near Gettysburg and hatches a plan to arrange the coming battle on terrain that will favour the North. While his small group aligns itself on the high ground and begins battling the vastly superior Confederate force, Buford sends word to the main Federal army of his location and the advantage he's holding. His group is nearly wiped out, but they resist just long enough for Federal reinforcements to flow in and occupy the adventitious ground. Days later, they will win the battle. The South never recovered.

Here are the episode's key aspects according to the *Washington Post*'s Ed Ruggero:

- As a cavalryman, Buford was accustomed to operating far from headquarters and direct oversight. He was empowered to and able to make his own decisions.

- No preconceived plan can account for all contingencies, so all overarching strategies must leave room for leaders on the ground to shift strategies as the situation requires and take rapid action.

- Buford asked for and got significant (life) sacrifices on the part of his soldiers in the name of the greater good and larger cause.

Along with Buford's autonomy and decisiveness, the significant ethical trait leaping out of the organisation he led was the uniform willingness of those working with him to sacrifice for the larger goal. There is, at the heart of this organisation's culture as it was fostered by Buford, a sense of the importance of the collective over the individual. Buford is not the kind of leader who seeks to maximise the individual initiative of the members of his organisation and he does not set his team loose into competition with each other. Instead, he fosters firm camaraderie. Within the six types of leadership personas laid out by Goleman, Buford is, not surprisingly, a **commanding** *leader.*

Coming at this value from a different angle, Buford's can be called transformational leadership. In his book *Business Ethics,* O. C. Ferrell defines this as the ability to transform the members of an organisation into devoted and unselfish advocates of its goals. In a word, it means the ability to inspire.

As the *Washington Post* video underlines, business is not war. Still, lessons in leadership — and the basic values animating one or another model — may be common to the two. So what kind of business might invite this commanding style? One possibility, one place that might do well under this model of leadership is a Domino's Pizza franchise. First, because it is a franchise outfit, because it is an outpost of the central organisation granted wide latitude and independence, the local manager and owner must be able to make decisions independently. There must be an ability to see a way forward and act even without approval from superiors. For example, all Domino's locations share in the benefits of the central corporation's advertising budget, but every individual manager is free to supplement those efforts. A franchisee may decide to send drivers to an apartment complex delivering discount coupons to every door or something similar. What is important is that every neighborhood is different and offers unique opportunities. Success will require a leader who can get a sense of what might work at a particular place without constantly calling into corporation headquarters for guidance.

Further, with respect to the employees, the commanding style of leadership may be suitable when you take into account that most drivers have relatively little experience in the pizza business and are not particularly motivated for the Domino's team. Almost no one signs up to deliver food because they enjoy it or see a bright future in that line of work. Given that reality, a commanding style — leadership that demands employees follow directions carefully and one that values deference to the delivery policy and rules — may work to keep the operation flowing well. More, the values of transformational leadership — devotion to the organisation and the unselfish advocacy of its goals — may function to rally the drivers, to inspire a belief in the cause of the business even if, as is obvious, winning the neighborhood pizza delivery war is far less dramatic and important than Gettysburg.

Carol Smith

Here are a few snippets from a newspaper interview of Carol Smith, a senior vice president and chief brand officer for the Elle Group:

> Q: What is the most important lesson you have learnt about leadership?
> A: The importance of winning over employees as opposed to bossing employees.…I sit in the middle of the table, always. I do not want to sit at the head of the table. I want to be part of the process and part of the decision.
> Q: Let us talk about hiring.
> A: You have got to meet someone three times, and one of them better be over a meal. It is like a little microcosm of life. Throughout a meal, the personality comes out. Are you going to connect with us? Are you going to be part of the team, or are you going to be one of these independent players who want to take all the credit? Are you good with assistants? Those are things you can find out in some subtle ways when you eat with someone.

'No doubts: Women are better managers," *New York Times*, 25 July 2009 http://www.nytimes.com/2009/07/26/business/26corner.html?_r=1&8dpc (Accessed 25 May 2011).

Referring these thoughts back to the list of six leadership personas, Smith reflects skills and practices of at least two distinct leadership styles: **democratic** and affiliative. Her custom of sitting in the middle of the table instead of stationing herself at the head is not an empty gesture, it is part of the way she *broadcasts openness to counter suggestions and input.* Further, this kind of culture — one that values give-and-take and some sense of equality in the decision-making process — is bolstered by the distinction Smith draws between being a boss and being bossy. Being a boss means ultimately making, and taking responsibility for, decisions; being bossy means cowing people into grumbling obedience. It is presenting herself as the former while resisting the latter that Smith believes makes her style work in her particular organisation. Democratic leadership, finally, is not the same as political democracy; there is no indication that Smith decides by taking a vote. But where the two do overlap is in the process preceding decisions: a high value is assigned to an open airing of differences, and to the insistence that all sides be heard and respected.

Smith also participates in an **affiliative** strategy for managing. When she *invites potential new hires to dinner, she is checking to see if they will add to the organisation's social harmony.* Notice that Smith is probing for information about whether the new hire will mix with superiors, equals, and subordinates in the workplace. Every direction of social interaction is important. Of course the idea here is not that no work gets done because so much stress is placed on people getting along, it is the opposite: because emotional integration is highly valued in the office, members of the organisation are likely to work well together in pursuit of the organisation's goals.

One way of summarising Smith's management strategy is that she is a **negotiator,** *always trying to find ways to get people to come together in agreement.* She is not so interested in locking her employees in a march toward her company's goals; instead, she activates their participation and then balances individual efforts to keep everyone on the same page. This quality can be called **transactional leadership**, which means

leadership dedicated to getting the members of an organisation onboard through give-and-take and inclusion. Ferrell, O C, Fraedrich, J and Ferrell, L (2008) *Business Ethics,* 7th edn, Boston: Houghton Mifflin, 134.

Moving into a general business environment, what kind of business might invite the style of leadership Smith promotes? Starting with what can be excluded, a Domino's franchise probably would not work very well. In that business, driver turnover is very high, so she would spend inordinate amounts of time balancing the social dynamic of a workplace that changed personalities on a weekly basis. Also, input from drivers who consider their work to be a McJob and have no experience in the pizza business would be of limited value. It is very possible, in other words, that the values Smith privileges would quickly lead a Domino's Pizza restaurant — or any enterprise depending on a large, high-turnover workforce — into red ink.

Apple Incorporated, on the other hand might be a good fit for Smith. We know from the Apple employee survey that the workplace values tolerance and individualism. Within a social dynamic like that, one where people are free to work (and show up for work) as they wish, the great danger is a collapse of the group effort into individualistic, self-centered projects and agendas. It takes an alchemy of personalities to make sure these different types of people are functioning well together despite their explosively individualistic outlook. The value of social harmony as promoted by an affiliative leadership style, consequently, might be crucial for this kind of workplace. Apple also sounds like a place where democratic-type leadership could bear fruit. One of the great advantages of diversity in the office is a wealth of viewpoints. For the right kind of leader — one valuing and encouraging contributions from every direction — that diversity can be translated into a maximum number of options for action. Of course if the leader is weak, those divergences will result in chaos; the trick is to maintain openness to the input of others without sacrificing authority and surrendering to rampant individualism.

Conclusion

No one style of leadership will work in every situation, and very few individuals will find that they naturally fall into one category or another. But a sense of the range of possibilities, and an ability to understand the different values holding them up, maximises a leader's chances for success.

Activity 3.8

1. What are Goleman's six leadership prototypes?

2. Are there any other leadership prototypes that could be added to Goleman's list? Explain.

Summary

An organisational culture is the set of values defining how and why members live at work. To distinguish an organisational culture requires observing a range of values from the way people dress to the degree of cooperation and competition in the workplace. An organisation's culture may be instilled through codes, rules social cues and pressures.

A corporate culture may be evaluated in ethical terms: it may be justified as ethically respectable or challenged as ethically reproachable. Compliance in the business world means the organisation's members are acting in accord with the organisation's stated policies and values. Compliance is usually measured with a corporate culture ethics audit.

People initiating their own business will need to instill an organisational culture, which depends on the style of leadership and the contingencies of the type of business. A persona of leadership is the role adopted when leading an organisation. Leadership styles are not good or bad in themselves, but some are more or less suited to certain individual personalities and specific kinds of businesses.

Self-test 3.2

1. List some questions you could ask about a workplace that would start to give you a sense of its culture.

2. In your own experience in a job or any organization, what's an example of social conditioning that enforced the place's culture?

3. What is transformational leadership, and can you think of a kind of organisation to which it might be well suited?

4. What is transactional leadership, and can you think of a kind of organisation to which it might be well suited?

Suggested answers to activities

Feedback

Activity 3.5

1. Five aspects of a corporate or organisational culture include:

   - Corporate culture is *shared*; it is not like a regulation or a code that is imposed from some specific place outside the organisation.

   - Corporate culture provides *guidance*. It is not something to be looked at and admired from far.

   - Corporate culture provides *meaning* in the organisation; it tells members why they are there.

   - A corporate culture is a *constellation* of values, a set of ways of seeing the business world. The constellation of cultural values is *dynamic*; everyone involved every day stretches and pushes the organisation's culture.

   - The organisation's culture includes *life values*, ones that cross beyond purely business concerns

2. Two workplace decisions that may be determined by a corporate culture are:

   - The formal office — from wearing proper office clothes, punctuality, regimented and predictable office working styles.

   - The informal office — open office concept such as flexi-time, casual attire, depending on their circumstances and preference. But, also making sure that they complete a full day's work load.

3. Five ways an organisation may attempt to instill a culture through social condition:

   - Through the founder's ethical legacy to the organisation may contribute to its living culture.

   - Through stories and myths embedded in daily conversations may indicate culturally appropriate conduct.

- Through heroes or stars in the organisation may consistently communicate a common message about the organisation's guiding values.

- Through the dressing, speech, and physical work setting may be arranged to cohere with the organisation's values.

- Through reinforcing itself through self-selective processes.

Activity 3.6

1. An ethically questionable organisational culture can be challenged by outsiders in terms of:

   a. if the organisation's profits is being understood as being more important than honesty;

   b. if honesty was presumably important, but defiant workers paid little attention and sacrificed the truth to make a buck.

2. In a fish-selling business, an example of compliance would be to price the fish according to the market value.

   On the other hand, an example of failure to comply would be to inflate the price of the fish as imported price even though the fish is locally bred.

3. A corporate *ethics audit conducted* an outside expert ethics consultant is the best way for an organisation to assess its business culture, its strength and weaknesses, and the company's available resources within itself for regeneration or new growth. Management uses that knowledge to move the company forward.

   It is usually a string of yes-or-no questions with the yes answers may be summed by a higher number indicating more compliance within an organisation.

Activity 3.7

1. Diverse fields of work will naturally lead to divergent internal cultures within an organisation. This is because on one hand a flexible manager might lead a department which exercise flexibility while on the other hand, a rigid manager may lead another department which follows strictly on the organisation's rules and regulations.

2. Questions that one could ask that might help to get a sense of the kind of culture or values that one could erect inside an organisation would be:

   - *Who are my consumers?* Are they purely a way for me to make money, or something closer to a social network with a financial element attached?

   - *Am I a short or long termer?* Do I see my business as a lifelong project, or is this a quick hit and then I'll move on to something else?

   - *Who am I responsible to?* Am I doing this for me, my family, the community, the world?

   - *What are the vital ingredients of success?* Does my organization need to value analysis, competence, reliability, creativity, or something else to thrive?

   - *What is my organisation's relation with the law?* Do I want to obey the letter and spirit of the law, just the letter, just the spirit, or do whatever I can get away with?

   - *Am I a delegator or a micromanager?* Will I give employees goals and let them find ways to accomplish them, or will I monitor their performance every step of the way?

Activity 3.8

1. Goleman's six leadership prototypes:

   - *Visionary.* This leader guides an organisation's members toward a shared vision. Establishing and communicating that vision become the primary leadership task and subordinates are granted significant leeway to reach the vision.

- *Coach.* Members of the organisation are challenged to meet specific, relatively accessible goals, and they are closely supervised — and encouraged — as they work.

- *Affiliative.* This leader fosters social harmony within the organisation and focuses on the human and emotional dynamic of the workplace over immediate work requirements. Nurturing a well-integrated team that works well together is considered the best way to reach the organisation's goals.

