Designing ethical organizations for spiritual growth and superior performance: an organization systems approach

Denis Collins

* School of Business, Edgewood College, Madison, WI, USA

Online publication date: 11 May 2010

To cite this Article Collins, Denis (2010) 'Designing ethical organizations for spiritual growth and superior performance: an organization systems approach', Journal of Management, Spirituality & Religion, 7: 2, 95 — 117

To link to this Article DOI: 10.1080/14766081003746414

URL: http://dx.doi.org/10.1080/14766081003746414
Designing ethical organizations for spiritual growth and superior performance: an organization systems approach

Denis Collins*

School of Business, Edgewood College, Madison, WI, USA

The emerging field of spirituality at work provides new energy to the well-established field of business ethics and social responsibility by directing organizational leaders to achieve superior financial performance and productivity in harmony with ethical behavior and spiritual transcendence. This article provides a systematic model organizational leaders can implement to infuse ethics and spirituality throughout operations. The model recognizes that all employees are morally imperfect, and offers processes, practices, and structures that reinforce ethical behaviors and allow personal spirituality to flourish. The organization systems approach embraces the best practices for determining the ethics of job candidates, codes of ethics, ethical decision-making, ethics and diversity training, ethics officers and hotlines, ethical leadership, ethical work goals and performance appraisals, environmental management, and community outreach. World peace and social justice requires the existence of ethical organizations that provide high-quality goods and services and are places for spiritual growth and development.

Keywords: business ethics; spirituality; organizational integrity; systems approach; moral imperfections; practitioners

Evidence that ethical violations in business abound is matched by concern over how to prevent them. (Giacalone and Jurkiewicz 2003, p. 85)

Spiritual leadership involves motivating and inspiring workers through a transcendent vision and a corporate culture based on altruistic values to produce a highly motivated, committed and productive workforce [where employees have] a sense of calling through one’s work and for a social connection at work. (Fry and Slocum 2008)

Specifically, organizational spirituality was found to be positively related to job involvement, organizational identification, and work rewards satisfaction, and negatively related to organizational frustration. (Kolodinsky et al. 2008)

Intentionally becoming better people at work

The complex functioning of the universe, earth, and human life are miracles. The Earth orbits the sun at a speed of 67,000 miles an hour while rotating on its axis.

*Email: dcollins@edgewood.edu
at 1000 miles an hour. If the Earth’s orbit shifted a tiny bit all human existence would cease, causing us to freeze or burn to death. There are approximately 100 trillion microscopic cells that sustain the life of a human body, which can be destroyed by the multiplication of one cancerous cell. Yet, humans have created political, economic, and organizational systems that damage the Earth and individuals. As suggested by the three opening quotes, numerous ethical violations found within all organizations can be addressed by spiritually sensitive managers who (1) design organizations as places for social connection in a manner that enhances organizational efficiency and effectiveness, and (2) help employees recognize work as a calling.

On the first day of class, I ask my adult business students: Will all those who would like to make the world better please stand up! With very rare exceptions, they all stand up. Many people, both religious and non-religious, aspire to make their nation, state, municipality, and block they live on a better place, for themselves and others. This is their vision and spiritual quest.

Next, I ask: Will all those who have obtained moral perfection please stand up! None of my students stand up. We are all morally imperfect human beings. People are born to morally imperfect parents and influenced by morally imperfect siblings, friends, relatives, neighbors, teachers, religious leaders, and media. Upon entering the workforce, people obtain employment with organizations that consist of a network of morally imperfect bosses, colleagues, subordinates, customers, suppliers, and regulators. The Earth is a floating purgatory inhabited by people with the freedom to choose good or bad every moment of the day. This has been the nature of reality since the beginning of human existence.

A basic assumption of this article is that human beings should spend their limited time on Earth, most of it experienced in relation to organizations, developing their spirituality by intentionally becoming better people and making the world a better place. Organizations provide goods and services that typically enhance the quality of life. Unfortunately, managers often do not consider organizational impacts on the spiritual well-being of employees, customers, suppliers, and the broader community.

Scholars in business ethics and spirituality typically offer a grab bag of concerns and solutions regarding this historical problem. The Optimal Ethics Systems Model presented in this article provides a systematic structure for integrating commonly offered solutions throughout any organization in a way that enhances individual spirituality and ethics, and achieves superior organizational performance.

**Spirituality, ethics, and religion**

The terms “spirituality” and “ethics” overlap to some extent. Ethics is typically defined as a set of principles a person uses to differentiate “right” and “wrong.” Spirituality, as defined by Giacalone and Jurkiewicz (2003, p. 87), “refers to individuals’ drive to experience transcendence, or a deeper meaning to life, through the way in which they live and work.” One way to experience transcendence and
deeper meaning is by being ethical, and vice versa. An individual who reasons according to the principles of utilitarianism, deontology, and justice, the highest stages of moral development (Kohlberg 1981), transcends self-interest, social group preferences, and national interests. Spirituality provides an extra justification for reasoning and acting based on the highest levels of ethical theorizing, and for serving the broader purpose of becoming a better person and making organizations and the world a better place.

