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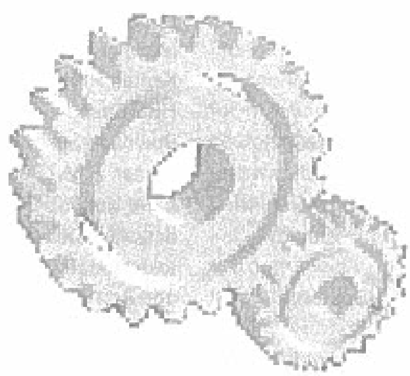
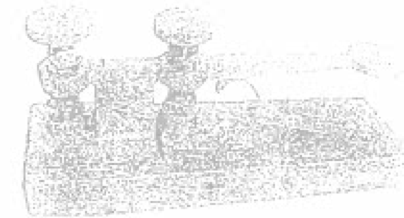


the Rhetoric *and* Reality *of* Codes



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Abstract

This paper examines recent developments in the formulation, articulation and dissemination of corporate codes in global corporations and global markets. The paper asks why, given the mutually enhancing past relationship between business ethics and rhetoric, these recent developments have eluded analysis by classic rhetoric. At the heart of the analysis is consideration of the impact of distance, both within organisations and beyond the enterprise to its partners and customers. It is suggested that many of the concerns and much of the distrust that has emerged reflects the failure to recognise that many of the concepts that are employed to frame these codes were never intended to deal with the extremes of distance faced now. A revised, dialogical rhetoric able to recognise, interpret, negotiate and accommodate different sets of values is presented as the key to overcoming distrust and embedding behaviours based on sustainable codes.

The Rhetoric and Reality of Codes

Business ethics and rhetoric have developed a mutually enhancing relationship over the past twenty years, particularly in the area of communication (Locker, 1995/2001; Stevens, 1996). This should not be surprising since we cannot have an ethics without communication, and communication immediately involves rhetoric. What is astonishing for an historian of rhetoric such as myself is the currency and helpfulness of classical rhetorical structures and approaches evidently at work in many areas of business. However, the relatively recent developments in global corporations and global markets (Kruckeberg, 2000), such as ethical branding are eluding analysis by classical rhetoric, as have similar developments in politics and other areas. This paper will attempt to look at why this has happened, partly by reviewing literature at the leading edge of research in the field, and will go on to ask whether there is anything we can do about it.

One of the most contested sites of business ethics and rhetoric is ethics codes for today's organisations: how they are written, but also how they are received, read and interpreted. In other words, how we communicate what is needed for the organisation to the people involved. Part of this is to do with a familiar narrative about the sheer distance that has grown between top levels of management and the workforce within many organisations, and the even greater distance between organisations themselves and their customers and other stakeholders. This distance has resulted in subpecific context (see also de Graaf, 2001), what I call the reality of rhetoric. The history of retoric shows us that the question of distance rovides a context for communication that is aving an impact in many different places, in olitics, law, education and increasingly, medi-ne, to name but a few. In those areas, the olutions to the distance factor have focused n how to get people back into the communi-ation loop so that they are not spoken at, not poken for, but are part of the discussion and poken to, which means they are invited to peak back.

lany of the fundamental insights into business ommunication have come via work on the retoric of codes. Betsy Stevens argues that uring the 1970s codes were often devised to rotect against corruption, but were also voked to protect against charges of corrup-on (Stevens, 1999). In the 1980s and 90s

> codes in themselves are simply not enough

rganisations realised that codes in themselves e simply not enough, indeed sometimes they e detrimental to ethical behaviour. What you ave to do is create a context or a culture ierce and Henry, 2000), what has recently een called an organisational 'climate' (Ruppel nd Harrington, 2000), that will support and ncourage active engagement with codes larshman and Harshman, 1999). Codes that o not work are likely to cause cynicism among nployees, even a resistance that becomes e game of how to get around them. A recent nited States survey has found that only 20% the production line workforce say they nderstand the codes of their organisations, nd a similar small percentage believe what anagement tells them (Harshman and Harshman, 1999).