- *Democratic.* These leaders seek active participation from an organisation's members and value consensus in decision making.

- *Pacesetter.* This leader challenges members of the organisation to work and meet goals by setting a strong example, possibly one that most members will be unable to match.

- *Commander.* This leader gives clear directions and expects compliance.

2. Two other leadership prototypes could be added to Goleman's list. They are John Buford's transformational leadership, i.e., the ability to transform members of an organisation into devoted and unselfish advocates of its goals and Carol Smith's transactional leadership, i.e., the ability to negotiate strategy which tries to find ways to get as many people as possible to come together in agreement.

3.3 The Tense Office

Objectives

By the end of this section, you should be able to:

1. Define racial discrimination.
2. Distinguish different ways that racial discrimination occurs in the workplace.
3. Consider legal and ethical aspects of racial discrimination in a business environment.
4. Define and examine discrimination in the workplace.
5. Define minority status.
6. Analyse victimisation.
7. Define affirmative action.
8. Discuss the ethics of affirmative action.
9. Elaborate arguments for and against affirmative action.

Introduction

Discrimination and harassment in the workplace can come in many forms, and although such misconduct can sometimes be overt, it can be subtle or even concealed. Employers generally cannot discriminate in their hiring, firing, promotion, or compensation practices on the basis of sex, race, ethnicity, religion, age, or disability unless there is a bona fide occupational qualification, in other words, a quality that someone must possess in order to perform the job well. The employer also has a responsibility to ensure that a person is not victimised, or treated unfavourably, because he or she has made a complaint or supported another person to make a complaint. An affirmative action plan or program is a management tool designed to ensure equal employment opportunity. A central premise underlying affirmative action is that, over time, absent discrimination, a contractor's workforce will generally reflect the gender, racial, and ethnic profile of the labor pools from which the contractor recruits and selects. Affirmative action is one of the most effective tools for redressing the injustices caused by discrimination.

Racial discrimination

The White Running Back

Toby Gerhart is a bruising running back. Coming out of college at six feet and 225 pounds, he was drafted by the Minnesota Vikings football team with their first-round pick in 2010. It was a controversial choice. His playing style is unorthodox: he runs standing almost straight up and doesn't do much faking and cutting. Most NFL runners get low and slip away from tacklers. Gerhart chugs and blows through things.

That's not Gerhart's only distinction. In a league where running backs—almost all of them — are black, he's white. On the days leading to the draft, Gerhart feared his skin color might be expensive. An anonymous quote had been circulating, suggesting that his position in the draft order could fall, bringing his paycheck down along with it: "One longtime NFL scout insisted that Gerhart's skin color will likely prevent him from being drafted in Thursday's first round. 'He'll be a great second-round pickup for somebody, but I guarantee you if he was the exact same guy — but he was black — he'd go in the first round for sure,' the scout said."

Silver, M (2011) 'Race factors into evaluation of Gerhart,' *Yahoo! Sports*, 20 April http://sports.yahoo.com/nfl/news?slug=ms-gerhartstereotype042010 (Accessed 30 May 2011).

As it turned out, the scout was wrong. But the question of race in sports had flared, and the media came to it. One story appeared on an MSNBC-affiliated website called theGrio.com. Writer John Mitchell pointed out that twenty-seven of the NFL's thirty-two general managers (those ultimately responsible for draft-day selections) were white, and so, he asserted, it was "virtually impossible" that racism could work against Gerhart.

Mitchell, J (2010) 'White running back's draft status won't be hamstrung by race,' *TheGrio.com,* 22 April http://www.thegrio.com/opinion/white-running-backs-draft-status-wont-be-hamstrung-by-race.php (Accessed 31 May 2011).

John Mitchell is black. In fact, if you go to *theGrio.com*'s contributor page, you will find that, as a rough estimate, 90 percent of the website's writers are black, a number that is far, far out of proportion with the global percentage of black writers out there. The disproportion, however, would be less surprising for anyone who'd read the description the site presents of itself: "TheGrio.com is devoted to providing African Americans with stories and perspectives that appeal to them but are underrepresented in existing national news outlets. TheGrio features aggregated and original video packages, news articles, and blogs on topics from breaking news, politics, health, business, and entertainment, which concern its niche audience." 'About theGrio,' *TheGrio.com* http://www.thegrio.com/about (Accessed 31 May 2011).

On that same page, surfers are directed to a video story about *theGrio.com* produced by NBC New York, which is a station aimed at the general market, not *theGrio.com*'s niche audience. The story tells of *theGrio.com*'s origin, and in an interview with the website's founder, he remarks that his contributors are very diverse: "We have conservatives, liberals, old folks, young folks, rich folks, poor folks, politicians and plain folks."

'About theGrio,' *TheGrio.com* http://www.thegrio.com/about (Accessed 31 May 2011).

The NBC story also informs us that the idea for creating a site that aggregated news stories involving the black community was taken to NBC executives who agreed to sponsor the website. We do not learn which specific NBC execs received the proposal, but a quick check of the network's directors and programming directors and so on leads to the strong suspicion that most were white.

Questions about racial discrimination are tangled and difficult. Here are a few of the knotted uncertainties arising from the Gerhart episode and its treatment in the press:

1. The story about Toby Gerhart in *theGrio.com* claimed that the white Gerhart could not suffer racial discrimination because the people who would be drafting him (or not) were white. Is that true, is it impossible for whites to be racists against other whites?

2. Overwhelmingly, running backs in the NFL are black. These are painful but very high-paying jobs with long vacations and lots of fringe benefits. Most young guys would be happy with the work, but a certain racial group holds a near monopoly. Is there racism operating here?

3. *TheGrio.com*'s workforce is, according to its founder, very diverse in many ways but completely dominated by a single racial group. Racism?

4. MSNBC, which sponsors *theGrio.com*, currently has a prime-time TV lineup (Joe Scarborough and Mika Brzezinski in the morning and Chris Matthews, Ed Schultz, Rachel Maddow, and Lawrence O'Donnell at night) that's all white. Racism?

What exactly is racial discrimination?

Racial discrimination in the economic world can be defined in three steps:

1. An employment decision — hiring, promoting, demoting, firing, and related actions — affects an employee or applicant adversely or positively.

2. The decision is based on the person's membership in a certain racial group rather than individual ability and accomplishment with respect to work-related tasks.

3. The decision rests on unverified or unreasonable stereotypes or generalisations about members of that racial group.

The first step — someone has to suffer or benefit from the discrimination — is important because without that, without something tangible to point at, you're left making an accusation without evidence.

The second step — discrimination is based on race as opposed to job qualifications — is critical because it separates the kind of racism we typically consider vile from the one we normally accept as reasonable. For example, if actors are being hired to play Toby Gerhart in a biography about his life, and all the finalists for the role are white guys, well, the casting company probably *did* discriminate in terms of race, but this particular discrimination overlaps with qualifications helping the actor play the part. This contrasts with the alleged racial discrimination surrounding the Gerhart draft pick: the suspicion that he could not be very good at running over other people with an oblong leather ball cradled in his arm because his skin is white. If that is a baseless premise, then it follows that within this definition of racism, *theGrio.com*'s claim that Gerhart has no reason to fear unfair discrimination because so many NFL general managers are white is, in fact, wrong. Whites can exhibit racial discrimination against other whites just as blacks can discriminate against blacks and so on.

The difference between discriminating in favour of white males to play Gerhart in a movie and discriminating against white males as running backs is more or less clear. Between the extremes, however, there are a lot of gray areas. What about the case of hiring at theGrio.com? Just looking at the list of contributors, it is hard to avoid wondering whether they are picking people based on skin color as opposed to writing ability. On the other hand, since *theGrio.com* explicitly states that its mission is to tell stories affecting the black community, a case could be made that black writers are more likely to be well qualified since it is more likely that their lives significantly connect with that community. It is not, in other words, that contributors are hired because they are black; it is the fact that they are black that helps them possess the kind of background information that will help them write for *theGrio.com.*

The definition's third step — an employment decision rests on unverified or unreasonable stereotypes or generalisations about members of a racial group — is also important. Staying on *theGrio.com* example, there is a difference between finding that in specific cases contributors well suited to the site also tend to be black, and making the stronger generalisation that whites, Asians, Hispanics, and so on are by nature incapable of understanding and connecting with the realities covered by the web page. This second and generalising claim eliminates the *opportunity* for those others to participate.

1. The first step — an employment decision	That someone has to suffer or benefit from the discrimination.
2. The second step — decision was based on the person's membership in a certain racial group	The discrimination is based on race as opposed to job qualifications.
3. The third step — decision rests on unverified or unreasonable stereotypes or generalisations about members of a racial group	The second and generalising claim eliminates the *opportunity* for those others to participate.

Finally, questions about racial discrimination center on purely racial divisions but overlap with another distinction that can be similar but remains technically different: ethnicity.

Race concerns descent and heredity. It is usually visible in ways including skin, hair, and eye colour. Because it is a biological trait, people cannot change their race. Ethnicity is the cluster of racial, linguistic, and cultural traits that define a person as a member of a larger community. The Hispanic ethnic group, for example, contains multiple races, but is unified by common bonds tracing back to Spanish and Portuguese languages and customs. Though it is not common, one's ethnicity may change. A girl born in Dublin to Irish parents but adopted by an Argentine family living in East Los Angeles may ultimately consider herself Hispanic.

The US Census Bureau divides individuals in terms of race and, with a separate question, ethnicity. It is not unusual, however, for the two categories to be mixed in a business environment. Many organisations place Hispanic on the list of racial options when measuring their workforce's diversity. In the real world, the line between race and ethnicity is blurry.

Locating racism in business

Questions about racism swirl around the Toby Gerhart episode, but it is equally clear that getting a firm grip on which people and institutions involved actually are racist is difficult. Nearly all running backs in the NFL are black, and at least one scout presumes that racial discrimination in favour of that color is an active part of the reason. But there could also be social and cultural reasons for the imbalance. Maybe young black men are more likely to devote themselves to football because they see so many successful role models. Or it may be that players — regardless of their race — come from a certain economic class or geographic part of the country where, in fact, blacks happen to be the majority. More explanations could be added. No one knows for sure which is right.

On the other side, just as it is prudent to be careful when using words like racist and pointing fingers, there is real evidence indicating wide and deep currents of racism in US business life. Generally, there are three evidence types:

1. Experimental.
2. Statistical.
3. Episodic.

One **experimental** indication of racism in hiring comes from economist Marc Bendick. He paired applicants for gender and appearance, loaded them with similar qualifications, and sent them to New York City restaurants in search of waiter jobs. The only notable difference between the two applicants was their race; whites, blacks, Asians, and Hispanics participated. After 181 restaurant visits in which the two applicants appeared within an hour of each other, the results were tabulated.

Because four racial groups were investigated there are a lot of cross-tabs, but the basic finding was simple: with everything else as equal as possible, whites were significantly more likely to be given information about job duties, receive second interviews, and be hired. According to Bendick, "The important thing is that we repeated the experiment dozens of times so that we can be pretty sure when a pattern emerges it really is differences in employer behavior and not a random effect."

'City room,' *New York Times,* NY/Region, 31 March 2009 http://cityroom.blogs.nytimes.com/2009/03/31/racial-bias-seen-in-hiring-of-waiters (Accessed 31 May 2011).

In terms of **statistical** evidence of racism, racial disparities are significant in many areas. Income is not atypical. According to the US Census Bureau, in 2006 the median personal income for Asians was $36,000; for whites $33,000; for blacks $27,000; and for Hispanics $24,000.U.S. Census, "Table PINC-03. Educational Attainment — People 25 Years Old and Over, by Total Money Earnings in 2005, Work Experience in 2005, Age, Race, Hispanic Origin and Sex," in Current Population Survey (2006). The disparities contract significantly — but not all the way — when you adjust for education levels. Surveying only those who hold bachelor's degrees yields these numbers: white, $44,000; Asian $42,000; black $42,000; Hispanic $37,000. Going back a little more than a decade, the federal Glass Ceiling Commission produced a set of striking statistics. According to its study, 97 percent of the senior managers of Fortune 500 companies are white (and 95 percent are male). That compares with a broader economic reality in which 57 percent of the working population is female, or minority, or both.

Curry, G E (2005) 'Race, gender and corporate America,' *District Chronicles*, 24 April 24 http://www.georgecurry.com/columns/race-gender-and-corporate-america (Accessed 31 May 2011).