But not everything spiritual is ethical, and vice versa. Egoism is an ethical theory that highlights the appropriateness of considering one’s own self-interest when making moral conclusions, such as in determining which job offer to accept. Egoism, however, is not spiritual transcendence. Similarly, one can be spiritual but not ethical. In Genesis, Sarah tells her son Jacob to steal his older brother’s birthright by lying to his blind and dying father. Jacob obeys his mother to fulfill a higher mission, but his lie violates deontology. More modern examples are individuals who mistreat, or even kill, others in the name of God. These individuals provide spiritual justifications for behaving unethically. The most compelling justification for an action is one based on spirituality and ethics.

Spirituality also overlaps, but differs from, “religion.” A spiritual person may not belong to a particular religious denomination. Religion refers to theological doctrines (“Jesus is God incarnate”) or specific practices (Muslim prayer five times a day). As shown in Figure 1, aspects of religion that overlap with both ethics and spirituality include the importance of applying the Golden Rule (“Do unto others as you want done to you”) or practicing humility and kindness, and serving others through charity and altruistic love (Fry 2005).

**Competitive advantages of ethical organizations**

A growing amount of research on organizational performance has shifted the theoretical debate from choosing between ethical performance and financial performance to choosing ethical performance because of its contributions to financial performance (Margolis and Walsh 2003; Orlitzky et al. 2003). An organization’s ethics strategy is being added to governance, marketing, accounting, human resources, innovation, and investment strategies as an important contributor to an organization’s financial health (Hitt and Collins 2007).

Research findings and common sense strongly suggest that, in the long run, ethical organizations financially outperform unethical organizations (see Table 1). Some of the reasons are quite obvious. Assume you are a job applicant, customer, supplier, or investor and two organizations met your general requirements in terms of adequate wages, product quality and price, or business plan implementation. One organization has an ethical reputation and the other an unethical reputation. Which of the two organizations would you rather be part of, or do business with: the ethical organization, or the unethical organization? Researchers have found that organizations with a strong ethical culture not only attract high-quality employees, customers, suppliers, and investors, but also retain their loyalty as well.
Research findings in the budding spiritual workplaces literature suggest similar organizational benefits. People employed by organizations that score higher on spirituality factors also exhibit higher levels of job involvement, organizational identification, and work reward satisfaction, and lower levels of organizational
frustration (Kolodinsky et al. 2008). Individuals with high levels of spirituality, when matched with organizations of high spirituality, are likely to be more highly motivated to make a difference, more committed to the organization, and more flexible toward organizational change (Jurkiewicz and Giacalone 2004).

How can organizations be designed to maximize ethical behaviors that help people flourish spiritually? An organization systems approach to the problem of unethical behaviors associated with morally imperfect employees is essential to both minimize costs associated ethical risks, such as lawsuits, theft, high turnover, and help organizational stakeholders fulfill their spiritual purpose. The remainder of this article presents the best practices for designing organizations that recognize, reward, and shape ethical behaviors and spiritual development.

An organizational systems solution

An organization systems approach is necessary to develop a culture of high integrity and accountability rather than responding to each ethical problem and associated cost piecemeal, or going from one crisis to the next (Hall et al. 2007; Kayes et al. 2007). Ethical risks can be reduced, and spiritual development enhanced, by implementing processes, practices, and structures that generate and reinforce ethical behaviors aligned with an organization’s mission to be the best that it can be.

The Federal Sentencing Guidelines implemented in 1991 encourage businesses to voluntarily adopt some of the best practices in business ethics. If an employee commits a crime, an organization with a robust Ethics Compliance Program receives a reduction in fine. The Optimal Ethics Systems Model presented in Figure 2 provides a more elaborate and systematic “best practices” framework for reducing ethical risks and enhancing spirituality by integrating ethics throughout the workplace (Collins 2009).

The organization systems approach includes best practices in determining the ethics of job candidates, ethical decision-making, ethics and diversity training, ethics officers and hotlines, ethical leadership, ethical work goals and performance appraisals, environmental management, and community outreach. All of these ethics mechanisms require assessment and modifications based on feedback from those they affect. By systematically implementing all of the 11 elements in the model, the organization will not only attract employees desiring to experience spiritual transformation through work on a daily basis, but also have in place structures, policies, and processes that will aid employees with their daily spiritual development and engage them in a transcendent vision.

These best practices parallel the Buddhist conception of an Eightfold Path. According to Buddhism, enlightenment requires that an individual recognize everyone suffers. Suffering can cease by practicing the Eightfold Path, which consists of Right View, Right Thinking, Right Speech, Right Action, Right Livelihood, Right Diligence, Right Mindfulness, and Right Concentration (Hanh 1998). Each element of the Eightfold Path is essential, and each element is interrelated with the other seven elements.
Similarly, each of the 11 elements of the Optimal Ethics Systems Model is essential and interrelated. Managers must realize that every employee, including the manager, is morally imperfect, which generates suffering for the organization, employees, and other stakeholders. The suffering can cease by implementing the model’s 11 elements. Together, the Optimal Ethics Systems Model elements not only help employees experience spiritual growth and transcendence, they reinforce applying a high level of moral reasoning, reduce ethical risks, and establish competitive advantages in terms of organizational and financial performance.

The following sections briefly review the best practices within each element of the organization systems approach.

