Approaches to Organisational Culture and Ethics   *Amanda Sinclair*

ABSTRACT. This paper assesses the potential of organisational culture as a means for improving ethics in organisations. Organisational culture is recognised as one determinant of how people behave, more or less ethically, in organisations. It is also increasingly understood as an attribute that management can and should influence to improve organisational performance. When things go wrong in organisations, managers look to the culture as both the source of problems and the basis for solutions. Two models of organisational culture and ethical behaviour are evaluated. They rest on different understandings of organisational culture and the processes by which ethics are enhanced. Firstly, the prevailing approach holds that creating a unitary cohesive culture around core moral values is the solution to enhancing ethical behaviour. Both the feasibility and desirability of this approach, in terms of ethical outcomes, is questioned. The second model queries the existence of organisational culture at all, arguing that organisations are nothing more than shifting coalitions of subcultures. In this second model, the very porousness of the subcultures provides a catalyst for the scrutiny and critique of norms and practices. Such diversity and debate is construed as potentially a better safeguard for ethical behaviour than the uniformity promised by the unitary, strong culture model.

Introduction

Organisational culture has become an important, if contentious, focus in the study of organisational life. Managers of organisations have turned to organisa-

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tional culture not only to explain what happens in organisations, but to attempt to shape what happens in ways that are consistent with organisational goals — to use culture to orchestrate organisational change. Organisational culture has been portrayed as a particularly promising tool in the managerial kitbag (Schwartz and Davis, 1981; Deal and Kennedy, 1982; Kilmann et al., 1985).

The impact of organisational culture on the ethical standards and moral practices of people in organisations has also been increasingly documented (Fisse and Braithwaite, 1983). Organisational leaders exhort the importance of managing the organisational culture to promote a high standard of ethical conduct among organisational members (see, for example, Akers, 1989).

This paper explores two approaches to using organisational culture to enhance ethics in organisations. Each approach rests on different understandings of organisational culture and how, if at all, it is to be managed.

Organisational culture

The application of the concept of culture to organisations became widespread through the 1980s, but was pioneered by some innovative thinkers earlier (for example, Crozier, 1964; Turner, 1971; Pettigrew, 1979). Subsequent researchers distinguished two broad senses of organisational culture — the more popular view of culture as a variable to be managed in organisations, and the view that culture is a metaphor or fundamental means for conceptualising organisations (Smircich, 1983). According to this latter view, culture is not something an organisation has, but something an organisation is and management cannot control culture because management is

a part of that culture (Nicholson, 1984). This debate, which culminates in querying the existence of organisational culture at all, has attracted much academic interest but has not deterred widespread acceptance of the concept. Despite the plausible contention that culture is not something that organisations have, there is a popular understanding that organisational culture exists and that it is important (Schein, 1985).

Frequently understood as a 'multi-layered' phenomenon (Sathe, 1983), organisational culture includes deep-seated and enduring values, at the most fundamental or inner level, with artefacts and symbols, procedures and arrangements, 'shared doings and sayings' (Sathe, 1983) characterising the outer and more superficial layers of organisational culture. Some doubt that an organisation can influence the substantive content of its own culture, because the underlying values of any organisational culture are deeply rooted in broader national, racial and religious cultures (Schein, 1983; Hofstede et al., *et al.*, 1990). More amenable to moulding by management are the outer layers of culture, the rituals, symbols, heroes and other artefacts.

The pattern of cultural elements that emerges is essentially a learned and shared set of responses to the organisational environment, tasks and problems (Turner, 1971; Schein, 1984). A working understanding of organisational culture is that it consists of what people believe about how things work in their organisations and the behavioural and physical outcomes of these beliefs.

Though popularised in recent years, organisational culture is not a new understanding. A well-established tradition of administrative research has demonstrated that organisations produce a mindset amongst individual members (which in turn is determined by, for example, structure or external pressures) which encourages people to behave in ways that are not necessarily consistent with individual or pre-existing norms, but apparently induced by organisational membership (Merton, 1940; Whyte, 1956; Crozier, 1964; Hummel, 1982; Baum, 1987; Jackall, 1990).