Episodic evidence of racism in business life is real-world episodes where decisions seem to have been made based on racial distinctions. The venerable clothier Abercrombie & Fitch, which once outfitted JFK and now sells heavily to collegians, garnered considerable (and unwanted) media attention when Jennifer Lu, a former salesperson at the store, took her story to the CBS news program *60 Minutes*. According to Lu, she was fired soon after corporate executives patrolled the store where she worked and informed the store's manager that the staff was supposed to look like the models in the store's display posters. If you've been in Abercrombie, you may remember that they tend to have the blonde, blue-eyed, football team captain look. Like Toby Gerhart. In an interview with *60 Minutes*, Anthony Ocampo says, "The greeters and the people that worked in the in-season clothing, most of them, if not all of them, were white. The people that worked in the stock room, where nobody sees them, were mostly Asian-American, Filipino, Mexican, Latino."

Rebecca Leung (2004) 'The look of Abercrombie & Fitch,' *60 Minutes*, 24 November http://www.cbsnews.com/stories/2003/12/05/60minutes/main587099.shtml (Accessed 31 May 2011).

A lawsuit against the store was settled out of court when Abercrombie agreed to pay almost $50 million to negatively affected employees and beef up their minority hiring. They also stated that their custom of seeking out new sales staff at predominantly white fraternities and sororities should be modified.

Categories of racial discrimination

Categories of Racial Discrimination	
Institutional discrimination • Instructions to hire certain race given by the bosses and were followed	Individual discrimination • Determined leaders may create an organisational culture that prohibit it
Isolated discrimination • One time discrimination	Regularised discrimination • Repeated occurrences fitting into a pattern
Unintentional discrimination • Upbringing in an accepted discriminated surroundings may render the discrimination unintentional.	Intentional discrimination • Discriminating with premeditation and full understanding.

When discrimination exists in a business environment, it can be distinguished into several categories. First, there is a division between institutional and individual discrimination.

Institutional discrimination is exemplified in the Abercrombie lawsuit. The preference given to white, football-player types wasn't one person at one store; it was part of the corporate culture. Managers were instructed to include a certain look while excluding others, and presumably their job depended on their ability to meet that demand. The manager, in other words, who fired Jennifer Lu may (or may not) have thought it was a terrible thing to do. Regardless, the manager's personal feelings had nothing to do with the firing. *Instructions were provided by higher-ups, and they were followed.*

Individual racial discrimination, on the other hand, can occur in any organisation no matter how *determined leaders may be to create an organizational culture prohibiting it*. The NFL, for example, established a requirement (commonly called "the Rooney Rule") in 2003 requiring teams to interview minority candidates for football operations posts. It is part of a broader effort by the league to ensure against racial discrimination. Still, this comes from a 2005 article by Sports Illustrated writer Dan Banks: "One Asian stereotype concerns size. A NFL personnel man told me on Thursday the problem with Chang is 'the kid is short.' But when I noted that Chang was 6–1½ and 211 pounds, and taller than San Diego's Drew Brees — the talent scout replied: 'But he plays short. And he's 211, but he looks frail.'"

Banks, D (2005) 'Hurdles to history: From size, stereotypes, system, Chang fights skeptics,' Inside the NFL (blog), *Sports Illustrated*, 15 April http://sportsillustrated.cnn.com/2005/writers/don_banks/04/15/chang/index.html (Accessed 31 May 2011).

A second broad distinction within the category of racial discrimination divides isolated from regularised incidents. An **isolated** *case of racial discrimination is a one-time deal.* **Regularised** *incidents are repeated occurrences fitting into a pattern.*

The final distinction cuts through all those mentioned so far; it divides **unintentional** from **intentional discrimination**. Take as a general example a seventy-year-old who grew up in a time and place where racism was normal and accepted almost without objection. For someone coming from those circumstances, it is hard to imagine that from time to time some of that old way of seeing the world is not going to slip through. Of course the fact that racism is unintentional does not make it less racist, but just like in everything else, there is a difference between doing something without thinking about it and doing something with premeditation and full understanding.

The legal side of discrimination

A complex web of legal precedents and civil rules apply to racial discrimination. At the centre, the Civil Rights Act of 1964 covers all employers in both private and public organisations that have fifteen or more workers. The act's crucial language can be found in Title VII, which confronts a host of discriminatory practices:

> It shall be an unlawful employment practice for an employer (1) to fail or refuse to hire or to discharge any individual, or otherwise discriminate against any individual with respect to his compensation, terms, conditions or privileges of employment, because of such individual's race, color, religion, sex, or national origin; or (2) to limit, segregate or classify his employees or applicants for employment in any way that would deprive or tend to deprive any individual of employment opportunities or otherwise adversely affect his status as an employee, because of such individual's race, color, religion, sex, or national origin. Civil Rights Act of 1964 (Pub. L. 88-352, 78 Stat. 241, enacted July 2, 1964).

You notice that employee is referred to as "his," not "his or hers," and employers are also "his," not "his or hers." That's not a snarky comment; it's just an example of how treacherous the issues of unfair discrimination are. Even those with the best intentions find it difficult to pull completely away from what others may perceive as signs and appearances of unfair practices.

The difficulty partially explains why the Civil Rights Act has been repeatedly modified and supplemented. The Equal Employment Opportunity Act of 1972 set down new rules and created a powerful commission to enforce and report on the status of anti-discriminatory efforts across the nation. These reports have played a role in many civil lawsuits brought by individuals or groups against employers suspected of discriminatory treatment.

Additional requirements — some involving affirmative action (to be discussed further on) — were compiled for companies doing business with the US government. While these measures do not bind organisations operating independently of government contracts, the pure size and spending power of Washington, DC, does send the measures far into the world of business.

So the legal and governmental bulwark set up against racial and other types of discrimination stands on four legs:

1. Racial and similar types of discrimination are directly illegal.

2. Civil lawsuits may be filed by those who feel they've suffered from discriminatory practices.

3. Government oversight (the Equal Employment Opportunity Commission) is continuous.

4. Government regulations insist that companies wanting to do business with deep-pocketed Washington, DC, implement exemplary anti-discriminatory practices.

The ethics of discrimination: Arguments against the practice

It is difficult to locate a mainstream ethical theory for workplace life that can be twisted to support racial discrimination as it is defined in this chapter. The arguments mounted against it generally fall into three groups:

1. Fairness arguments typically operate from the assertion that discrimination divides up society's opportunities in an unacceptable way. (These kinds of arguments are sometimes called "justice arguments.")

2. Rights arguments typically assert that discrimination contradicts the victims' basic human rights.

3. Utilitarianism arguments employed in the economic world frequently assert that discrimination reduces a society's economic productivity and so harms the general welfare, the happiness of the society.

Fairness, as Aristotle defined the term, is to treat equals equally and unequal's unequally. People, that means, are to be treated differently if and only if there are job-pertinent differences between them. Burly men should be favoured over thin ones when you are hiring an offensive lineman in the NFL, but not when you're looking to contract a coach.

The philosopher John Rawls advocated an ingenious way to, at least as a thought experiment, promote fairness. He proposed that individuals imagine the reality surrounding them as shaken up, with people pulled from their situation and randomly inserted into another. So if you are a white guy in college looking for

a summer job, you probably do not mind too much that Abercrombie & Fitch is looking for your type more than any other. But if you imagine getting shaken up with your black, Asian, and Hispanic classmates and you do not know beforehand what race you are going to get assigned, then maybe you think twice about whether Abercrombie should be allowed to hire whites so pervasively. This is called a veil of ignorance test: you need to imagine how you would like society to be if you do not know beforehand exactly where you will be placed in it. The imagined reality, presumably, will be one where everyone gets a chance that is fair.

Rights arguments against discrimination typically depart from the premise that as humans we are all endowed with a certain dignity and freedom that abides regardless of circumstances. These attributes are an essential part of what we are: they are like pregnancy in the sense that you cannot have them halfway. You are either pregnant or you are not; you either possess full dignity and freedom just like everyone else or you do not. If all of us do possess dignity and freedom, then it is a short step to see that discrimination is an affront to them. Treating one group differently than another is to wrongly claim that they have different levels of basic dignity. Or, from the viewpoint of freedom, discrimination grants one group more freedom in the world than another. Again, the argument here is that dignity and freedom cannot be measured or parceled out; as essential rights, everyone must hold them perfectly, and they must be respected fully.

The utilitarian argument holds that we ought to act in the business world in a way that maximises our collective happiness and welfare. If that is right, then we all have an interest in ensuring that the most qualified people occupy the various working slots in our economy. Possibly the examples of professional football and Abercrombie do not lend themselves very well to this argument, but if we move to other professions, the inadvisability of discrimination becomes clearer. In the field of medical research, we would not want to lose a breakthrough because the one person who would have the idea that could cure cancer happens to be Hispanic. The argument, therefore, is simply that as a society we benefit when each individual member is allowed the maximum opportunity to contribute.

The ethics of discrimination: Racism versus job qualification

While few argue that discrimination is good or justified, there are equally few who deny that some situations do, in fact, allow for discrimination (the actor hired to play Martin Luther King is black, the person hired to monitor the women's locker room is a woman). Between these extremes there stretches a tense set of debates about where the line gets drawn. When is some limited discrimination acceptable? The lawsuit against Abercrombie & Fitch alleging that the company hires a disproportionately white sales force and favours white employees for the best positions never went to court. Former employee Jennifer Lu turned up on 60 Minutes, CBS news started running stories about how Asians and Mexicans were confined to the stockroom, and with the bad publicity storming, Abercrombie opted to settle the matter and move on. That was probably a good business decision.

Others, however, wanted to push the issue out to see the ethical consequences. One of those was lawyer and talk show host Larry Elder. He made this point: "Abercrombie & Fitch ought to have the right to set their own policies. Look, there's a restaurant called Hooters. Hooters require you to have certain kinds of physical accoutrements, and I think people understand that. Should they have a right to hire waitresses because they want to attract a certain kind of clientele who want to ogle at the waitresses? I think so."

Rebecca Leung (2004) 'The look of Abercrombie & Fitch,' *60 Minutes*, 24 November 24 http://www.cbsnews.com/stories/2003/12/05/60minutes/main587099.shtml.

Closing off the argument with respect to Abercrombie & Fitch, the point is that Abercrombie is not selling only clothes but also a look, an image, a kind of social message. And that message is crystallised by the kind of people they hire to walk around their showrooms and smile at consumers: white, attractive, fit, upper-middle-class. Not coincidentally, one of the company's subsidiary lines of clothes is called *Prep School.* And if *that is* what they are selling — not just clothes but a social message — they should be able to hire the best possible messengers, just as Hooters is allowed to hire the kind of waitresses their clientele wants to ogle and just as the movie producer is allowed to hire a black actor to play Martin Luther King. There is no racial discrimination here; it is just business. At bottom, it is no different from *theGrio.com*, which is selling a specific product and image that naturally leads to an almost entirely black organisation. In every case, it is not that the business starts out with a certain racial (or gender) type that they will contract; it is that they start out with something they want to sell, and as it happens a certain racial type lends itself to the business.

There are two types of responses to this argument. The first is to push back against the premise that the one racial type *really does* serve the business's interest better than the others. Rebecca Leung, the CBS reporter for the Abercrombie & Fitch case, shapes her story this way. The idea, Leung asserts, of prep schools and the all-American pursuit of upper-middle-class life that Abercrombie tries to represent belongs equally to all races. There is no justification, Leung leads viewers to believe, for associating that ideal with a skin color. That is why her report ends this way:

> "All-American does not mean all-white," says Lu.
>
> "An all-American look is every shade," Lueng asks.
>
> "Yes, absolutely."

Rebecca Leung (2004) 'The look of Abercrombie & Fitch,' *60 Minutes*, 24 November http://www.cbsnews.com/stories/2003/12/05/60minutes/main587099.shtml (Accessed 31 May 2011).

The other kind of response to the argument that Abercrombie's business model lends itself to hiring whites is to concede the point but then to insist that it does not matter. Because society's general welfare depends on rallying against poisonous discrimination, it should be avoided in every possible case, even those where there might be some rational, business-based reason for engaging in the practice. Abercrombie, the argument goes, may have good reason for seeking out white sales staff. But even so, the larger social goal of developing a colour-blind society requires Abercrombie's participation, and the company ought to be required to participate even against its own short-term economic interest.