Just so, the public perception of many older formal corporate codes is negative. A US Gallop Poll of a few years ago put business thirteenth in a list of 25 areas of employment, in terms of public trust. Pharmacists were top, car salesmen 25th and lawyers (remember this is in the legalistic society of the United States) twelfth (Stevens, 1999). Such distrust is partly a reflection of the way the distance factor has changed things. We no longer work by handshakes, or by the assumption of agreement, because increasingly people in any one organisation come from different places with different values and practices. Codes have been shown to be the most effective way of communicating values and intents within the organisation – even the mere presence of a code has been shown to have an effect on employee behaviour (Adams, Tachchian and Shore, 2001). Hence increasingly the distance factor has made communication of ethical values of organisations very significant for other stakeholders (Harker and Harker, 2000). But whereas codes are often brought in to close distance gap they themselves are affected by it.

This is not a trivial issue, partly because there are many different audiences for codes making their communication intensely complex. In what follows I would like to look at codes for just two of those audiences, arguing that codes for implementation within organisations are far more sophisticated that those aimed at stakeholders outside the organisation, and offer a brief analysis of the effectiveness of their communication, the reality of their rhetoric.

Codes within organisations

Codes within organisation are seen to fail when they lack responsiveness to the needs of their community, which will continuously change;

when they lack acceptance, or administrative control, or the confidence and commitment of the members of the organisation (Harker and Harker, 2000). Why does this happen? Often because the codes depersonalise, they offer insufficient information and emotional support to their communities. Older formal codes are reactive not proactive; they emphasise the short term solution (which is of course the easiest to judge); they are descriptive and prescriptive, and focus on the individual rather than the collective (Schaefer and Zeller, 1999). Codes like these are perceived as lacking compassion, of failing to provide any overlap of values and norms for all the different communities to whom they are addressed (Nihof, Fisscher and Looise, 2000). Worse, they indoctrinate, make self-reflection redundant so there is no need for employees to think about their actions, which can lead to 'moral inversion' (Nihof, Fisscher and Looise, 2000), or the creation of a self-justifying culture that ignores the ethical values of the larger society.

Specifically, as E. and C. Harshman elaborate, formal codes offer information on a need to know basis, keeping important information only to a few people, offering others few details and limited explanations. Such codes assume that people cannot handle bad news or unpleasant

> knowledge about the organisation will always be abused

truths, and they assume that knowledge about the organisation will always be abused. This kind of paternalist communication (Pierce and Henry, 1996) tends to foster the very elements it aims to avoid: rumour, myth and worst case scenarios, which are then acted upon by employees. It adds to the distance factor rather than bridges it. What is interesting is that while formal codes base themselves on 'self-evidently' good ethical values, these values change over time, so for example the early twentieth century valued virtue, morality and character, whereas now the emphasis is on integrity, independence and objectivity (New, 2001).

Again and again, in the literature on how to reform these codes, there is a stress on the involvement of the workforce, that the codes must bring them back into the communicative loop. They must begin to reflect the beliefs and ideals of the employees or the organisation will not get commitment to, the responsibility to and ownership of codes by individuals. Further than this, ethics codes should be thought of as within a social context, they should construct the individual in the workplace as part of a society, which is why the concept of climate has become so important. With context, codes can be strategic rather than merely tactical (Kruckeberg, 2000), they can encourage self-reflection, they can think about the long term (Schaefer and Zeller, 1999). What the implementation of such ethics codes is asking for is basically a lifelong learning process.