**Hiring ethical people**

The organization systems approach begins with hiring ethical job candidates. Many organizations focus on screening for technical skills, not ethical skills or
spirituality. This oft-overlooked first step is the most important because people are creatures of habit. Some job screens help to elicit the ethical propensities of job candidates. The five-step Ethics Job Screen Process outlined in Table 2 integrates job screening techniques that can elicit the ethical and spiritual propensities of job applicants. The steps are listed chronologically to complement an organization’s job recruiting process. The first step is a cautionary one, ensuring that any method used to determine ethics or spirituality does not violate federal law. The next four steps are information sources. Job candidates who meet these criteria are more likely to adopt an organizational vision that transcends specific job tasks and individual goals or responsibilities.

Past ethical behavior is the best predictor of future ethical behavior. Behavioral information can be obtained from resumes, reference checks, background checks, and integrity tests. Behavior is also a function of attitudes. The most reliable attitudinal survey scales for predicting ethical behavior measure conscientiousness (Sackett and Wanek 1996), organizational citizenship behavior (Bolina and Trunley 2003), social dominance (Sidanius and Pratto 2001), and bullying (Lutgen-Sandvik et al. 2007). The first two factors measure positive associations and the latter two negative associations (the higher the score for social dominance and bullying, the less ethical a person is likely to behave).

Information about past behaviors gleaned from resumes, reference checks, background checks, and integrity test scores can indicate whether the job candidate is actively engaged in spiritual transformation. For instance, resumes and reference checks may indicate that a job candidate is a member of community organizations involved in altruistic activities. Other behavioral and attitudinal measures can include the 10 values associated with spirituality: benevolence, generativity, humanism, integrity, justice, mutuality, receptivity, respect, responsibility, and trust (Jurkiewicz and Giacalone 2004). Expressing a desire to

<table>
<thead>
<tr>
<th>Step</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Step 1: Legal ground rules</td>
<td>Gather and use information in a way that does not discriminate against job candidates based on their race, color, religion, gender, national origin, age, or disability.</td>
</tr>
<tr>
<td>Step 2: Behavioral information</td>
<td>Review behavioral information from resumes, reference checks, background checks, and integrity tests.</td>
</tr>
<tr>
<td>Step 3: Personality traits</td>
<td>Obtain measures for personality traits such as conscientiousness, organizational citizenship behavior, social dominance, and bullying.</td>
</tr>
<tr>
<td>Step 4: Interview questions</td>
<td>Interview the job finalists about their responses to ethical dilemmas experienced at previous workplaces and how they would respond to ethical dilemmas experienced by current employees. In addition, clarify inconsistencies and ambiguities that arise during the previous two job-screening steps.</td>
</tr>
<tr>
<td>Step 5: Other tests</td>
<td>Where appropriate, conduct alcohol, drug, and polygraph tests as a final test of the job finalist’s integrity.</td>
</tr>
</tbody>
</table>
experience meaning at work and contribute to the betterment of others and the community should be seen as highly desired attributes, rather than a source of concern (Giacalone and Gilmore 2004). Each behavioral and attitudinal information gathering method has weaknesses. Researchers estimate that 20–44% of all resumes contain lies about work histories, educational background, and other credentials (Bowles 2002). References can be heavily biased in favor of candidates or nonresponsive due to defamation of character lawsuit concerns. Surveys are prone to social desirability errors. Each weakness needs to be appropriately managed.

For instance, the most important information an employer can receive is the previous supervisor’s perspective. If not listed among the references, employers should request the previous supervisor’s contact information and ask the job candidate why the person was not listed. There may be a good reason. If the former supervisor has been instructed to only verify the dates of employment, then simply ask: “Would you hire this person again?” If the response is favorable, or the person hesitates or refuses to answer, that might be all the information needed.

Each behavioral and attitudinal information-gathering method contributes partial, not complete, information about the job candidate. Job candidates also should be interviewed about how they managed ethical dilemmas at their previous workplace, and given an opportunity to comment on any contentious issues revealed on their resumes, reference and background checks, or attitudinal surveys. When appropriate, managers should test job candidates for alcohol and drug consumption, and conduct polygraph tests if the job task impacts national security or public safety issues.

**Codes of ethics and codes of conduct**

During job orientation, new employees should be exposed to the organization’s Code of Ethics and Code of Conduct, which are essential ethics mechanisms.

An organization’s Code of Ethics serves as its conscience and provides employees with a common ethical reference point. The Code of Ethics should be inspirational and fit on a business card. Typically, the Code of Ethics reminds employees that all stakeholders will be treated with utmost respect and dignity, and highlights the importance of spiritual values such as being trustworthy, responsible, and fair (Schwartz 2005). The code should provide a vision of an ethical organization and strongly resonate with an employee’s inner life and purpose.

A Code of Conduct provides substance to the Code of Ethics. The Code of Conduct should explicitly describe what it means to respect all stakeholders. These codes typically provide more detailed information about conflicts of interest, use of corporate assets, confidentiality, fair dealings with stakeholders, compliance with relevant laws and regulations, and reporting illegal or unethical behaviors (Verschoor 2004).

To ensure their effectiveness, Codes of Ethics and Conduct must be vocally supported by management, publicly displayed, and addressed in training.
workshops. In the spirit of continuous improvement, employees should annually assess how well the organization lives up to these codes, and provide suggestions for improving ethical performance.