Conclusion

For historical reasons in the United States, discrimination in the reproachable sense of the word comes into sharpest focus on questions concerning race. *Any* distinguishing characteristic, however, can be levered into a scene of unfair marginalisation. Women, for example, have suffered mistreatment in ways analogous to the kind discussed here for racial groups. And it does not stop there. Age, national origin, religion, weight, whatever, *all* of us have features that can be singled out by others and then converted into favouritism or negative prejudice in the workplace. Somewhere there is probably a high executive who's convinced that individuals with knobby knees cannot do good work. In ethical terms, all these cases may be understood and handled as the question of race has. That is, by thoughtfully determining whether the identifying feature — the skin colour, gender, age, religion, weight, the knobbiness of the knees — actually has a bearing on the person's ability to successfully accomplish the tasks fitting the job.

Activity 3.9

1. In your own words, what are the three steps defining racial discrimination?

2. What is the difference between racial discrimination and a preference for race based on an occupational qualification? Provide an example.

3. List and define the six categories of discrimination in a business environment.

4. What are the main legal and governmental remedies set up against discrimination?

5. What is the utilitarian argument against racism in the economic world?

Gender discrimination and occupational segregation

Discrimination: Inferiority versus aptness

Discrimination in the workplace moves in two directions. One is hierarchical, one group or another is stereotyped as simply superior or inferior. Historically, many cases of race discrimination fit on this scale. Discrimination can also move horizontally, however. In this case, divisions are drawn between different groups not so much in terms of general capability, but as naturally suited for some and naturally unsuited for other tasks and occupations. Gender discrimination frequently fits into this category.

Here is a list of professions where the workers are more than 90 percent women:

- Dental hygienists
- Preschool and kindergarten teachers
- Secretaries and administrative assistants
- Dental assistants
- Speech-language pathologists
- Nurses
- Child-care workers
- Hairstylists and cosmetologists
- Receptionists and information clerks
- Payroll clerks

And another where the workers are 99 percent (not a typo) male:

- Logging workers
- Automotive body repairers
- Cement masons
- Bus and truck mechanics
- Electrical power-line installers and repairers
- Tool and die makers
- Roofers

- Heavy vehicle equipment service technicians
- Home appliance repairers
- Crane and tower operators

The lists come from a blog called *The Digerati Life.* Silicon Valley Blogger (2007) 'Traditional jobs for men and women and the gender divide,' *The Digerati Life* (blog) 29 May http://www.thedigeratilife.com/blog/index.php/2007/05/29/traditional-jobs-for-men-and-women-the-gender-divide. (Accessed 27 May 2011).

The author is a software engineer living in Silicon Valley. Because she is a she, 78 percent of her colleagues do not use the same bathroom.

Miller, C C (2010) 'Out of the loop in Silicon Valley,' *New York Times,* 17 April http://www.nytimes.com/2010/04/18/technology/18women.html?pagewanted=1 (Accessed 31 May 2011).

What exactly is gender discrimination?

Gender discrimination defines analogously with the racial version:

1. An employment decision — hiring, promoting, demoting, firing — adversely or positively affects an employee or applicant
2. The decision is based on the person's gender rather than individual merit.
3. The decision rests on unverified stereotypes or generalisations about members of that gender.

The difference, again, is that the stereotypes and generalisations tending to surround women in the United States during our lifetimes have branded the group as naturally suited to some types of work and not others; and, correspondingly, men also find their natural roles pointing in some directions and not others. This division of labour raises provocative questions. More sparks fly when two other factors add to the mix: concrete and broad statistics showing that women receive lower wages than men when doing distinct but comparable work; and women who do pursue career lines dominated by men can find their advance up the promotion ladder halted by a difficult-to-see barrier, a kind of glass ceiling.

So three ethical issues connecting with gender discrimination in the workplace are occupational segregation, comparable worth and the glass ceiling.

Occupational segregation: The causes

What causes occupational segregation? One explanation is biological. Differences, the reasoning goes that are plainly visible physically also exist on the level of desires and aspirations. Women and men are simply divergent; they pursue distinct goals, define happiness in separate ways, and tend to have dissimilar kinds of abilities. For all those reasons, women gravitate to different kinds of professions. Now, if all those things are true, then we should expect to see just what we do see: significant occupational segregation.

The biological explanation also functions less directly when career paths and family paths conflict. Women who physically carry children find themselves removed —willingly or not —— from work for significant periods. If you see that coming in your not-distant future, then you may opt into a field where that kind of absence is less damaging to the company and your own long-term prospects.

One clean argument against the biological explanation for gender segregation in the workforce starts with the suspicion that visible physical differences may be leading us to mistakenly believe that there are underlying psychological differences where few actually exist. People, the reasoning goes, are making an invalid argument when they suppose that because women and men look different on the outside, they must be different on the inside too. There is no reason that is necessarily true, just like there is no reason to think that a Cadillac painted blue and one painted pink are going to perform differently on the road.

A second and frequently cited explanation for occupational segregation is social precedent. Young men and women making career decisions normally have very limited experience in the workplace and so depend on what others have done. It is very reasonable, therefore, for a young man trying to decide between, say, going to work as an assistant to a dentist and going to assist a roofer to notice that a lot of other guys are working on roofs, but not many are in dentists' offices. Women see the same thing, and the occupational segregation that already exists in society gets repeated. In this case, it is the individual men and women themselves who are effectively volunteering for professional separation.

A third explanation — and the one drawing the sharpest ethical attention — is discriminatory prejudice. Those in charge of hiring stack the deck to favour one gender over another because of unverified generalisations about differences between men and women. In his book Business Ethics, Manual Velasquez relates an experiment done by the ABC news programme Primetime Live. Two early careerists — Chris and Julie — were outfitted with hidden microphones and tiny cameras and sent out to answer the same help-wanted ads. Their experiences were for TV entertainment, not a scientific study, but they do illustrate how discriminatory occupational segregation can work.

Velasquez, M (2002) *Manual Business Ethics: Concepts and Cases,* New Jersey: Prentice Hall, 306.

Both she and he were in their mid-twenties, blond, and attractive. They presented virtually identical résumés, and both claimed to have management experience. What they got from their interviewers, however, was very different. When Julie appeared at one company, the recruiter spoke only of a position answering phones. The same day the same recruiter offered Chris a management job. In a gotcha-follow-up interview, the flustered recruiter told the camera that he would never want a man answering his phone.

Another instance was not quite so clear-cut. The two visited a lawn-care company. Julie received a typing test, some casual questions about her fiancé, and was offered a job as a receptionist. Chris' interview included an aptitude test, some casual talk about keeping the waistline trim, and a job offer as a territory manager. When confronted in his gotcha interview, the owner strongly defended his actions by pointing out that being a manager at a lawn-care service means actually doing some of the outdoor work; and Chris — an objectively stronger candidate in the physical sense — seemed more apt for that. The question to ask here — and it is one that comes up time and again in discussions of occupational segregation — is the extent to which the outdoor work requirement is a legitimate reason for hiring Chris or an excuse for excluding Julie (because the owner does not believe women should be in that line of work).

The ethics of women's — and men's — work

What kind of ethical arguments can be mounted for and against the idea that occupational segregation ought to exist? Possibly the strongest argument in favour runs through a utilitarian theory — one that judges as ethically correct any act that raises a society's overall happiness. The theory's cutting edge is the requirement that individual interests be sacrificed if that serves the greater good. For example, occupations requiring hard physical strength (firefighter, logger, construction) may require strength tests. These tests, which more or less measure brute power, are going to weed out most women — so many, in fact, that it may make practical sense to essentially designate the job as a male realm, and to do so even though it may be unfair to a very few physically strong women. That unfairness is erased, in ethical terms, by the requirement that the general welfare be served.

There are a number of responses to this argument. One is to say that the general position of firefighter should be open to everyone, but every firehouse should make sure there are a few big guys in the mix in case smoke-inhalation victims need to be carried down perilous ladders. Another response is to concede that there are some occupations that may be right for one or another gender but draw the line firmly there and demand equal opportunity everywhere else. Another, more polemical argument is to assert that the goal of a gender-neutral society is so important and worthwhile that if it means sacrificing performance in some occupations, then the sacrifice should be made. The greater good is better served by occupational equality than by the certainty that the 250-pound weight-lifting guy will be the one who happens to be in the firehouse when the alarm goes off even if it goes off because it's your apartment that is on fire.

Another way to argue against occupational segregation of *any* kind, no matter the circumstances, starts from rights theory and the premise that the highest ethical value is personal freedom and opportunity: what is always recommendable is maximising our ability to pursue happiness as each of us sees fit. Within this model, it becomes directly unethical to reserve some jobs for women and others for men because that setup limits both men and women; it impinges on their basic freedom.

Like utilitarian theory, this freedom-based argument can be twisted around to work in the other direction. If individual freedom is the highest ethical good, the reasoning goes, then should not business owners be able to hire whomever they like? There may be an owner out there who simply does not want to hire guys. Perhaps there is no rational reason for the exclusion, but if individual freedom is the highest good, there is no strong ethical response to the preference. The only open pathway is to say that if you do not like the fact that this owner is not hiring men, then you should make your own company and you can hire as many of them as you wish.

Comparable worth

Going back to the list of gender-concentrated occupations, some on the women's side really are not so different from those on the men's side in terms of skill and training required, effort exerted, and responsibility held. Take hairstylists and cosmetologists from the woman's list and automotive body repairers from the guy's list. While it is true that a lot of the hairdressers would not be caught dead working in the body shop and vice versa, their jobs really are not so different: fixing hair and giving cars makeovers. The wages are different, though, at least according to statistics that come from the *San Jose Mercury News*. Doing hair will net you about $20,000 a year, and working in the car shop gets you $35,000.

Silicon Valley Blogger (2007) 'Traditional jobs for men and women and the gender divide,' *The Digerati Life* (blog), 29 May http://www.thedigeratilife.com/blog/index.php/2007/05/29/traditional-jobs-for-men-and-women-the-gender-divide (Accessed 27 May 2011).

This reality is at odds with the doctrine of comparable worth, which states that when two occupations require comparable levels of skill, training, effort, and responsibility, they should be rewarded with comparable salaries. The gender problem associated with comparable worth is that statistical evidence suggests that so-called women's work has consistently garnered lower wages than men's work. The hairdresser and the body shop example is not an anomaly but a representative of the larger reality. According to the US government, the median income of American working women is $27,000, while for men it is $39,000. More, the differences hold when adjusting for educational levels. For high school grads, it is $21,000 versus $32,000. For college grads, it's $40,000 versus $60,000. At the PhD level, it's $55,000 versus $78,000.

Table PINC-03 (2005) 'Educational attainment — People 25 years old and over, by total money earnings in 2005, work experience in 2005, age, race, Hispanic origin and sex,' *Current Population Survey (CPS)* http://pubdb3.census.gov/macro/032006/perinc/new03_000.htm (Accessed 31 May 2011).

These statistics do not tell the whole story, however; they never do. As it happens, statistician is one of those professions where there is a notable pay gap between genders — $49,000 versus $36,000 as a median salary — and women get the $49,000.

Sahadi, J (2006) '39 jobs where women make more than men,' *CNNMoney.com*, 28 February http://money.cnn.com/2006/02/28/commentary/everyday/sahadi_paytable/index.htm (Accessed 31 May 2011).

Glass ceiling

What happens when a woman goes into a field traditionally dominated by men and starts strong, receiving salary and treatment comparable with her male workmates but then hits a promotion wall? Called the glass ceiling, it is the experience of women topping off in their career for, apparently, no reason beyond the womanhood. A good example of the glass ceiling — and also of breaking it — comes from Carly Fiorina, the former CEO of the very masculine Hewlett-Packard. In an interview with the web magazine *Salon*, she discusses the topic candidly. Five of her ideas come through loudly.

Traister, R (2006) 'The truth about Carly,' *Salon*, 19 October http://www.salon.com/life/feature/2006/10/19/carly_fiorina (Accessed 31 May 2011).

1. First, in Silicon Valley, Fiorina believes there is a glass ceiling at many companies.

2. Second, she buys the notion that women and men are fundamentally different, at least in this way: they feel comfortable with different kinds of languages and ways of communicating. Compared with Silicon Valley guys, she says, "Women tend to be more communicative, collaborative, expressive. The stylistic differences get in the way [of mutual understanding]. That is why diversity in the workplace takes real work."