Neither has administrative theory been alone in its attention to culture as a determinant of the moral content of what goes on in organisations. Scholars of corporate crime (Stone, 1975; Coleman, 1985) have concluded that the "climate" (Clinard and Yaeger,

1983) and culture of organisations exercises a powerful influence on unethical behaviour in organisations. Clinard (1983) concluded from his study of retired middle managers in Fortune 500 companies that corporate crime was determined by top managers who pushed their subordinates so hard that illegal practices were tacitly necessary to survive. Clinard (1988) concludes that corporate lawbreaking is a product of the cultural norms operating in a corporation and corporations "socialize" their members into patterns of law-obedience or law-breaking. Recent analysis of disasters, such as the Challenger incident, similarly conclude that corporate cultures were an important piece of the puzzle of precipitating events (Werhane, 1991; Vaughan, 1990; Shrivastava, 1987).

The ethics of organisations

To talk about the ethics of organisations suffers at least the same difficulties as speaking of the cultures of organisations. Whether the organisation has a moral status, an existence or even a moral intent independent of its members, are questions that have received considerable attention (for example, Bower, 1974; Goodpaster and Matthews, 1982; Velasquez, 1983; French, 1984; Ewin, 1991). Further, some scholars argue that to apportion special sets of ethics to separate spheres or arenas of activity, such as business ethics, is to create an artificial distinction between business and the rest of life (Drucker, 1981). These debates instill appropriate caution in envisaging the organisation as a unitary and insulated domain in which one set of special ethical standards apply. Ethics, like cultures, may not be something that organisations "have."

Rather, the focus of this paper is the ethics that guide the members of an organisation. They are not the expression of the organisation's "moral personality" (Ewin, 1991) but those principles of right and wrong that govern the exchanges of members of the organisation when they are engaged in organisational activities. Inevitably these principles are formed by long-standing influences on individuals which extend far beyond the organisational realm, though it is reasonable to suggest that some organisations shape the ethics exhibited by organisational members.

Are these ethics distinguishable from morality? The ethics of organisations are not special rules, applicable only to those specific communities, but rather understood here as elaborations of pre-existing broader moral principles, which include standards of behaviour and are designed to respond to the particular dilemmas presented by that context (Adelman, 1991). This is not to suggest that ethical principles are any weaker than moral principles, but that they may have greater specificity to the particular tasks or environment which a group or collectivity confront.

A further challenge in the shaping of ethics using organisational culture is determining how the quality of ethics is to be measured. Is it in standards of operation, the avoidance of moral disasters or in routine decision-making practices which include ethical considerations? (Jackson, 1991). How is better ethics exhibited by individuals? Is it in virtuous behaviour, or a lack of corruption? Is there more inherent moral value in particular workplace practices and processes of reflection or consultation or should measures only concern themselves with outcomes? While there is clearly no final answer to these questions, how they are resolved will help determine which avenue is selected by those trying to improve ethics in organisations.

The role of management

A primary task of management is to control the activity of employees to best serve defined organisational interests. They can achieve this control using formalised rules (bureaucratic mechansisms), economic rewards and sanctions or values and norms about how the work is to be done ("clan" or cultural mechanisms) (Wilkins and Ouchi, 1983).

Disenchanted with the limitations of control by means of economic or bureaucratic sanctions, management theory widely promulgated through the 1980s the development of corporate culture as a means of enhancing managerial control. Through a sense of purpose, a shared set of meanings and a sense of involvement or ownership, organisational culture could directly enhance organisational effectiveness (Denison, 1990; Peters and Waterman, 1982; Deal and Kennedy, 1982; Kilmann *et al.*, 1985).

Cultural management comes to be preferred to the old direct means of control because it appears to be inclusive, more pervasive and less identifiable (Anthony, 1990, p. 4).

In their case studies of corporate offenders, Fisse and Braithwaite (1983) take a step beyond using organisational culture to explain unsound or undermined ethics, in identifying culture as a cure for improving ethics in organisations. In analysing the responses of companies, they conclude that "the most important changes were qualitative and intangible. These were the changes in the culture of the organization" (p. 235). They cite examples of reforming internal controls, questioning audits more closely, more stringent systems of accountability, "increased staff, seniority or added powers, or all three" (p. 232).

Organisational culture then, deserves our serious attention, even if it is all metaphor or managerial sleight of hand. An examination of organisational culture offers a plausible explanation for the incidence of unethical behaviour and there are many who argue that it provides the means to improve the ethics of people in organisations. Organisational culture both helps to explain the incidence of unethical behaviour (where it acts as a vicious circle), and can be coverted by diligent and skilful management into a "virtuous circle" (Gagliardi, 1991).

Managers confronting flawed organisational ethics and the imperative to act increasingly assert that it is the culture that needs to be "fixed" (Reidenbach and Robin, 1991). Murphy's view "that ethical business practices stem from an ethical corporate culture" (1989, p. 81) is widely echoed, as are prescriptions of how culture should be cultivated to this end.