An important piece of recent research argues that what organisations need today is Values **Statements:** a profession of active commitment to respect, trust, recognition of value, keeping your word and telling the truth, honesty, integrity, openness to change, willingness to risk failure, and to learn (Harshman and Harshman, 1999; see also Ruppel and Harrington, 2000). In practice, this kind of code will come from collaborative writing. It needs to be maintained by independent oversight committees which carry out regular ethical audits. The codes themselves must demonstrate an organisation able and willing to be clear about its values (Harker and Harker, 2000), and to process and support those values. Perhaps the most important element of practice is, once more, to be le to learn, for this kind of code effectively ›esents the key elements in institutional life-›g learning.

has been argued that the rather monolithic ›mal ethics code has broken down in the past ›v years into: Formal (based on 'rights'), ›onological (based on justice), and Dialogical ›sed on care) (Nihof, Fisscher and Looise, 00; see also van Es and Meijlink, 2000). This ›ee part split has elsewhere given rise to the ›as Codes of Ethics, Codes of Conduct, and ›tements of Values (Kensicki, 2001): classical ›toric would consider the first to be overar-ing and self-evident, the second to be ›used on social context and involvement and › third, longer term, to be reflective and col-›orative (Hunter, 1984). The argument is that ›h has its place, that organisations need all ee in communicating and writing about val-›s. But what they are not is legal documents, ›ough a case can be made for a separate ›egory of legal document which is a Conflict Interest statement (Kensicki, 2001).

›re are quite specific stylistic elements that ›erlie the three main approaches that I have ›ken about elsewhere, and no matter how ›uistic an organisation's intent, if the rhetoric ›ot appropriate the code might as well not st. But to focus here on some of the con-tual elements: it is vital that all those expect-

> top-down communication is often problematic

›ct on the ethics codes be involved in dis-›sions about what should go into them. ›ker and Harker are among many who note t the fact of consultation may even be ›ugh to raise awareness of the issues and ›erate a commitment to the ethical behav-down communication is often problematic, not only because of perceived power imbalances that raise barriers to communication, but because of the chinese whispers effect (1999): the reasons that certain ethical guidelines are being put into place may be clear at the start, but having gone through several nodes of transition they can morph into completely different, and at times insidious, explanations that create distrust. The recent focus on the importance of understanding the ethical context of families and friends (Spence and Lozens, 2000), is another contextual element of the attempt to construct a dialogical rhetoric for codes.

Both Stevens and Harker and Harker, also point out the need for clarity, for open procedures for acceptance, and for practical and timely revision. These factors may seem self-evidently obvious, but they require careful handling and a commitment of resources. People are beginning to realise that an 'ethics code' is not necessarily only something that is 'written down' and 'read'. Stevens points out that among the many channels of communication available are: face to face discussions, telephone, letters, memos, email, messengers, and other media both oral and written, electronic and otherwise (1999). She concludes that employees may use the written code as a primary source, but they then turn to handbooks, seminars, training sessions, advice from supervisors, discussions with fellow employees and to personal experience (1999). Her research also uncovered a fascinating instance that when managers pass on the ethics code orally, employees who take the information in understand the process as 'reading the code'.

Nearly all of the recent research into ethics codes has focused on elaborating rhetorical strategies for implementing monological and dialogical codes, in other words not formal

values. Although the implementation of these ideas, especially those concerned with Statements of Values, will take time and considerable financial commitment, the thinking behind ethics codes within the organisation has become highly sophisticated, and is matching some of the most important work elsewhere that is also trying to deal with the distance factor. But what is more difficult and a matter for concern, are the codes aimed at other stakeholders such as the consumer, or perhaps more important, the way that the codes are aimed at them.