   Rebecca Traister, "The Truth about Carly," *Salon*, October 19, 2006, accessed May 31, 2011, http://www.salon.com/life/feature/2006/10/19/carly_fiorina.

3. Third, differences in the way women and men communicate ultimately doom many women's professional ascent. As the office culture becomes increasingly male on the way up, women are decreasingly able to communicate with and work well with colleagues.

4. Fourth, Fiorina believes that given the way things are now in Silicon Valley, if a woman wants to break through to the highest echelons of management, she's probably going to have to learn male rules, and then play by them. For example, she once pulled on cowboy boots and a cowboy hat, stuffed socks down her crotch, and marched into a hall full of (mostly) men to proclaim, "Our balls are as big as anyone's in this room!" In the *Salon* interview, she explains it this way:

Fiorina:	Part of the reason I succeeded in Silicon Valley was that I talked to people in a language they understood. When I negotiated in Italy, I ate a lot of pasta and drank a lot of wine. In bringing a team together to focus on a common goal, you have to find common language.
Interviewer:	And the language of the business world remains male?
Fiorina:	Yes, and particularly that case you cited, it was an incredibly male-dominated, macho culture. They understood balls and boots, they understood what that meant.

Traister, R (2006) 'The truth about Carly,' *Salon*, 19 October 19 http://www.salon.com/life/feature/2006/10/19/carly_fiorina (Accessed 31 May 2011).

5. Fifth, in the medium to long term, Fiorina believes the way to truly demolish the glass ceiling is for women to work their way up (like she did) and occupy more high-level posts. "When I went to HP," she says, "I hoped I was advancing women in business by putting women in positions of responsibility. But it's clear that we don't yet play by the same rules and it's clear that there aren't enough women in business, and the stereotypes will exist as long as there aren't enough of us."

   Traister, (R (2006) 'The truth about Carly,' *Salon*, 19 October http://www.salon.com/life/feature/2006/10/19/carly_fiorina (Accessed 31 May 2011).

The special case of motherhood

One advantage Carly Fiorina had on the way up was a husband who cooperated extensively in rearing her children. Still, women alone physically bear children and frequently hold principal responsibility for their care at least through the breast-feeding stage or further. For that reason, a discrete area of business ethics has been carved out for managing the tension between the legitimate interest businesses have in employees continuing their labors without the occasional childbearing and rearing interruption, and the legitimate interest professional women and society generally hold in motherhood and in ensuring that a healthy generation will be arriving to take over for the current one.

One proposal has been the creation of a dual-track career system: one for women who plan to have children at some point in the not-so-distant future and another for those who either do not plan to have children or envision someone else as assuming primary child-care responsibility (a husband, a relative, a paid nanny). Under this scenario, companies would channel women planning for motherhood and child rearing into positions where work could be interrupted for months or even years and then resumed more or less from the same spot. A potential mother would receive an at least informal guarantee that her spot would be held for her during the absence, and upon resumption of duties, her career would continue and advance as though there had been no interruption. In fact, in many European countries including Spain, France, and Germany, such leave is actually required by law. In those countries, the

birth of a child automatically qualifies one of the parents (the laws generally treat fathers and mothers indiscriminately as caregivers) for an extended leave with the guarantee of job resumption at the end of the period. Laws in the United States are not so worker oriented (as opposed to business oriented), though some companies have taken the initiative to offer extended parental absences without adverse career effects. These include Abbott Laboratories, General Mills, IKEA, and others.

Theoretically, granting professional leaves for the fulfillment of parental responsibilities makes sense. The problem is that in the real world and in many industries, it is nearly impossible to go away for a long time and then resume responsibilities seamlessly. In the interim, projects have been completed and new ones have begun, clients have changed, subordinates have been promoted, managers have moved on, and the organisation's basic strategies have transformed. Reinsertion is difficult, and that leads to the fear that companies and managers — even those with the best intentions — will end up channeling those they presume will seek parental leaves into less important roles. The potential mother will not be the one chosen to pursue research on the company's most exciting new product — even if she is the best researcher — because the firm will not be able to just put product development on hold at some point in the future while she is away. The end result is that the so-called mommy track for professional life becomes the dead end track.

There are no easy solutions to this problem, though there are ways to limit it. Technology can be a major contributor. Just something as simple as Skype can allow parents at home with young children to "come into" the office regularly. Further, companies can, and increasingly are, providing day care facilities in the building.

Ethically, one way to *manage the conflict between professional life and parenting is to locate the interests of those involved, set them on a scale, and attempt to determine how the issue weighs out.* So, who are the primary stakeholders along the mommy track: whose interests should be considered and weighed? The mother, to begin with, has a right to pursue success in professional life, and she has the choice to embark on motherhood. A born child has a right to nurturing care, and to the love parents give. A business owner has a right to hire employees (and fire) employees in accord with rational decisions about what will benefit the organisation and help it reach its goals. The coworkers and subordinates linked to a prospective parent have the right to not be bounced around by someone else's personal choices. Society as a collective has a responsibility to nurture the growth of a new generation fit to replace those who are getting old.

The next step is to put all that on the scale. In the United States today, the general consensus is that the business owners' rights to pursue economic success outweigh the parents' interest in being successful in both professional and family life and society's concern for providing an upcoming generation. That weighing can be contrasted with the one done in most countries of Western Europe where, not incidentally, populations are shrinking because of low birthrates. In Europe, there is a broad consensus that the workers' interest in combining professional and personal lives, along with society's interest in producing a next generation, outweighs the business' interest in efficiency and profit. For that reason, the already-mentioned laws guaranteeing extended family leave have been implemented.

Activity 3.10

1. What are the three steps defining gender discrimination?
2. What are some of the causes of occupational segregation?
3. What is comparable worth?
4. What are two explanations for the existence of a glass ceiling?

The diversity of discrimination and victimisation

The diversity of discrimination

There is a difference between history and ethics. Historically, racism and sexism have been the darkest scourges in the realm of discrimination. In straight ethical terms, however, discrimination is discrimination, and any isolatable social group is equally vulnerable to negative prejudice in the workplace. The Civil Rights Act of 1964 extends protection to those stigmatised for their religion or national origin. In subsequent years, amendments and supplements have added more categories, ones for age and disability. Currently, there are no federal laws prohibiting discrimination based on sexual orientation, though measures have been enacted in states and localities. Other measures identifying and protecting further distinct groups exist on local levels.

What holds all these groups together is that they fit into the most general form of the definition of discrimination in the economic realm:

1. A decision affects an individual.
2. The decision is based on personal characteristics clearly removed from job-related merit.
3. The decision rests on unverified generalizations about those characteristics.

Even though discrimination in the realm of business ethics can be wrapped up by one definition, it remains true that distinct groups victimised by discrimination have unique and diverse characteristics affecting the way the issue gets managed. Two types of characteristics will be considered here: discrimination based on traits that are concealable and discrimination based on traits that are (eventually) universal.

Concealable and inconcealable status

One of the enabling aspects of race and gender discrimination is that it is normally easy to peg someone. If you do not think Asians do good work, you are probably going to see who not to hire. The same goes for gender, age, and many disabilities.

Other traditionally discriminated-against groups are not so readily identifiable, though: the characteristics marking them as targets are concealable. For example, it is not so easy to detect (and not so difficult to hide) religious beliefs or sexual orientation. John F. Kennedy, many young people are surprised to learn today, faced considerable resistance to his presidential ambitions because of his religion. In fact, he considered the fact that he was the first Roman Catholic president of the United States as one of the higher virtues of his story. While the Protestant-Catholic divide has faded from discriminatory action in America, other splits have taken its place — Christian and Muslim, for example. No matter the particular religion, however, most individuals going into the work world do have the opportunity to simply reduce that part of their identity to a nonissue by not commenting on or displaying their religious beliefs.

A similar point can be added to considerations of national identity. Only a generation ago Italians were disdained as "wops." Legendary football coach Joe Paterno (no stranger to insults himself: "If I ever need a brain transplant, I want it from a sports reporter because I know it is never been used.") remembers being derided as a wop in his career's early days. If you wander down the street calling people a "wop" today, however, hardly anyone will know what you are talking about, which indicates how quickly discrimination against a group can fade when the source (in this case nationality) is not readily visible.

Ethical questions raised by the possibility of invisibility include "In the business world, do those who feel they may be discriminated against for a personal characteristic that they can conceal have any responsibility to conceal it?" and "If they choose not to conceal, and they are discriminated against, do they bear any of the blame for the mistreatment?"

Universality versus individuality

One obvious reason it is easy for white men to discriminate against racial minorities and women is that they do not have to worry about riding in that boat themselves. Age is different, however. All of us have gray years waiting at the end of the line. That has not stopped people from denying jobs to older workers, however. Take this report from California:

When a then-emerging Google recruited engineer Brian Reid in the summer of 2002, it appeared to have landed a Silicon Valley superstar. Reid had managed the team that built one of the first Internet search engines at AltaVista. He had helped co-found the precursor company to Adobe Systems. He had even worked on Apollo 17. But within two years, Google decided that the 54-year-old Reid was not a "cultural fit" for the company and fired him, allegedly after co-workers described him as "an old man," "slow," "sluggish" and "an old fuddy-duddy." Reid responded with an age

discrimination lawsuit blasting Google's twenty something culture for shunning his generation in the workplace.

'Ex-Google worker's case goes to High Court,' *San Jose Mercury News* (CA), 24 May, 2010.

Reid can take satisfaction in knowing that, eventually, these twenty somethings are going to get what is coming to them. Is it more than that, though? Is the fact that they too share that fate a license for their discrimination? Assuming those who fired Reid are not hypocrites, assuming they accept that one day they too will be subject to the same rules, can Reid really claim any kind of injustice here? In terms of fairness at least, it seems as though the Google whippersnappers should be able to treat others in terms they would accept for themselves.

On the other side, if his work performance matches his younger peers, if the only difference between Reid and the others is that his hair is gray and he does not know who Lady Gaga is, then his case does fit — at least technically — the definition of invidious discrimination. Google might be wrong on this one.

Regardless of which side you take, there is a fundamental ethical question here about whether discrimination can count when it is based on a *characteristic that is universal, that everyone shares.*

What is a minority?

The boundaries marking who can rightfully claim to belong to a group falling victim to systematic discrimination in the workplace are shifting and uncertain — in different times and places the victims share different characteristics. For that reason, it makes sense to try to form a definition of personal vulnerability that does not rely only on describing specific personal traits like skin colour or gender but that can stretch and contract as society evolves. The term minority, as understood within the context of workplace discrimination, is sometimes summoned to perform this role.

To be part of a minority means to belong to a group of individuals that are the minority *within a specific organisational context.* Whites, for example, are not a minority population in the United States, but white students are a minority at the University of Texas–San Antonio. Similarly, women make up more than 50 percent of the population but count as a minority in corporate boardrooms where they represent only a small percentage of decision makers.

Being part of a minority does not just mean suffering a numerical disadvantage; it also means having so few peers in a situation that you are forced to adapt the language, the styles of dress, the sense of humor, the non-work interests, and so on of people very different from yourself. In the case of the minority white population at University of Texas-San Antonio, it is difficult to claim that their numerical minority status also forces them to adapt in any significant way to the Hispanic majority — whites can get by just fine, for example, without speaking any Spanish. By contrast, the case of Carly Fiorina wadding up socks in her crotch and screaming out that she has big

balls, this is minority behaviour. For minorities in a man's world, if you want to get ahead you have to adapt. To a certain extent, you need to speak and act like a man. The term minority can be defined by three characteristics:

1. *Physical and/or cultural traits* set a group of individuals within a community apart from the *customs and members that dominate* the collective.

2. The physical and/or cultural traits that set the group apart are either *disapproved of, or not understood by the dominant group*. In Carly Fiorina's case, these traits included her gender and, more importantly, her feminine use of language. As she put it, "The stylistic differences get in the way" of trying to communicate well with male colleagues. She was a minority because she wasn't well understood.

   Traister, R (2006) 'The truth about Carly,' *Salon*, 19 October, http://www.salon.com/life/feature/2006/10/19/carly_fiorina (Accessed 31 May 2011).

3. A sense of *collective identity, mutual understanding, and common burdens are shared by members of the minority group.* Fiorina sensed this collective identity and burden very clearly when she said, "I hoped I was advancing women in business by putting women in positions of responsibility. But it's clear that we don't yet play by the same rules as men, and it's clear that stereotypes about women in business will exist as long as there aren't enough of us."