Two approaches to the management of organisational culture to improve ethics in organisations

There are two approaches to moulding organisational culture towards ethical ends. The first and most popular is the approach of creating a unitary corporate culture around ethical values. It argues that management can and should actively manage organisational culture. The second approach fosters the co-existence and diversity within the organisa-

tion of underlying national and racial cultures as well as professional and occupational subcultures. This approach doubts that management is able to, or should, employ organisational culture towards management-defined ends. Each approach defines organisational culture and the nature or process of good ethics differently, and each argues a different role for management in the shaping of ethical values. The following discussion evaluates the two approaches.

The approach of creating a unitary culture

According to this approach management can create a unitary and cohesive organisational culture around core ethical values. Sometimes identified as "strong" or "thick," these organisational cultures are distinguished by the presence of organisational values and norms which are shared by all employees (not just a managerial elite), which are deeply-felt (not just adhered to superficially), and which are capable of substantially determining behaviour and consistent across organisational functions or geographic divisions.

The methodology for establishing such a culture is well-established, but tirelessly reincarnated with slightly altered emphasis (for example Deal and Kennedy, 1982; Murphy, 1989). The process commences with the clear articulation of a corporate strategy, philosophy or mission. The strategy does not confine itself to economic goals but includes statements about "what kind of organisation the company will be — its character, the values it espouses, its relationships to customers, employees, communities, and shareholders" (Andrews, 1989, p. 103). This aspect of organisational strategy is typically promulgated as a "credo," a succinct statement of the values permeating the firm" (Murphy, 1989, p. 81) and is translated into a corporate code of ethics. While the credo can be a general statement about the organisational values, the code of ethics should be specific, pertinent, publicised, communicated and enforced, as well as revised (Laczniak and Murphy, 1991).

The most important role for the leader of the organisation is the reinforcement in word and deed of the values of the organisation (Schein, 1983). The commitment of the senior management team to an ethical culture is critical: "the importance of senior executives as role models cannot be stressed strongly enough" (Mathews, 1988, p. 135). The task of management then becomes "the management of meaning" (Gowler and Legge, 1983; Pondy and Mitroff, 1979). The impact of such role modelling is all the more potent if the organisation is blessed with a charismatic or transformational leader (Bennis and Nanus, 1985).

Systems of rewards, selection, appraisal, structures, physical spaces, rituals and ceremonies, should all be designed to reinforce organisational values and norms. Information systems and corporate planning processes should also guide and reflect progress in institutionalising values.

Cited as a shining example of this approach is Johnson and Johnson, the pharmaceuticals company, whose success in the marketplace and capacity to turn disaster into ethical "runs on the board," is legendary. Their credo affirms a "responsibility to the doctors, nurses and patients, to mothers and all others who use our products and services . . . to our employees . . . to the communities in which we live and work . . . to our stockholders . . ." (Harvard Case Library, 1983). J & J management argue that the source of their business success is their organisational culture, which despite their multinational operations, guarantees ethical conduct.

This approach to enhancing ethical behaviour works by reinforcing adherence to a predetermined and clearly-defined bottom-line which tells employees how to act. It attempts to ensure ethical conduct by eliciting behavioural conformity, not through explicit compulsion but through the more subtle socialisation of organisational culture.

Yet this approach to the management of organisational culture has been attacked as both infeasible and undesirable, of itself, morally questionable. The first criticism maintains that organisational culture is a figment of the managerial imagination, though certainly not a harmless one. Nicholson has argued: "the practice of management is itself a component of culture . . . Management cannot control culture for attempts to control cultural variables themselves constitute part of the culture" (1984, p. 264). Hence, this approach has been dismissed by some as a management construction, nothing more than the imposition by an elite of a managerial ideology (Drake and Drake, 1988).

Others, however, warn against dismissing such a

potentially powerful, if unrepresentative, ideology. Gowler and Legge, for example, argue that managerial ideology upholds its own special moral imperatives: it "presents a rational, goal-oriented image of managerial action as a particular kind of moral environment" (1983, p. 201). These critics argue that while organisational culture can be a very effective device for marketing the organisation and for legitimating "managerial prerogatives" (Gowler and Legge, 1983, p. 198), it hardly secures any guarantees as far as ethical conduct is concerned. Indeed, it may serve to camouflage dubious practices.