**Ethical decision-making framework**

Codes of Conduct cannot cover every ethical situation that might arise. New employees should also be oriented to the organization’s ethical decision-making framework. During job orientation, managers should review how information about the ethical ramifications of decisions and actions is gathered and analyzed. The ethical decision-making framework should provide a common language for understanding and discussing the moral aspect of business problems, and a method for independently deriving a moral answer.

Every employee decision can rally people around the organization’s mission and enhance one’s spirit. Unethical decisions tend to repel stakeholders and generate thoughts about hypocrisy rather than continuous improvement or service. Teaching employees how to derive moral answers enables them to experience moral clarity, a skill they can apply to decision making in their personal lives outside work as well as within the workplace. Moral clarity empties one’s mind of thoughts about covering up misbehaviors, dark secrets, and guilt, thoughts that can overwhelm employees and divert their attention from job tasks. More conceptual space becomes available to receive inspirational insights on how to improve performance, care for others, and make the organization the best it can be.

Answering the following six questions, which are grounded in moral philosophy, helps employees understand the ethical ramifications of the action under consideration (Collins and Page 1997):

1. Who are all the people affected by the action?
2. Is the action beneficial to me?
3. Is the action supported by my social group?
4. Is the action supported by national laws?
5. Is the action for the greatest good of the greatest number of people affected by it?
6. Are the motives behind the action based on truthfulness and respect/integrity toward each stakeholder?

Questions 2–6 above are listed in ascending ethical importance. The answers to the last two questions point employees in the direction of the most ethical decision. Sometimes, the answers these two questions recommend might need to be modified due to concerns about the law, interest group desires, or one’s own self-interest. Employees should begin with the most ethical decision and compromise only if absolutely necessary. An emphasis on experiencing spiritual transcendence at work provides additional justification for applying the highest ethical theory, rather than too quickly making compromises for the sake of efficiency.
The six ethical questions can also help employees understand how to persuade each other. If an employee states that he or she prefers a particular action because it is to the greatest good of the greatest number (utilitarianism), then someone wanting to persuade this person should speak the same ethical language and explain how a different course of action is actually more beneficial to the greatest good. Similarly, if the person states a preference for an action because of its impact on his or her life (egoism), then provide a self-interested reason why a different course of action is more beneficial to the person. In the latter situation, a manager should humbly work with the employee to transcend the spiritual limitations of egoism.

Essential attributes of spirituality include respecting each person’s uniqueness, connecting with others, and altruism. Someone who reasons at transcendent levels – a utilitarian or deontologist – can simply impose the “right” answer on others or respect people at their level of moral reasoning by engaging them within the context of their level of moral discourse. The latter approach, where a utilitarian or deontologist speaks the language of egoism to an egoist, demonstrates understanding and empathy toward the egoist. The egoist feels respected and accepted, rather than denigrated. Feelings of denigration generate defensive behaviors and personality conflicts, which detract from problem-solving. As a welcomed member of the workplace community, the egoist can engage a more expansive conception of egoism, one based on enlightened self-interest where acting in ways that benefit others is interpreted as being in the egoist’s self-interest.

**Ethics training**

Individuals are more likely to discuss work-related ethical issues with family and friends than coworkers, supervisors, or executives. According to the Ethics Resource Center (2007), only about half of all observed unethical behaviors are reported to managers. Ethical issues need to be discussed and critically examined as part of the organization’s annual ethics training program. Otherwise, employees are inauthentic while at work. Feeling free to discuss ethical issues at work enables employees to live wholly integrated and transparent lives, and reinforces the idea that the workplace contributes to spiritual development.

All employees in the organization should participate in ethics training workshops with their peers. The ethics training workshop is an opportunity for employees to learn more about, and evaluate, how ethics impacts their work activities and organizational performance. Ethics training also helps to further develop, and reinforce, a culture of trust, high integrity, and spirituality. People employed in organizations with formalized ethics training have more positive perceptions about their organization’s ethics and greater job satisfaction (Valentine and Fleischman 2004; Kolodinsky et al. 2008).

The most effective form of ethics training is an interactive workshop based on real-life experiences. A skilled facilitator needs to create a safe learning environment so participants will speak openly about their observations and experiences, and guide them along the path of spiritual development.
Individuals are likely to engage in an unethical act if doing so makes the person feel good, colleagues pressure the person to do so, or the act does not seem wrong. Conversely, individuals are likely to confront a colleague doing something unethical if doing so makes the person feel good, colleagues pressure the person to confront unethical coworkers, and the person strongly feels obligated to do so. The confrontation is an opportunity for the employee who observed the unethical behavior to practice humility and empathy by offering constructive, not destructive, criticism. Reaching out to someone behaving ethically reinforces the spiritual belief that “we are our brother’s (or sister’s) keeper.”

Ethics training workshops should be designed to address these issues. At the conclusion of each workshop, attendees should feel obligated to improve the organization’s ethical performance. Table 3 provides a summary of 10 ethics training workshop options. In addition to understanding, applying, and assessing

Table 3. Ethics training workshop options.