Codes aimed at stakeholders

Although communication to stakeholders outside the organisation is recognised as a social responsibility, it has not been a priority – sometimes at considerable cost (Cash Matthews, 1987; Ross and Benson, 1995). Not surprisingly, much of the early interest in the communication of ethics codes to stakeholders outside the organisation comes from the non-profit organisations which are under immediate pressure to have consistency between word and deed (Schaefer and Zeller, 1999b). But many of the issues they hammered out are now more widely taken up, so that at the other extreme, if you like, there is now an interest in the area of public relations (Huang, 2001; Kruckeberg, 2000), marketing (Fogelmon, 1999) and advertising (Harker and Harker, 2000) organisations, often seen at the 'most unethical' of all (Bone and Covey, 2000), on a growing awareness of the need to take on board some of these considerations. A driving force for this recent focus is the way that organisations today tend to separate substance from appearance, and hence emphasise the appearance of action and language over substance, responsibility and meaning (Harshman and Harshman, 1999)

One of the most compelling issues involved in the question of appearance is 'branding' and the use of ethics codes as part of the brand identification. Non-profit organisations face this issue directly. Recently, as many organisations have moved from thinking of ethics codes as a preventative against charges of corruption to a form of legitimacy (Seeger and Andrews), they have also taken the issue on. However, there is still a large contingent who deal in 'impression management', whose ethics code if not 'Statement of Values' is not responsive to social pressure but to do with legitimating corporate identity (Hooghiemstra, 2000).

Cause-related marketing (CRM) is just one strategy in this rhetoric, but one that is instructive and on which I shall focus. There are usually clear and ethically laudable reasons for cause-related marketing (Kotler, 1987). However, in technical rhetorical terms much CRM decontextualises the audience from the 'cause'. Recent research describes the way that CRM objectifies the way business and the public interact with society, reducing them to formal codes (Smith and Higgins, 2000). This in itself need not be problematic. Some initiatives seem genuinely reasonable, such as the HelpAd programme discussed by W. Smith and M. Higgins (2000), in which an advertisement for one product carries advertising for a secondary product, and 95% of the income from the secondary advertising goes to the Red Cross. But CRM is also a rhetorical device in its own right, and hence open to cynical manipulation, as one might argued with the American Express campaign, also referred to by Smith and Higgins, to raise money to restore the statue of Liberty: \$1.7M was raised on credit card transactions, while \$6M was spent advertising the campaign, which had a huge hidden benefit for American Express in the rise of subscribers.

The problem is that the communication is being used rhetorically, that once in a context it can be used for good or for bad. CRM might even be used to cover up alternative agendas, just as formal ethics codes within organisations hide and/ or obscure information. To do so is to turn it into a short term strategy that in the end encourages cynicism and constructs a negative social climate. The real fear about CRM among ethicists, and rhetoricians, is that when the strategy loses its edge, people will not return to their usual charity-giving patterns (Smith and Higgins, 2000). A more pragmatic worry for organisations should be that the negative social climate that results from such short term objectives will alienate customers.

Many organisations have healthy attitudes to ethical branding, so how does one guard against rhetorical exploitation? Increasingly business ethicists are turning to strategies similar to those suggested for use within the organisation. For example: to treat the customer in a social context and recognise the organisation's need to support the community (Seeger, 1997); to encourage self-reflection, questioning, and engagement with issues that face the organisation, by implementing open communication (Seeger, 1997); to become more aware of the differences between the perceptions and sensibilities of customers, and other stakeholders, and those on the inside of the organisation itself (Bone and Covey, 2000), and developing a more collaborative sense of ethical understanding.

These strategies move codes away from treating ethics as a device for legitimation, to ethics as a form of on-going social responsibility interested in human investment, dignity and ecology (Schaefer and Zeller, 1999). In other words, an approach that extends the ethos of Statements of Values for the organisation to include the stakeholders in the communities it reaches (Harker and Harker, 2000). However, this area of rhetorical analysis is still underdeveloped and needs a lot of work on the fundamentals of the stylistics. While the history of rhetoric attests to the positive movements within organisations toward more reliable ethics codes, things are not so positive for codes communicating between organisations and their stakeholders outside, which is one of the primary areas where the reality of the rhetoric has not yet been even partially sorted out.