Evidence that organisational culture is used by management to deflect responsibility is provided by Weiss in his research on Employee Assistance Programs (EAPs) undertaken by American companies (1986). Weiss argues that a purportedly socially responsible managerial ideology, designed to assist employees with problems such as alcoholism, enables management to enhance their social control by labelling employee problems as "medical" and unrelated to the basic structural conditions and stresses of worklife. By developing a "socially responsible" ideology, employees and constituents of the organisation are distracted from the underlying causes of employee malaise, enabling management to, in effect, escape moral responsibility for work-induced employee illness.

Similar criticism is often directed at the codes of ethics which some organisations employ as cultural devices for encouraging ethical behaviour. Mathews (1988) concludes from her analysis of corporate codes of conduct that they offer no real answers to the ethical dilemmas faced by people in organisations. Mathews found, alarmingly, a negative relationship between codes of conduct and violations.

Such a finding provides a powerful antidote to the assumption of this approach that any managerial effort is better than nothing. As Weiss' work also suggests, codes, credos and the other artefacts of organisational culture could discourage individuals from taking personal responsibility for ethical decisions in the workplace.

The second criticism of this approach focuses not on the questionable nature of organisational culture but whether "strong" cultures necessarily produce the best organisational outcomes. An organisational culture is understood to be strong where there is pervasive commitment to it throughout the organisation, where there is consistency among elements of the culture and it is powerful in determining individual behaviour, not just in ensuring superficial compliance. The argument of the strong culture approach is that by engendering high levels of commitment, ownership and purpose among employees strong cultures foster good performance (Denison, 1990).

However, there is a paucity of systematic, as opposed to anecdotal, research on the connection between culture and economic performance. Strong cultures only produce excellent performance under some circumstances (Calori and Sarnin, 1991).

Denison's research has documented a complex relationship between culture and effectiveness (1990). In fact, he found an inverse relationship between long-term performance and strength of culture (measured by consistency amongst groups within the organisation) (Denison, 1984).

Hence while strong, cohesive cultures can produce commitment, this might be the opposite of what the organisation needs for either its longer-term performance or ethical conduct. Research cautions that strong organisational cultures tend to uphold conformity and drive out dissension producing "strategic myopia" and rigidity (Lorsch, 1985; Bourgeois, 1984), inhibiting the organisation's capacity to scan its environment, to anticipate and respond to the rapidly changing needs of customers and other stakeholders. In the terrain of business ethics, where issues are constantly being redefined, such insularity can be a fatal weakness (Drake and Drake, 1988).

Even some of the supporters of the strong culture approach admit problems of overzealousness, that 'For the most part, ethical problems occur because corporate managers and their subordinates are *too* devoted to the organization' (Murphy, 1989, p. 81). An example of a highly cohesive culture producing extreme actions by organisational members is the Karen Silkwood case where a whistle blower was allegedly murdered by other organisational employees (Schwartz, 1987). Cloning people in the organisational culture is also seen to jeopardise the ethical robustness of the organisation in the longer term because it impairs the organisation's capacity to digest dissension and respond proactively to challenge (Waters, 1978; Fitzgerald, 1989).

Research on organisational socialisation raises questions of whether culture is propaganda, and training is indoctrination (Pascale, 1985; Schein, 1988). Berg warns of the "proximity" of effective symbolic management to "covert manipulation or organizational seduction" (1988, p. 576). For those who embrace a strong culture, its very cohesiveness can become a sanctuary. Insulated in the cocoon of a credo the management of the organisation can develop a sense of omnipotence and invulnerability and individuals are absolved of the need to weigh up implications and responsibilities. The organisation can become an island of complacency, an outpost of self-reinforcing norms.

As a management strategy, the strong culture approach understates conflicts of interest inherent in organisations and tends to protect the power elite (Zaleznik, 1989). Individual employees have limited power. While they have exit power, that is they can leave (Hirschmann, 1970), this ignores their dependence on the job and the subtle and sophisticated ways managers "manage meaning" to obscure employees' real choices.

In sum, creating a strong culture doesn't guarantee ethical behaviour, within management or employee ranks, though it may impart a highly marketable veneer of ethical conformity. Opponents to this approach argue that the concept of a corporate culture is the antithesis of individual ethics, that such a culture demands a "surrender" or "individual integrity" to the organisation (Silk and Vogel, 1976).

The subcultural approach

Using culture to enhance control, of ethical behaviour as well as economic performance, has turned out to be much tougher than expected. The lessons from research are that you only meddle with the organisational culture if you've got little choice, lots of resources and lots of time — a combination of circumstances, some would argue, rare enough to render the approach irrelevant (Uttal, 1983; Drake and Drake, 1988; Drucker, 1991; Lundberg, 1985).