<table>
<thead>
<tr>
<th></th>
<th>Code of Ethics Assessment: Review the Code of Ethics. Have employees assess how well the organization is living up to the code, praise areas of strength, and develop strategies for improving the lowest scoring areas.</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>Code of Conduct Content: Create a Who Wants to be a Millionaire or Jeopardy quiz show asking questions about the organization’s Code of Conduct.</td>
</tr>
<tr>
<td>3</td>
<td>Code of Conduct Violations and Outcomes: Present actual cases of employees, or people in the industry, violating a code of conduct, and the punishments they received.</td>
</tr>
<tr>
<td>4</td>
<td>Applying the Code to Specific Situations: Provide several real-life situations and have participants determine whether the behavior is in accordance with, or violates, the Code of Conduct.</td>
</tr>
<tr>
<td>5</td>
<td>Creating Business Ethics Scenarios for Discussion: Have employees create ethical scenarios based on their own experiences and discuss them.</td>
</tr>
<tr>
<td>6</td>
<td>Applying the Ethics Decision-Making Framework: Teach participants the six-question Ethical Decision-Making Framework, provide several real-life situations, and have them use the framework to derive a moral solution to the situation.</td>
</tr>
<tr>
<td>7</td>
<td>Ethical Hazard Approaching: Review a list of common rationalizations for unethical behavior, discuss situations when these reasons have been given to justify behaviors, and then brainstorm a more ethical response in case a similar situation arises in the future.</td>
</tr>
<tr>
<td>8</td>
<td>Personality Analysis: Administer surveys that measure character attributes associated with ethical or unethical behavior, such as Conscientiousness, Organizational Citizenship Behavior, Social Dominance Orientation, Locus of Control, Machiavellianism, and Individualism/Collectivism.</td>
</tr>
<tr>
<td>9</td>
<td>Benchmarking to an Ideal Employee: Develop a profile of an “ideal employee,” put into a survey format, have employees assess themselves to this ideal, praise the good, analyze shortcomings, and develop strategies for transforming weaknesses into strengths.</td>
</tr>
<tr>
<td>10</td>
<td>Work as a Calling: Reflect on making job tasks enjoyable and meaningful experiences.</td>
</tr>
</tbody>
</table>
the organization’s Code of Ethics and Code of Conduct, other well-received ethics training workshops include developing and examining ethical dilemmas experienced by employees, exploring common rationales for unethical behaviors, understanding one’s personality traits, benchmarking behavior to that of an ideal employee, and reflecting on how to make work more enjoyable and meaningful.

Traditional personality trait measures, such as the Five Factor Model, should be complemented with new scales measuring spirituality. MacDonald (2000) developed a scale that measures an individual’s expression of spirituality. The scale’s five dimensions are cognitive orientation towards spirituality, experiential/phenomenological, existential well-being, paranormal beliefs, and religiosity. Other spirituality scales include the Human Spirituality Scale (Wheat 1991), Purpose in Life Test (Crumbaugh 1968), Sense of Coherence (Antonovsky 1983), and Life Regard Index (Battista and Almond 1973).

Special emphasis should be placed on exploring the relationship between personal ethical standards, professional values, and organizational ethics. An employee’s experience at work should be linked to making a positive difference in his or her own spiritual evolution and making the world a better place (Giacalone and Eylon 2000). Employees can assess how well the organization lives according to its code of ethics, praise the most admirable examples, and develop strategies to improve weak performance areas in the spirit of continuous improvement.

Every job can be a calling or vocation. Employees should passionately engage in daily work activities, exhibit pride in their accomplishments, and bring joy into the lives of others. The “Work as a Calling” ethics training exercise in Table 4 provides employees a unique opportunity for deep spiritual reflection (Fox 1995).

Table 4. Work as a calling exercise.

When did you first feel drawn to the kind of work you are doing?
• What did it feel like?
• Has this feeling increased or decreased over the years?
• How can this feeling be regenerated?

Do you experience joy in your work?
• When and under what circumstances?
• How often do you experience this?
• How does this joy relate to difficulties associated with your work?

Do others experience joy as a result of your work?
• Directly?
• Indirectly?
• How can this experience of joy be increased?

What do you learn at work?
• In what ways is work a learning experience for you?
• In what ways is work a learning experience for others?

How is your work a blessing to future generations?

If you were to quit work today, what difference would it make to:
• Your personal or spiritual growth?
• The personal or spiritual growth of your work colleagues?
Respecting employee diversity

National populations continue to diversify, as does the employee and customer base of organizations. Creating an organizational culture that respects diverse people requires planning and effort (Canas and Sondak 2008). When undertaking a diversity initiative, managers should articulate the competitive advantages of diversity and work with employees to create a shared vision that respectfully builds upon previous accomplishments. A particular employee, such as a Diversity Officer, should be accountable for diversity issues and given appropriate political support.

To create a diverse workplace, organizations should broaden the job applicant pool. Managers should target market specific diverse populations to complement the usual recruiting methods, and then hire the most qualified person among the applicants. Offering flexible personal policies, such as flexible work schedules and cafeteria-style benefits plans, helps to retain diverse employees. The Diversity Officer should review dispute resolution processes, promotions, performance appraisals, and downsizing criteria for potential discriminatory biases against diverse people.

Diversity training exercises and activities should foster self-awareness and focus on problem-solving for work-related issues. The diversity trainer must have credibility with both the dominant and subordinate groups. Both groups need to develop understanding and tolerance toward each other. Diversity success stories should be praised, shortcomings discussed, and continuous improvement strategies developed. Diversity training should provide the opportunity for employees of various religious upbringings and beliefs to share their theological perspectives in a welcoming environment, one that fosters ecumenical understanding and respect. The conscious implementation of diversity should help employees develop a deeper form of social interactions (Konig 2010). Commonalities among all diverse groups must be highlighted to help all employees feel part of a cohesive team experience. Awareness of differences can cause feelings of alienation. Concluding diversity training by emphasizing commonalities helps individuals to connect with each other as members of an evolving community and unify them on a common transcendent mission.