   Traister, R (2006) 'The truth about Carly,' *Salon*, 19 October http://www.salon.com/life/feature/2006/10/19/carly_fiorina (Accessed 31 May 2011).

The advantage of using the term minority to name a group vulnerable to discrimination in the workplace is connected to the rapidly changing world, one where those subjected to discriminatory treatment come and go. For example, a tremendous influx of Spanish-speaking immigrants from Mexico have recently made that group a target of sharper discrimination, while the marginalisation that the Irish once experienced in the United States no longer seems very threatening. There is no reason to believe that this discriminatory evolution will stop, and in the midst of that shifting, the term minority allows the rules of vulnerability to discrimination in the workplace to remain somewhat steady.

What is a victim?

As the number of characteristics classified as vulnerable to discriminatory mistreatment has expanded, so too has a suspicion. It is that some of those claiming to suffer from discrimination are actually using the complaints to abuse others, or to make excuses for their own failures. This is called **victimisation**.

To accuse someone of being a victim is to charge that they are exploiting society's rejection of discrimination to create an unfair advantage for themselves. There are a range of victimisation strategies running from strong to weak. Strong victimisation is individuals in protected groups who are not suffering any discrimination at all claiming that they are and making the claim for their own immediate benefit. This is what is being alleged in an Internet post where a supervisor writes the following about an employee:

> This person came out & stated in this meeting that I use a racial slur on a very regular basis in my vocabulary. With my profession, this is something that is EXTREMELY HARMFUL to my status in my job, my respect in my job & community, my reputation, etc. But that word has NEVER been in my vocabulary. I am SO UPSET I do not know what to do!

UT alum, 24 August 2005 (9:09 a.m.) 'Falsely accused of racist slur,' *ExpertLaw Forum* http://www.expertlaw.com/forums/showthread.php?t=2887 (Accessed 31 May 2011).

Assuming this supervisor's allegations are true, then the employee was never subjected to racist language or offended by slurs. There was no workplace discrimination. Instead, it sounds like the employee may actually be disgruntled and is aiming for revenge by getting the supervisor in trouble. If that is what is going on, then the accusation of racial discrimination has become a workplace weapon: the charge can be invented and hurled at another with potent effect.

Weak victimisation occurs when someone works in a context where discrimination is a constant subject of attention, one permeating daily life in the office. In that situation, it can happen that a worker suffering an adverse work evaluation (or worse) comes to the conclusion that it was not poor job performance but minority status that actually caused the negative review. (Possibly, one of the few universal human truths is that we all find it easier and more comforting to blame others for our problems than ourselves.) In the interview with Carly Fiorina — which was done not long after she had been fired from Hewlett-Packard — the interviewer broaches this possibility very gingerly. Here is how she puts the question:

"I'm predisposed to be sympathetic to the notion that you were treated differently because of your gender. But I've also read a lot about actual business mistakes you made."

Fiorina comes back with an ambiguous answer and the interviewer lets it go for a while. Suddenly, however, after a few softball questions she tries again, more forcefully:

Interviewer:	I want to press you on the fact that you missed a quarter's projections big-time…
Fiorina:	Wouldn't be the first top company that missed a quarter either. Or the last.
Interviewer:	Right. But that miss was huge. And you wrote in the book that "building a culture of accountability and execution of discipline requires real and clear consequences for failure to perform." If you had been told that you were fired because you missed the quarter, would you have understood?

Traister, R (2006) 'The truth about Carly,' *Salon*, 19 October http://www.salon.com/life/feature/2006/10/19/carly_fiorina (Accessed 31 May 2011).

What is being intimated here is that Fiorina got so caught up in being a woman in a man's world that when she got fired, she was so invested in that battle-of-the-sexes way of seeing things that she ended up suspecting sexist discrimination where maybe there was not any.

Weak victimisation means that someone is twisting discrimination claims into an excuse for their own imperfections, shortcomings and failures. Everyone faces adversity in their lives. When that happens, the choices are deal with it or collapse. Accusing someone of being a victim in the weak sense is saying they are collapsing; they are using racism or sexism or whatever as an excuse to not confront what most people face every day: an imperfect and sometimes difficult world. So weak victimisation is an accusation tinged with exasperation. Here is what the accusation sounds like in longer form, as posted on an Internet forum:

> I genuinely don't believe that in this country that persecution of minorities exists anymore. This is not to say that these things don't exist, of course they do in isolation, but being black or gay or a woman is not in any way a barrier to achieving anything that you want to achieve.
>
> I told her that she was playing the victim against an oppression that doesn't exist, is looking for excuses about things she can't do rather than looking at what she can do (which is anything she wants) and that she's being patronizing towards all those from 'minority' groups who had gone on to be successful. Thatcher didn't whine about latent sexism, Obama didn't complain that being black meant he wasn't able to do the most powerful job in the world.

Gerogerigegege, (2010) (10:27) 'Does racism/sexism/homophobia exist in any meaningful way in modern Britain?," *DrownedinSound.com,* 26 February http://drownedinsound.com/community/boards/social/4248929 (Accessed 31 May 2011).

In the ensuing discussion, quite a few posters pick up on the claim that "being black or gay or a woman is not in any way a barrier to achieving anything that you want to achieve." Some agree, some not so much. What is certain is that somewhere between Carly Fiorina stuffing socks down her pants and Carly Fiorina leading one of the world's most powerful companies, and somewhere between black slavery and

a black president, there is a line. No one knows exactly where, but it is there and it divides a reality where sexism and racism are vile scourges from another reality where they are things people whine about.

An ethical argument against victimisation — against someone playing the role of a victim of discrimination — can be outlined quickly. It begins with the duty to respect your own dignity, talents, and abilities. Those blaming their failures on others are essentially giving up on their own skills; they are concluding that their abilities are worthless when they may not be. If Carly Fiorina believes that her gender makes success in Silicon Valley impossible, and it really does not, then by denying her own talent she is subtracting from her own dignity.

Activity 3.11

1. In your own words, explain the general definition of discrimination.
2. What is the difference between a concealable and inconcealable characteristic that may leave one vulnerable to discrimination?
3. In your own words, define what it means to be a minority.
4. What is the difference between strong and weak victimisation?

The prevention and rectification of discrimination: Affirmative action

Race-based Scholarships

"The scholarship," according to Carlos Gonzalez, an overseer appointed by a federal court, "was designed essentially as a jump-start effort to get the process of desegregation under way." He was talking about a new race-based scholarship at Alabama State University (ASU). It was triggered by a federal court's finding that "vestiges" of segregation remained within the Alabama university system: the state was ordered to spend about $100 million to racially diversify the student body.

Two years later, 40 percent of ASU's budget for academic grants went to minority students even though they represented only about 10 percent of the student population. That meant minority students got about $6 of aid for every $1 going to everyone else.

One beneficiary of diversification was a grad student who accumulated $30,000 in scholarship money. She said that she would've attended the school anyway, but getting the money because of her skin color was an added bonus. "I think it's wonderful," she exclaimed, according to a CNN report.

Cabell, B (1999) 'Whites-only Alabama Scholarship Program raising eyebrows,' *CNN*, 30 October http://www.cnn.com/US/9910/30/white.scholarships/index.html (Accessed 31 May 2011).

Not everyone came off so well. One big loser was another grad student, Jessie Tompkins. The effort to balance the student body racially meant funding he'd been promised got reassigned to others. He remembered the moment vividly. He had received an assistantship for three years, but when he went to apply the next year, he learnt that the scholarships had been reserved for those with a different skin color. "I said, 'Ma'am?' She said, 'You can apply, but you won't get it.'"

Kronholz, J (1997) 'Double reverse: Scholarship program for whites becomes a test of preferences,' The Center for Individual Rights, *Wall Street Journal*, 23 December http://www.cir-usa.org/articles/103.html (Accessed 31 May 2011).

As word of the new scholarship policy circulated, temperatures rose. They heightened even more when news got out that the race balancers were more lucrative than the old funding mechanisms that had been available to everyone. The minority set-asides paid for tuition, books, and for room and board, and then added on almost $1,000 for personal use. While the new students got all that just for showing up inside their colour-appropriate skin, Tompkins remembered that he had not even received enough to fully cover tuition; in exchange for his aid, he had worked for the school by helping coach the track team and by scheduling tennis court use.

The situation reached a boil with one more detail: the revelation that the minority scholarship recipients were not as academically qualified as those including Tompkins who were now suddenly being turned down at the funding office. To qualify for financial aid, the new recipients only needed a C average, significantly below what had been required of all applicants in the earlier, colour-blind system. That led the editor of the university newspaper, Brandon Tanksley II, to express his frustration and anger this way, "It's not that they're minority students, it's that they're not competitive."

Kronholz, J (1997) 'Double reverse: Scholarship program for whites becomes a test of preferences,' The Center for Individual Rights, *Wall Street Journal,* 23 December http://www.cir-usa.org/articles/103.html (Accessed 31 May 2011).

As for Jessie Tompkins, with his scholarship no longer available, he was forced to drop out and take a job handling packages at United Parcel Service. The next year he returned on a part-time-student basis and once again applied for his old scholarship. Again he was rejected. In a newspaper interview he said, "We don't need race-based quotas. I don't want anyone telling my children they're the wrong color. If you want something, you work for it; you just work for it."

Kronholz, J (1997) 'Double reverse: Scholarship program for whites becomes a test of preferences,' The Center for Individual Rights, *Wall Street Journal*, 23 December http://www.cir-usa.org/articles/103.html (Accessed 31 May 2011).

Eventually, Tomkins connected with the Center for Individual Rights, a non-profit public interest law firm with conservative and libertarian leanings. The firm was experienced with this kind of complaint: it had previously led a charge against the University of Texas's affirmative action program. In an article in the *Wall Street Journal*, Tompkins compares himself to a plaintiff in that important case, Cheryl

Hopwood: "We were bumped aside, regardless of our qualifications, because of our race."

Kronholz, J (1997) 'Double reverse: Scholarship program for whites becomes a test of preferences,' The Center for Individual Rights, *Wall Street Journal*, 23 December http://www.cir-usa.org/articles/103.html (Accessed 31 May 2011).

Tompkins says he is just like Hopwood, even though she is a woman and he is a man, and even though she is white and he is black.

As for the administration at the traditionally black Alabama State, they chose not to respond to Tompkins directly, but they did stand behind their affirmative action programme. William Hamilton Harris, president at ASU, defended the set-asides this way, "Bringing whites and blacks together on campus will broaden the quality of education and the quality of life at Alabama State."

Kronholz, J (1997) 'Double reverse: Scholarship program for whites becomes a test of preferences,' The Center for Individual Rights, *Wall Street Journal*, 23 December http://www.cir-usa.org/articles/103.html (Accessed 31 May 2011).

What is affirmative action?

The Civil Rights Act aimed to blind organisations to gender and race and similar distinctions removed from merit. The idea behind the law is an ideal, a theoretically perfect society where discrimination in the invidious sense does not exist. Unfortunately, the real world rarely lives up to ideals. Affirmative action enters here, at the realisation that things will not be perfect just because we make laws saying they should be. What affirmative action does — as its name indicates — is *act*. It is not a requirement that organisations stop discriminating; it is a set of preferences and policies that aggressively counter discrimination, usually in ways that themselves hint at discrimination. There is, even ardent defenders admit, a troubling element of fighting fire with fire where affirmative action operates.

In practice, affirmative action comes in various strengths:

1. In the *strongest form, quotas are employed* to guarantee that individuals from disadvantaged groups gain admittance to an organisation. A number of slots — whether they are seats in a classroom or posts in an office — are simply reserved for individuals fitting the criterion. Since quotas inescapably mean that certain individuals will be excluded from consideration for certain posts because of their race, gender, or similar trait, they are relied on only infrequently.

2. In *strong form, significant incentives are deployed* to encourage the participation of minority groups. In universities, including the historically black Alabama State University, special scholarships may be assigned to attract whites to campus. In private companies, bonuses may be offered or special accommodations made for targeted individuals. A mentor may be assigned to guide their progress. Statistics may be accumulated and care taken to ensure

that salary hikes and promotions are being distributed to members of the aggrieved demographic.