While organisational culture now has a bad name in some circles, aspects of its explanatory appeal remain. Cultural forces still seem to explain, better than anything else, why people in organisations behave, ethically and unethically, as they do. How-

ever, the task of influencing those cultural pressures towards prescribed ends is more difficult.

Another managerial response then, instead of trying to create culture, is to understand the value differences of subcultures and the terrain of controversy within the organisation (Gregory, 1983). Researchers have increasingly focused on the degrees of variance in values and ideologies between hierarchical and functional levels of the organisation (Arogyaswamy and Byles, 1987). They have also argued the need for managers to see past the attractiveness of culture as a "lever" and "to understand the paradoxes and complexities of our belief system" (Ackroyd and Crowdy, 1990, p. 12). Reed and Anthony conclude that "[t]o the extent that cultural management is to be successful, rather than cosmetic or deceptive, it will have to comprehend comparative values and belief systems" (1990, p. 18).

This introduces a different, but not new, understanding of organisational culture, which recognises the existence of subcultures and questions the power and prerogative of management to control organisational culture. Bridges (1986) argues:

> In fact culture is not a pattern of total agreement but a dialogue between opposing forces that agree on the nature of their opposition. Culture change is really a shift in the definition of the opposition . . . not a conversion process in which a group of Sauls see a burning bush and become single-minded Pauls (p. 32).

Many cultural theorists have concluded that the subcultures existing in organisations are more likely than corporate cultures to be the repository of values and norms that are lasting and significant influences on behaviour (Martin and Siehl, 1983; Wilkins and Ouchi, 1983). Van Maanen and Barley (1985) define subcultures as "a subset of an organisation's members who interact regularly with one another, identify themselves as a distinct group within the organisation, share a set of problems commonly defined to be the problems of all and routinely take action on the basis of collective understandings unique to the group" (p. 38).

While the spectre of subcultural conflicts may spell nothing but trouble for the manager intent on control, there is some evidence that organisations can not only tolerate many subcultures, but also benefit from the discourse about values which they inevitably spawn. Where these subcultures are part

of, or operate as, an "occupational community" they bring to the organisation powerful potential resources of commitment and control (Van Maanen and Barley, 1984). Many professionals arrive in organisations, already socialised into a particular social commitment and moral language. Instead of overruling such identifications and the moral imperatives they already contain, organisations could "take seriously" and help develop the professional and the "profession as a moral actor" (Norton, 1991, p. 622). Instead of imposing corporate-derived ethical values the task for managers becomes one of understanding and unleashing the moral commitment of subcultures towards goals which are consistent with, or ideally advance, those of the organisation (Martin and Siehl, 1983). By relinquishing power to subcultures, communally-mediated control is effectively increased; by sponsoring autonomy, commitment can be nourished; by encouraging connections between organisational subcultures and wider community groups, the organisation's reserves are enhanced, not undermined.

Fostering such subcultural co-existence has produced robust and workable outcomes in a variety of circumstances. For example, Masel (1989) highlights the positive impact of judicial values and legal cultures on the determination of appropriate corporate regulation. Similarly, Thynne and Goldring (1990) argue that the process of administrative review is best understood as the outcomes of competing administrative and legal subcultures, including pragmatic advocates, bureaucratic protectionists and economic rationalists.

Research on team behaviour in organisations supports the conclusion that diversity of backgrounds, perspectives and values is an asset that protects the group from the hazards of "groupthink" (Janis and Mann, 1977). In a highly volatile environment it is essential that the members of the strategic decision-making team have highly differentiated perspectives (Bourgeois, 1984). A diversity of professional norms and styles is also crucial to team performance and creativity (Belbin, 1981).

But it's more than just pooling talents that is important. In their comprehensive study of the effects of threats and crises on individuals, groups and organisations, Staw *et al.* (1981) conclude that individual, group and organisational effects combine to increase concurrence seeking, the desire for cohesion at the expense of comprehensive information seeking and processing. Turner (1976) in his research on disasters reaches a similar conclusion, noting the "collective blindness" and "exclusivity" that accompanies entrenched organisational cultures and contributes to warnings being ignored or overruled by organisation members (p. 388). A common organisational strategy to counter such concurrence seeking is to give outsiders, those who do not come from the dominant culture, authority and the clear mandate to question (Lorsch, 1985).