Differences in communication style, an often overlooked diversity factor that can significantly impact organizational performance, should be addressed (Hilyer 2006). Employees need to learn how to communicate in a way that is conducive to the other person’s information reception preferences.

Ethics reporting systems

Organizations must open avenues of communication among all employees to discuss ethical issues as they arise. An employee uncomfortable sharing such information with his or her direct manager needs other outlets. Most frauds are detected by tips, not audits (Association of Certified Fraud Examiners 2008).

Employees should first consider sharing concerns with their direct manager. Sometimes that is not a reasonable option due to personality issues,
topic sensitivity, or power imbalance. Alternative internal reporting systems include an Ethics & Compliance Officer (ECO), an ombudsman, and an Assist Line. A failure in these internal communication systems can result in external whistleblowing, which is damaging for both the organization and the whistleblower.

An ECO can have many responsibilities (Morf et al. 1999). In addition to managing the internal ethics reporting systems, an ECO should assess areas for ethical risks, offer guidance, monitor the organization’s adherence to its Code of Ethics and Code of Conduct, oversee the ethics communication strategy, develop and interpret ethics policies, and oversee the ethics training program (Izraeli and BarNir 1998). When ethical violations are reported, the ECO should collect and analyze relevant data, ensure that appropriate decisions are made and enforced, and inform employees about the outcomes.

An ombudsman, who typically has a legal background, provides employees with an institutional voice for addressing ethical problems that arise (Hill 2002). The ombudsman guarantees the employee anonymity, investigates the employee’s concern, mediates a fair settlement, and protects the employee from retaliation.

Ethics assist lines, formerly referred to as “ethics hotlines,” provide a third avenue for internal reporting (Anonymous 1998). Employees should be encouraged to use the assist line, be it via email or telephone, to express any concerns they may have. Most assist line comments are about human resources issues or ethics policy clarifications, which is why the term “hotline” is misleading. Effective assist lines share two characteristics. First, employee requests for confidentiality and anonymity are honored at all times. Second, employees who purposely submit a false accusation are disciplined. To ensure anonymity, some organizations contract out assist lines to third parties.

An ethics hotline provides employees with a communication channel similar to prayer. An event has occurred that bothers the employee’s conscience. Many employees remain silent about the wrongdoing because they fear confrontation, retaliation, or accusations of not being “team” player. The non-action to a nagging conscience creates loneliness and isolation and brings anguish, pain, and suffering, and employees lose hope. Hotline monitors, even if invisible, symbolize that someone is listening, cares, and will correct the wrongdoing.

All of the ethics reporting mechanisms are aimed at making organizational life more transparent. Unethical bullies will accuse the person reporting the event as a “squealer” or “snitch,” derogatory names the spiritually inclined conveyor of information must transcend for the good of the organization. Informing a manager about an unethical activity requires moral courage and deepens an employee’s spirituality.

**Ethical leadership, work goals, and performance appraisals**

The most important ethics reference point is an employee’s direct supervisor or manager. Daily managerial behaviors clearly signal ethical expectations to
employees. How a manager acts in response to an ethical issue has more influence on employee ethics than any stated policy or words of encouragement. Managers have already been promoted, so their daily workplace actions indicate to subordinates what it takes to be promoted.

Employees want their managers to be honest, credible, respectful, and fair (Kouzes and Posner 2007). Many of the most crucial leadership skills are found in spiritual teachings, such as showing respect for others, demonstrating fair treatment, expressing caring and concern, listening responsively, recognizing the contributions of others, and engaging in reflective practice (Reave 2005). A leader’s moral character, vision, and decision choices shape the organization’s spiritual tone (Fry and Slocum 2008).

When managers exhibit these admirable characteristics, employees do likewise. If managers behave unethically, their subordinates are tempted to do likewise as well. According to a survey of managers, the lack of integrity and character is among the top reasons why managers fail (Longenecker et al. 2007). It is difficult for subordinates to take orders from, and support, someone they consider dishonest, untrustworthy, or unethical. Doing so creates cognitive dissonance and spiritual disintegration.

Managers are also responsible for developing work goals and performance appraisals, both of which impact ethical performance (Schweitzer et al. 2004). Hypocrisy and moral confusion develops when unethical behaviors are ignored, encouraged, or rewarded.

Work goals should be specific, measurable, aligned, time-bound, and challenging, yet attainable. Management-By-Objectives is a very effective goal-setting technique. The individual’s work goals are jointly determined by the manager and employee, and aligned with departmental and organizational goals. Avoid stretch goals that may tempt employees to stretch the truth. Accomplishing challenging goals can be a spiritually transformative experience for the individual, work team, and entire organization.

Employees stressed by work goals should participate in wellness programs, Employee Assistant Programs, delegation training, time management training, or opportunities for focused quiet work time and meditation. Sometimes employees need to step back from daily work demands and simply relax and reflect. Managers can meditate independently or lead members of their work unit in a simple meditation session (Boorstein 1996). Deep breathing exercises, and clearing one’s mind of conflicting thoughts and concerns, helps employees to calm down by putting annoying obstacles in their proper perspective and reconnecting with the broader purpose of work.