3. *Moderate affirmative* action measures typically mean something akin to the tie goes to the minority. Whether a university is admitting students to next year's class or a business is hiring new sales representatives, the philosophy here is that if two candidates are essentially equally qualified, the one representing a disadvantaged group will be selected.

4. *Weak affirmative action measures refuse to directly benefit one or another identity group*. Steps are undertaken, however, to ensure that opportunity is spread to include minority candidates. Frequently, this means ensuring that the application pool of candidates for a post or promotion includes individuals from across the spectrum of genders, races, and similar. A commitment to implement his policy was part of the Abercrombie & Fitch discrimination lawsuit settlement. The company in essence said they had been doing too much recruiting at overwhelmingly white fraternities and sororities, and they promised to branch out.

The history of affirmative action has been brief and turbulent. Since the early 1970s, the courts — including the US Supreme Court — have visited and revisited the issue, and repeatedly reformed the legally required and allowed strength of affirmative action. The specific physical and cultural traits affirmative action policies address have also stretched and contracted. In the midst of all that, individual states have formed their own rules and guidelines. And for their part, companies have scrambled to bring policies into line with accepted practice and, in some cases, to take the lead in establishing standards. Because there is no sign that the legal and historical developments will settle in the near future, this section will concentrate only on the ethics and the broad arguments surrounding affirmative action.

Arguments for and against affirmative action policies

Arguments in favour of affirmative action include the following:

1. *Affirmative action is necessary to create fairness and equal opportunity in organisations because discrimination is so ingrained*. When Carly Fiorina went to Hewlett-Packard, she found a culture so thoroughly masculine that it was difficult for her to communicate well with her colleagues. In that kind of environment, one where it is difficult for a woman to really make herself understood, forcing women into the workforce is necessary to open channels of communication so that more may flow without needing the help. Similarly, at the historically black Alabama State University, the concern was that few white students would want to be the first to confront the specific traditions and customs of the longtime black school. Consequently, it is necessary to force the doors open with attractive scholarships so that later, with the comfort level raised, more whites will follow.

2. *Affirmative action will stimulate interest in advancing at lower levels of the organisation*. Even if Hewlett-Packard really is gender neutral with respect to picking a CEO, it may be necessary to put a woman in the post so that younger women at the company feel that the way is open to the very highest levels. In other words, it is not until people actually see that they can become a CEO or enroll at Alabama State that they really make the attempt. In the absence of that seeing, the aspiring may not be there and the result is a company without women leaders, or a historically black university without whites, even though the doorways are wide open to them.

3. *Affirmative action benefits third parties*. Sometimes we think of affirmative action as being about a tight set of winners and losers. When Carly Fiorina went to HP, it is very possible that a white guy did not get the job. When a white student got a scholarship at Alabama State, Tompkins lost his. But the stakeholders do not end there. Society as a whole will be more harmonious as discrimination recedes. To the extent that is true, the tangible benefits of affirmative action climb significantly even while it remains true that there are individual losers.

4. *Affirmative action can reduce tensions in a university, an office, or any organisation by offering assurances that discrimination of minorities will not be tolerated, and also by opening the workplace to a diversity of viewpoints.*

5. *Affirmative action benefits organisations by helping them reach their goals.* The more open an organisation is to all candidates for all positions, the better the chance that they will find someone truly excellent to fill the role. Affirmative action, by expanding the range of people considered for posts, helps the organisation excel in the long term.

6. *Affirmative action is necessary as compensation for past wrongs.* Even if tomorrow all discrimination magically disappears, there would still be a long legacy of suffering by minorities who did not get the opportunities available to their children. By giving those children a little advantage, some of the historical unfairness balances out.

Common arguments against affirmative action include the following:

1. *Affirmative action is discrimination (just in reversed form), and therefore it is wrong.* When you privilege a minority at the expense of, say, a white male, you are treating the white male unfairly because of skin color and gender, and that must be unacceptable because the reason we have affirmative action in the first place is that we have all agreed that racial and gender discrimination are unacceptable.

2. *Affirmative action is discrimination (just in reversed form), and therefore it reinforces what it combats.* When you privilege a minority at the expense of, say, a white male, you are treating the white male unfairly, and so you are sanctioning the way of thinking that caused the problem in the first place.

When you start selecting people for scholarships or jobs because of their skin colour or gender, the larger point is you are reinforcing the habits of discrimination, not eliminating them.

3. *The best way to eliminate discrimination is to let the law, markets, and time do their work.* The law, which prohibits discrimination, should be enforced scrupulously, no matter who the infractor might be. More, companies that are discriminatory will put themselves out of business in the long term because competitors that hire the best talent regardless of minority status will eventually win out. With time, the conclusion is, discrimination will be stamped out, but trying to hurry the process may just create social rancor.

4. *Affirmative action can be unfair and damaging to third parties. Surgeons, firefighters — those kinds of jobs are vital to all individuals.* Lives are at stake. If a surgeon who otherwise would have failed medical school eventually got her degree because the school needed to graduate a few minority female doctors to fulfill their affirmative action requirements, the people who pay may be patients.

5. *Affirmative action is unfair to minorities who are treated as tokens.* Minority candidates for positions who would win the post on merit alone see their hard work and accomplishments tarnished by suspicion that they did not really earn what they have achieved. Minorities, consequently, can never be successful because even when they merit respect in the classroom or in the workplace, they will not get it.

6. *Affirmative action creates a tense organisation.* The web of resentments lacing through classrooms and offices touched by affirmative action are multiple and complex. Nonminority workers may resent special privileges given to those favoured by affirmative action. Also, because such privileges are handled discretely by HR departments, the tensions might exist even where affirmative action is not active: suspicion that others are receiving special treatment can be as aggravating as the certainty that they are. The list of potential angers continues, but the larger problem with affirmative action is the social stress it may create.

7. *Affirmative action damages organisations.* By forcing them to evaluate talent in ways outside of merit, it diminishes their competitiveness, especially against companies from other states or nations where affirmative action implementation is less rigid.

8. *Affirmative action does not compensate past wrongs.* Those who suffer today because their scholarship or their promotion is taken by an otherwise undeserving minority are paying the price for past discrimination even though they may have never discriminated against anyone. Further, those who benefit today are not the ones who suffered in the past.

Argument for affirmative action	Argument against affirmative action
1. Affirmative action is necessary to create fairness and equal opportunity in organisations.	1. Affirmative action is discrimination (just in reversed form), and therefore it is wrong.
2. Affirmative action will stimulate interest in advancing at lower levels of the organisation.	2. Affirmative action is discrimination (just in reversed form), and therefore it reinforces what it combats.
3. Affirmative action benefits third parties.	3. The best way to eliminate discrimination is to let the law, markets, and time do their work.
4. Affirmative action can reduce tensions any organisation by offering assurances that discrimination of minorities will not be tolerated.	4. Affirmative action can be unfair and damaging to third parties.
5. Affirmative action benefits organisations by helping them reach their goals	5. Affirmative action is unfair to minorities who are treated as tokens.
6. Affirmative action is necessary as compensation for past wrongs.	6. Affirmative action creates a tense organisation.
	7. Affirmative action damages organisations.
	8. Affirmative action does not compensate past wrongs.

Finally, an important point to note about the debate swirling around affirmative action is that there is broad agreement on the goal: diminishing and eliminating discrimination in organisations. The conflicts are about how best to do that.

The greater good versus individual rights: The ethical prism of affirmative action

In business ethics, few subjects raise emotions like affirmative action. There are a number of reasons, and one is that the ethics are so clear. In all but its weakest form, affirmative action stands almost straight up on the divide between individualism and collectivism.

- Do you belief ethics are about individual rights and responsibilities, or should ethics revolve around society and what benefits the larger community?

- Where does right and wrong begin? Is it with you and me and what we do? Or is it the society as a whole that must be set at the start and before any other concern?

If you believe that individuals center ethics, it is going to be hard (not impossible) to defend favouritism, no matter how noble the goal. An ethics based on fundamental personal duties — especially the requirement for fairness — demands that all men and women get an even shot in the workplace. Any swerve away from that principle, whether it is to favour whites at a historically black university in Alabama, or women in Silicon Valley, or any other minority group anywhere else, is going to be extremely difficult to justify. Further, if you believe that ethics begins with individuals and their rights to freedom and to pursue happiness, then blocking the opportunities allowed for some just because they don't fit into a specific race or gender category becomes automatically objectionable.

On the other side, *if you believe in the community first, if you think that society's overall welfare must be the highest goal of ethical action, then it is going to be hard (not impossible) to deny that some form of affirmative action balancing, at some places and times, does serve the general welfare and therefore is ethically required.* Thinking based on utilitarianism accepts that divvying out opportunities in terms of minority status will harm some individuals, but the perspective demands that we only bear in mind the *total good* (or harm) an action ultimately does. With respect to affirmative action, it may be true that its proponents sometimes push too far, but it is very difficult to look at workplaces and schools through the second half of the twentieth century and not concede that society as a whole does in fact benefit in at least some of the instances where special efforts are made to support the opportunities of some historically disadvantaged groups. Specific individuals may suffer when these social engineering strategies are implemented, but the general benefit outweighs the concern.

Why do public institutions and private companies implement affirmative action policies?

There are a number of reasons organisations implement affirmative action policies, and not all are motivated by social idealism. First, some companies are simply required to do so because they want to work for the US government. According to current law, all businesses holding contracts with Washington, DC, in excess of $10,000 are required to have at least a weak affirmative action program in place. With respect to public institutions including universities, since their funding derives to a significant extent from the government, they typically are subject to governmental policy directives.

Another very practical reason affirmative action policies are implemented is to prevent future lawsuits. The suing of organisations, businesses, and individuals for damages alleging discrimination can be quite lucrative, as the $40 million lawsuit against Abercrombie & Fitch indicates. More, a business may even choose to quickly hand over millions of dollars to settle a lawsuit of dubious merit just to avoid the bad publicity of a nasty, public, and prolonged court fight. Lawyers, of course, have picked up on this and are constantly probing for weak organisations,

ones where just the appearance of some kind of discrimination may be enough for a shakedown. Given that reality, prudent companies will take preventative action to insulate themselves from claims that they are discriminatory, and an affirmative action policy may serve that purpose.

A set of more positive reasons for an organisation to implement affirmative action policies surrounds the belief that companies benefit from a diverse workforce:

1. Diversity may help win business with a new consumer group.

2. Diversity may help break minds out of ruts or just shake things up creatively.

3. An affirmative action policy may be part of an organisational strategy to benefit from underused human resources in an area. This strategy generally begins with a utilisation analysis, which is a spreadsheet representation of all the work positions in an organisation, along with the characteristics of those filling the slots and then a comparison between those numbers and the demographic of qualified people in the immediate geographic region. If, to take a simple example, the company's legal team is 90 percent white, and local data shows that 50 percent of the area's lawyers are Asian, that tends to indicate the area's legal resources are being underutilised: there are a lot of good Asian legal minds out there that for some reason are not getting into the company workforce.

Finally, regardless of whether an affirmative action policy may help the bottom line by protecting against lawsuits or by improving employee performance, some organisations will implement a programme because they believe it is part of their responsibility as good corporate citizens in a community to take steps to serve the general welfare.

Activity 3.12

1. What are the differences between strong and weak affirmative action?

2. Explain two arguments in favour of affirmative action.

3. Explain two arguments against affirmative action.

4. Why does conflict between individualism and collectivism exist at the core of the ethics of affirmative action?

5. Why may a company pursue a strong affirmative action policy?

Summary

Racial discrimination is adverse treatment stemming from unfounded stereotypes about a person's race, such as favouring or disfavouring. Evidence of racial discrimination may be accumulated experimentally, statistically, and episodically. Racial discrimination in business can be divided into multiple kinds and intentions. The Civil Rights Act of 1964 is a key legal document in the history of discrimination. Ethical arguments against discrimination are generally built on theories of fairness, rights, and utilitarian arguments.

Gender discrimination can take the form of occupational segregation. Strong ethical arguments may be formed for and against some forms of occupational segregation. The doctrine of comparable worth prescribes comparable pay for distinct occupations that require similar capability levels. The glass ceiling blocks women from advancing to the highest professional levels for reasons outside of dedication and capability.

Discrimination may be applied in a society to a group defined by any physical or cultural trait. A successful general definition of discrimination in the workplace must evolve as society and the face of discrimination change. Minority is a general category meant to include those vulnerable to discrimination. Victimisation occurs when vulnerability to discrimination converts into a weapon to use against others, or an excuse for failure.