This is due to some considerable extent because strategies, tactics and techniques for rhetorical communication that works at a distance have not yet been able to respond to the dialogical. It can deal with the formal and prescriptive because this requires little attention to distance. To some extent it can also deal with social context by analysing elements such as class and national culture. Indeed, although several commentators point out that in global corporations there is no direct responsibility to any political body, so that the role of national governance in controlling economic exploitation is severed, nations to some extent have become cultural artefacts within the global community and hence a primary tool for marketing strategies. Less cynically, Kruckeberg argues that precisely because global organisations are primarily responsible only to their own executives and major shareholders, there is heightened public awareness of and greater social expectation of the corporate social responsibility shown by them (2000).

However, dialogical rhetoric, which is at the heart of the collaborative structures that make ethics codes work effectively within an organisation, is not easy to put into place between a large organisation and its many stakeholders, let alone one particular group such as customers. Dialogical rhetoric depends on the to

and fro of discussion and debate. Unlike the focus on 'rights' of formal codes, or on 'justice' of monological codes, the dialogical emphasises 'care'. And while care is a highly problematic concept, it doesn't speak 'at' or 'for' but 'to' its audience, inviting participation. It could be argued that dialogical rhetoric between two communicators separated by such enormous distance, is impossible because an organisation cannot remain profitable and deal with its customers as individuals. No matter how much advertising money is spent on constructing the illusion that it is doing so, most consumers take the concept of their individuality with ironic recognition of its emptiness. In fact, that ironic recognition was a marketing problem in the late 1980s and early 1990s, but as consumers have become resigned to it, it has become available as a rhetorical topos of some power.

Discussion

This essay is largely a review of recent work, structured to argue that more attention needs to be paid to codes which liaise between the organisation and the public. However, there is a further rhetorical stance on which my own research is currently based, that I think could be added to the three-part breakdown into formal codes of ethics, social codes of conduct and collaborative statements of values, and this added structure is usually referred to as 'Situated'. The first three are classical rhetorical concepts, found throughout the structure of organisations in the west since the beginning of recorded history around 400 BC (Hunter, 1984). However these concepts were never intended to deal with such extremes of the distance factor that we are currently faced with. The situated, particularly situated knowledge and some work on situated textuality (Hunter, 1999), is an area that has increasingly been defined as a response to the context of global population movements and global organisations. It has been developed to deal with the recognition that we now deal with such diversity of opinion, belief and culture, that we will not be able to rely on shared values, or even on the possibility that we could negotiate over a set of values to which we could agree. The problem becomes one not only of how to recognise but also how to value values that are different from our own.

This is an exceptionally challenging issue, but, as demonstrations against large corporate organisations indicate, one that needs considerable work in today's global climate.

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Raising *the* Stakes *or finally* Seeing *them* Clearly?

Balanced Leadership in Times of Economic Crisis

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Abstract

The recent step change in economies, from surging growth to sharp decline has prompted business leaders to review their strategies and management styles. For some, this meant re-examining their commitment to a " balanced leadership " role which looked beyond traditional sources of relevant information and legitimacy to broader and wider goals and constituency. This paper uses the experiences of a cohort of business leaders to see whether this re-examination requires a change of direction or whether the underlying thinking behind "balanced leadership" and its associated commitment of leaders to something and people beyond oneself is, perhaps, even more important during crises. The implications of the study extend beyond the managers capable of handling success and difiiculty, crisis and calm.

The Current Crisis

Following on a long and steep upsurge of his toric proportions, the U. S. stock market, and technology-oriented companies in particular, experienced a sharp and punishing plunge in late 2000 and the early part of 2001. This is, of course, stating the obvious.

As of March 20, 2001, the NASDAQ Composite Index was down 64% from its peak a year earlier. The Dow Jones Average slid below the 10,000 mark. $5.2 trillion (with a "T") in "paper" wealth had disappeared in that same year. These breathtaking drops are especially stunning as they followed an average economic