Performance appraisals should document employee accomplishments and benchmark the distance an employee still needs to travel to become an ideal employee. Managers should measure whether the employee lives up to the Code of Ethics, embodies the attitudes and behaviors of an ideal employee, and constructively contributes to ethics-based initiatives. Use 360-degree performance appraisals to develop a holistic perspective of the employee, and to let all employees know that their opinions do matter (Carson 2006). This process
reinforces the sense that the organization is a community of people sharing a common mission.

When reporting back to the employee being evaluated, managers should begin by praising accomplishments, which lifts one’s spirit, and then jointly turn shortcomings into goals for the upcoming year. Any allegations of unethical behaviors should be documented. Managers should provide employees an opportunity to clarify the situation and correct misunderstandings. Punishments must reflect the magnitude of the violations.

**Empowering ethical employees**

An ethical organization is a community of people where every employee is treated with dignity and has a sense of organizational ownership and accountability. A complementary set of management systems reinforces a sense of community within the organization and with external stakeholders.

Managers should create a fully empowered workforce where employees effectively participate on decision-making teams, develop plans for superior customer service and continuous improvement, and share in the financial benefits generated by their efforts. Researchers report that top-down, one-way communication and decision-making processes make subordinates passive and reactive, rather than proactive, and have a detrimental effect on an employee’s moral and spiritual development (White 1999).

Not all employees are prepared for full participation in decision-making activities. Differentiate go-getters (employees who are fully engaged in the work experience) from adversarials (employees with a bad attitude toward both work and authority) and fence-sitters (employees who put in a solid day’s work, but never go beyond that). These three groups of employees tend to form cliques and emphasize their differences rather than commonalities. Managers should recognize the differences among these groups, and manage each group according to their strengths and weaknesses. Groom go-getters for leadership positions, continually increase expectations for fence-sitters, and confront and challenge adversarials (Collins 1998). Then explore opportunities that bring these groups together for the sake of a common cause.

Go-getters typically are responding to a higher calling and purpose. Work is a meaningful activity. They want to be all that they can be, which means being given additional responsibilities and held accountable for higher performance standards. Go-getters avoid fence-sitters, who they consider lacking transcendence, and adversarials, who they consider negative and resentful. Go-getters put in leadership positions should be counseled that inspiring fence-sitters to independently take on greater challenges, and mentoring an adversarial, are tremendous opportunities for spiritual growth.

Adversarial employees are misdirected leaders who encourage fence-sitters to misbehave. Adversarials most likely previously had bad experiences with authority figures. Confronting and counseling adversarial employees provides an
Managers should develop effective teams based on trust. Trust is the foundation for constructive conflict, goal commitment, personal accountability, and achieving collective goals (Lencioni 2005). Team members should be trained to collectively solve problems and have the authority to, within reason, make changes as needed. Appreciative Inquiry techniques can be used to design and implement systems for achieving superior customer satisfaction. Scanlon-type gainsharing plans and Open Book Management provide employees the information and decision-making authority necessary to improve organizational operations. Work units should conclude each day with team-based reflections. Each team member should praise a major accomplishment, share a work-related problem, and brainstorm problem solutions to implement the following day. These daily reflections, a form of prayer, should deepen an employee’s commitment to continuous improvement.

Employees should share in profits they help to generate. Managers should distribute financial improvements to all employees through profit sharing, stock options, Employee Stock Ownership Plans (ESOPs), or cooperatives (Blasi et al. 2003). Financially sharing the fruits of employee labor reinforces the conception of an organization as a community of shared burdens and benefits.

Team-based participatory management, where employees provide meaningful input in the organization’s decision-making process, and share the financial gains associated with improved performance, creates a sense of ownership, communal experience, and accountability among employees (Collins 1998). The social connections and camaraderie experienced on gainsharing teams can create a transformational experience that aligns all employees with the organization’s vision.

**Environmental management**

Ethical organizations place a high value on appropriately managing the Earth’s scarce resources and creating environmentally healthy workplaces for their employees. Appropriately managing interactions between the organization and the natural environment grounds the organization within its surrounding ecosystem. Wal-Mart’s focus on becoming ecofriendly, rooted in cost-saving and new revenue streams, has created a more favorable public image of the previously maligned company (Hemphill 2005). Wal-Mart’s initial egoistic justification provides opportunities for heightened awareness and consciousness, an essential step along the spiritual path.

Managers can achieve superior environmental performance by implementing a wide variety of environmental management techniques, including (Nattrass and Altomare 1999; Esty and Winston 2006):

- creating an Environmental Management System (EMS) plan that documents relevant organizational procedures;
- conducting an environmental risk assessment;
- using The Natural Step (TNS) objectives to develop action plans;
- redesigning the product to achieve zero waste;
- operating in green buildings that have earned Leadership in Energy and Environmental Design (LEED) certification; and
- developing performance indicators to measure continuous improvement, and reporting the results of these efforts.

The EMS plan should document how the organization conducts environmental policy development, environmental planning and implementation, environmental monitoring and corrective actions, and management review. Managers should annually audit the EMS plan to ensure that the procedures are operating effectively.