Affirmative action seeks to end discrimination by giving some amount of preference to minorities. There are multiple strong arguments in favour of and against affirmative action. The ethics of affirmative action centre on the question of whether the individual or the community should receive priority. Organisations implement affirmative action policies for reasons of self-interest or for altruistic reasons.

Self-test 3.3

1. Why kind of business may favour Asians when hiring, and draw both reasonable defenses and criticisms of the practice?

2. What is an argument in favour of some occupational segregation? What is an argument against occupational segregation?

Suggested answers to activities

Feedback

Activity 3.9

1. Three steps in defining racial discrimination:

   - Someone must actually suffer from the discrimination, without it, it is an accusation without evidence.

   - The discrimination was based on race instead of job qualifications in terms of academic or relevant working experience.

   - The decision to employ was based on unverified or unreasonable stereotyping or generalising over members of a racial group.

2. Employment discrimination is a form of discrimination based on race, sex, religion, national origin, physical disability, and age by employers. Earnings differentials or occupational differentiation is not in and of itself evidence of employment discrimination. In the case of a preference for race based on an occupational qualification, for example, the long distance runners of the marathon race, there is a high percentage that these marathoners are most likely of African decent.

3. Categories of discrimination in a business environment:

   - The division between institutional and individual discrimination. Institutional discrimination as being part of the corporate culture (i.e., instructions from top management) while individual discrimination can occur in any organisation.

   - Racial discrimination divides isolated from regularised incidents, isolated being an one off incident while regularised are repeated occurrences.

   - Racial discrimination divides unintentional from intentional discrimination. An example of unintentional racial According to Islamic criminal law, sexual intercourse between a man and woman outside a valid marriage contract is a crime. The punishment is typically stoning to death for married offenders. This is codified into law in Sudan, Pakistan, Iran, Indonesia, Saudi Arabia, the United Arab

Emirates, and Nigeria. In some of these countries, there are frequent cases of stoning for adultery and fornication where this kind of discrimination against women is considered normal and accepted almost without objection.

4. The main legal and governmental remedies set up against discrimination are:

   - Civil Rights Act of 1964 (Pub. L. 88-352, 78 Stat. 241, enacted July 2, 1964).

   - The Equal Employment Opportunity Act of 1972

5. The utilitarian argument holds that we ought to act in the business world in a way that maximises our collective happiness and welfare. If that is right, then we all have an interest in ensuring that the most qualified people occupy the various working slots in our economy.

Activity 3.10

1. Gender discrimination is defined as:

   - An employment decision — hiring, promoting, demoting, firing — adversely or positively affects an employee or applicant

   - The decision is based on the person's gender rather than individual merit.

   - The decision rests on unverified stereotypes or generalisations about members of that gender.

2. Some causes of occupational segregation are:

   - Biological differences referring to the differences in reasoning, physical structure, levels of desire and aspirations.

   - Social precedent referring to occupational segregation that already exist in society

   - Discriminatory prejudice referring to favouritism conduct demonstrated by the person hiring.

3. The doctrine of comparable worth states that when two occupations require comparable levels of skill, training, effort, and responsibility, they should be rewarded with comparable salaries.

4. The glass ceiling is an invisible but real barrier through which the next stage or level of advancement can be seen, but cannot be reached by a section of qualified and deserving employees. Such barriers exist due to implicit prejudice on the basis of age, ethnicity, political or religious affiliation, and/or sex.

Activity 3.11

1. Discrimination is action that denies social participation or human rights to categories of people based on prejudice. This includes treatment of an individual or group based on their actual or perceived membership in a certain group or social category, "in a way that is worse than the way people are usually treated". It involves the group's initial reaction or interaction, influencing the individual's actual behaviour towards the group or the group leader, restricting members of one group from opportunities or privileges that are available to another group, leading to the exclusion of the individual or entities based on logical or irrational decision making.

2. Concealable characteristics that may be vulnerable to discrimination such as:

   - Religious beliefs
   - Sexual orientation
   - National identity

   Whilst inconcealable characteristics include:

   - Gender
   - Race
   - Age
   - Disabilities

3. Minority refers to the smaller part or number; a number, part, or amount forming less that half of the whole.

   While a minority group refers to a group differing, especially in race, religion, or ethic background, from the majority of population.

4. Victimisation is to accuse someone of being a victim is to charge that they are exploiting society's rejection of discrimination to create an unfair advantage for themselves.

   Strong victimisation is individuals in protected groups who are not suffering any discrimination at all claiming that they are and making the claim for their own immediate benefit. Weak victimisation occurs when someone works in a context where discrimination is a constant subject of attention, one permeating daily life in the office.

Activity 3.12

1. Affirmative action is one of the most effective tools for redressing the injustices caused by discrimination against people of colour and women.

   In strong affirmative action, significant incentive are deployed to encourage the participation of the minority groups, for example, quotas are employed to guarantee that individuals from disadvantaged group gain admittance to an organisation. Weak affirmative action is not openly using it as a determining factor, but giving social support to those who might be discriminated against.

2. Any of these two arguments would suffice:

   - Affirmative action is necessary to create fairness and equal opportunity in organisations because discrimination is so ingrained.

   - Affirmative action will stimulate interest in advancing at lower levels of the organisation.

   - Affirmative action benefits third parties.

- Affirmative action can reduce tensions in a university, an office, or any organisation by offering assurances that discrimination of minorities will not be tolerated, and also by opening the workplace to a diversity of viewpoints.

- Affirmative action benefits organisations by helping them reach their goals.

- Affirmative action is necessary as compensation for past wrongs.

3. Any two arguments would suffice:

   - Affirmative action is discrimination (just in reversed form), and therefore it is wrong.

   - Affirmative action is discrimination (just in reversed form), and therefore it reinforces what it combats.

   - The best way to eliminate discrimination is to let the law, markets, and time do their work.

   - Affirmative action can be unfair and damaging to third parties. Surgeons, firefighters — those kinds of jobs are vital to all individuals.

   - Affirmative action is unfair to minorities who are treated as tokens.

   - Affirmative action creates a tense organisation.

   - Affirmative action damages organisations.

   - Affirmative action does not compensate past wrongs.

4. In all but its weakest form, affirmative action stands almost straight up on the divide between individualism and collectivism.

   If you believe that individuals center ethics, it is going to be hard (not impossible) to defend favouritism, no matter how noble the goal. An ethics based on fundamental personal duties — especially the requirement for fairness — demands that all men and women get an even shot in the workplace.

   On the other side, if you believe in the community first, if you think that society's overall welfare must be the highest goal of ethical action, then it is going to be hard (not impossible) to deny that some form of affirmative action balancing, at some

places and times, does serve the general welfare and therefore is ethically required.

5. A company may pursue a strong affirmative action policy because:

   - Some companies are simply required to do so because they need to comply with the US government policy in order to conduct their business in US.

   - To prevent future lawsuits.

   - They believe it is part of their responsibility as good corporate citizens in a community to take steps to serve the general welfare.

Summary of Unit 3

Summary

In the first section, we have discussed the ethics of hiring, promoting and firing. In publicising job, the dilemma is whether to limit the job opening announcement or to widely publicise the opening. While screening the job applicants the manager is faced with the ethics of screening practices and applying test to shortlist the candidates. The section then discussed the ethics of wage confidentiality and the employees' right to privacy. The section ends with a discussion on the ethics of firing employees and the steps to limit the need to discharge employees.

The second section's focus discussion was on deciding on a corporate culture that works for the organisation. Corporate culture was first defined, then the discussion was focused on how corporate cultures were instilled in organisations. The section then discussed the evaluation of corporate culture from the ethical point of view and the organisations' compliance to policies, codes and values. The section ends with a discussion on the different types of leadership styles that would be required to instill an organisation corporate culture.

In the last section, the discussion was focused on discrimination and affirmative action. The section began with the discussion on racial discrimination, followed by discrimination against women, and discrimination in general. The section ends with the discussion on the employment of affirmative action to end discrimination.

Suggested Answers to Self-tests

Feedback

Self-test 3.1

1. Interview questions for applications that would not be pertinent would be:

    - Questions that are not job related.
    - Any questions that reveal your age, race, national origin, gender, religion, marital status and sexual orientation are off-limits.
    - Employers cannot ask the applicant, previous employers, or anyone else questions relating to the existence, nature or severity of a disability.
    - Illegal interview questions that are often mistaken as appropriate:
    - Do you drink socially?
    - Do you have outstanding debt?
    - Which country are you from?
    - Are you married?
    - Do you have children?
    - Have you ever been arrested?

    Interview questions for applicants that would be pertinent:

    - Describe current duties and responsibilities
    - Describe yourself
    - What do you find satisfying or dissatisfying about your current position?
    - What are your most important achievements?

- What provides you motivation to excel in your job?
- What type of actions have you taken to improve your professional and personal development?
- What do you perceive to be your weaknesses?
- What are your short-term and long-term goals?
- Why are you looking for another opportunity?
- What knowledge do you have of our company and the position we are offering?
- What are your expectations from the job and our company?
- How do your skills and abilities apply to the position we are offering?
- What do you have to offer that other individuals do not possess?
- How would your coworkers and managers describe you?
- How well do you work within a team environment?
- What activities/interests do you enjoy outside of the workplace?
- Why should we hire you?

2. Duties of managers to the organisation when dismissing employees:

   a. Duty to give the intended person a second chance to improve their work performance / correct their problematic behaviours before actually dismissing the employee.

   b. Duty to document the reasons for dismissing the employee to avoid future litigation problems for the organisation.

   c. Duty to ensure the financial cost of termination is minimised.

   d. Duty to ensure that the dismissed employee should not be allowed to disrupt the continued work of those who remains.

Duties of managers to the dismissed worker:

a. Duty to inform the employee personally that they have been released from their employment contract.

b. Duty to ensure that the fired person should leave with a positive impression of the organisation.

c. Where possible, assist to provide recommendation for another job.

d. Duty to ensure that the dismissed employee is fully paid for the work completed.

Self-test 3.2

1. Some of the questions one can asked about a workplace culture include:

   - How many hours are you expected to work each week?
   - Is there flexitime?
   - Is there telecommuting?
   - Is it important that the employee must be present or that the work gets done?
   - Is each worker situated in a private room or a more open common space?
   - Do people tend to compete with each other or is it teamwork a higher value?
   - What is the extent of individual competition? How far does it go?
   - What is the workplace mood?
   - Is the workplace personalized?
   - Is uniformity or individuality more highly prized?

2. The answer varies. Students may share their own perspective on this.

3. Transformational leadership is a type of leadership style that can inspire positive changes in those who follow. Transformational leaders are generally energetic, enthusiastic, and passionate. Not only are these leaders concerned and involved in the process; they are also focused on helping every member of the group succeed as well.

   CEOs or sales managers can be more effective if they are transformational leaders. Executive managers need the ability to design and communicate grand strategic missions, passing the missions down to transactional leaders for implementation of the details.

4. Transactional leadership styles are more concerned with maintaining the normal flow of operations. Transactional leadership can be described as "keeping the ship afloat." Transactional leaders use disciplinary power and an array of incentives to motivate employees to perform at their best. The term "transactional" refers to the fact that this type of leader essentially motivates subordinates by exchanging rewards for performance.

   When it comes to front-line supervisors of minimum-wage employees, for example, a transactional leadership style can be more effective. Shift supervisors at a fast food restaurant will be much more effective if they are concerned with ensuring all of the various stations run smoothly, rather than spending their time thinking up better ways to serve hamburgers.

Self-test 3.3

1. Examples of businesses favouring hiring Asians that draw both reasonable defenses and criticism of the practice:

   - Global Banks such as HSBC, Standard Chartered, Chase Manhattan, Deutsche Bank AG with branches across Asia.

   - Multi National Corporations (MNC) in manufacturing and production with branches across Asia or having Asian suppliers.

2. Arguments in favour of occupational segregation:

   Through a utilitarian theory — one that judges as ethically correct any act that raises a society's overall happiness. For example, occupations that require hard physical strength may require strength test, which men's strength will weed out most women.

Arguments against occupational segregation:

Through rights theory and the premise that the highest ethical value is personal freedom and opportunity: i.e., maximising our ability to pursue happiness as each of us sees fit.

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