Managing the environmental change process entails assigning day-to-day responsibilities to an environmental manager supported by top management. A cross-functional “green team,” composed of influential go-getters, should create an environmental vision and strategy, use the TNS framework to assess current environmental performance, and experience success by initially solving a relatively easy problem. The most common areas for improving environmental performance (and reducing costs) are energy use, waste disposal, paper use, product packaging, toxic substances, and business travel.

Environmental management activities provide managers with a unique opportunity to connect employees to a nature-based spirituality. The functioning of the Earth is a miraculous activity. Engaging in continuous improvement activities linking employee behavior and organizational outcomes with the omnipresence of nature deepens one’s sense of awe about nature’s impact on individual well-being.

**Community outreach**

An ethical organization aspires to be a model citizen, joining other stakeholders in creating vibrant communities for the well-being of its employees and other residents. Developing outreach activities that enhance community well-being connects the organization with its geographical location and the life of its employees outside of work. Companies can give nonprofit and community organizations money, products or services, and skills, and provide job opportunities for nontraditional employee populations. A systematic giving program would integrate all four areas.

Money can be directly donated to community organizations or linked to the sales of particular products. Products or services can be given to community organizations for use by its employees and clients, or to leverage as fundraising auction items. Companies can provide employees with paid time to volunteer their services for community organizations, or offer employees community service sabbaticals (Needleman 2008). The volunteer activity is an opportunity for employees to further develop project management and leadership skills, and to participate in team-building activities. Companies can serve the community by
offering job opportunities to nontraditional employees, such as people with disabilities or ex-convicts.

Managers can reactively give to community organizations on a first-come first-serve basis, outsource giving to the United Way and other mediating organizations, or proactively give by developing a few key strategic partnerships with nonprofit organizations aligned with the company’s mission. Cause-related marketing (Berglind and Nakata 2005) and organizational sponsorships (Farrelly and Quester 2005) help build brand loyalty. Businesses should pursue an integrative approach that involves all three types of recipients.

An ideal strategic partnership is one where both the company and the community organization benefit from the arrangement (Porter and Kramer 2002). Managers should determine which community organization benefits the most from the company’s products, services, and employee skill set, and also has a similar customer, labor, and supplier profile. This provides the foundation for a win–win opportunity, one that benefits both the community organization and the company. Strategic partnership objectives must be transparent, fair, and realistic, and communication between the partners must be two-way.

Many nonprofit service organizations are formed as a result of market failure. They care for people who lose their jobs or do not earn sufficient wages to financially care for themselves or their families. Strategic partnerships enhance interactions between for-profit and nonprofit employees, transforming barriers based on their different missions into new understandings about how they need each other, and can support each other. Communities need both economic growth and better quality of life.

Employees should be involved in the company’s outreach decision-making process. The community involvement process should be carefully monitored, and the outcomes measured, assessed, and shared with the community. Philanthropy is among the most easily identified signs of benevolence from a giver and receiver, and an act that enriches the lives of both.

The total quality management of ethics
Implementing an organization systems approach can significantly reduce unethical or illegal behaviors and enhance spirituality. Human beings, however, will remain morally imperfect and ethical problems can still arise. Depending on the egregiousness of the unethical behavior, the employee should be counseled and either disciplined or fired. These two short-term solutions, however, do not address the systematic root of the ethical problem. Why wasn’t the employee’s unethical proclivity detected earlier? Is there a problem with the hiring process, ethics training workshops, or performance evaluations? Similar to Total Quality Management, the ultimate goal of the organization systems approach is as close to zero defects as possible.

The Total Quality Management of Ethics process outlined in Table 5 provides a systematic approach for determining the root cause of an unethical behavior.
Best practices assessment

To enhance organizational ethics, managers must keep score by measuring ethical behaviors. Employees pay more attention to activities that are measured and assessed. Managers should benchmark their organization’s performance to the best practices discussed in this article, develop recommendations, and make modifications in the spirit of continuous improvement and the organization’s spiritual development.

Concluding challenge

People have a limited amount of time to develop their inner essence, and repair and improve the world, by being good and doing good. People should be at their ethical best, and experience transcendence and meaning, all the time, not just on days of religious worship.

Business owners and managers have always had the freedom to choose to behave ethically or unethically. The vitality of free-market capitalism depends on
ethics. The more people in business behave ethically, the more freedom and liberty government can allow in the economic system. Similarly, the more people can fulfill their spiritual needs through work, the more organizations will attract high quality and loyal employees, customers, and investors, and achieve superior productivity and financial performance.

There are many examples of organizations being “stakeholder-friendly” (Leap and Loughry 2004). These excellent examples need to be part of an organization’s day-to-day management practices, thereby contributing to the development of a strong ethical culture. People’s moral imperfections must be recognized and their accompanying ethical risks managed appropriately. Managers possess a unique position to significantly impact the spiritual development of others and, in the process, heal themselves by adopting the highly integrated organization systems approach advocated in this article.

Notes on contributor
Denis Collins is a Professor of Management in the School of Business at Edgewood College. He has published numerous articles and books in the area of business ethics and society. His latest book is Essentials of business ethics: Creating an organization of high integrity and superior performance (John Wiley & Sons, 2009).

References
Antonovsky, A. 1983. The structure and properties of the sense of coherence scale. Social Science and Medicine, 36(6), 725–733.