We can conclude then that subcultural awareness can stimulate more ethical behaviour if the cause of a lack of ethics include insulated or blinkered professional values. Subcultures can act as a source of surveillance and critique over other groupings in the organisation, who may enjoy a privileged position. Subcultures in organisations can then be construed as sources of ethical discourse and dialectic as well as conflict. A scholar of corporate crime similarly hypothesised that "criminal behaviour is learned in association with those who define it favourably and in isolation from those who define it unfavourably." (Sutherland, 1983, p.63). Thus "(c)ultural homogeneity," close personal and power relationships, can all conspire to reinforce a subculture which defines unethical behaviour favourably. The most risks lie where a dominant subculture is insulated from those who offer a different definition of ethical actions.

This view of organisational culture is consistent with a particular understanding of ethics in organisational life. Denhardt (1988) defines administrative ethics as a *process* of independently critiquing decision standards, based on core social values which can be discovered and subject to personal and professional accountability. The essential steps in the process of being ethical are firstly, self-scrutiny, weighing up individual obligations and responsibilities, then weighing up professional and organisational responsibilities, taking personal responsibility for a decision and critically analysing the underlying assumptions of each course of action to better understand value choices, before finally applying decision standards and deciding.

A key ingredient of ethical behaviour we could argue then, is the process of moral thought and self-scrutiny that precedes it. This understanding of ethics puts weight on the process of thought that precedes action, to qualify behaviour as ethical. If it

is argued that being ethical requires a level of reflexivity and ongoing self-inspection, then it is not enough to adhere simple-mindedly to standards of behaviour prescribed by others. Being ethical may require doing the opposite of what is "comfortable . . . acceptable . . . or expected" by the culture. Managers must "be wary of simply doing things 'the way we do things around here' " (Toffler, 1986, p. 346).

The subcultural approach has several advantages over the unitary or strong culture approach. It is consistent with findings about the nature of organisational culture and it promises to provide a spur to more reasoned ethics in organisations where a hierarchy is entrenched. The major shortcomings with the subcultural approach are that of implementation. Difference, if valued for its own sake, is a recipe for organisational anarchy: "accepting the legitimacy of differences in organisational culture cannot and should not lead to the kind of cultural relativism which presumes there is some justification for any and all cultural differences" (Metcalfe and Richards, 1987, p. 82). Further, nurturing processes of self-inspection and critique among subcultures of the organisation may induce a morally self-aware group, which satisfies ethicists in its processes, but does not produce virtuous behaviours or outcomes. How then do organisations make the most of the subcultures which exist within them without creating a prison of pluralism, in which there is no net benefit of understanding, simply endemic conflict and confusion?

The first step is to develop an understanding of the "native" subcultures (Gregory, 1983), of the terrain of existing ethics and values and the points of difference. In identifying areas of controversy, points of potential consensus are developed or a cohesion profile (Arogyaswamy and Byles, 1987) and this can be the basis of a core of ethics for the organisation. For example, in a professional organisation, both professional and managerial subcultures typically share a commitment to quality and client service (Sinclair, 1991). While these subcultures will disagree vociferously on how this service is achieved, the identification of common core values serves as a benchmark against which operating norms can be evaluated. Finally, the organisation needs to devote considerable resources to working out how various

subcultural practices and norms are to be reconciled without compromising core values and ethics.

Such an approach does not impose a corporate culture. Instead it aims to stimulate more ethically-aware behaviour of members of subcultures by collaboratively surfacing an awareness of subcultural differences, competing and common values and their effects on outcomes. The subcultural approach does not rely on management as the architects of the moral code, but works by encouraging individuals to understand and challenge the ethics and values they bring to the organisation.

Peters and Waterman (1982) identified this capacity to celebrate diversity around some shared common values as "loose-tightness." But there are very significant obstacles to the realisation of this approach, paralleled in attempts to manage workforces comprised of more racially-diverse groups and more women. The management of diversity by recognizing and valuing difference and strategically sponsoring the cultivation of complementary contributions is a new and unfamiliar managerial paradigm, which confronts many obstacles (Adler, 1988). People in organisations and especially managers are uncomfortable with ambiguity and tend to view such a process as abdicating managerial prerogatives and responsibilities and relinquishing power.

Conclusion

Two approaches for managing organisational culture toward better ethical ends have been explored. They derive from two fundamentally different understandings of organisation and the role of management (Burrell and Morgan, 1979). While the strong culture approach adopts a more instrumental perspective envisaging the organisation as a whole, with an existence, goals and interests independent of its members, the second approach sees the organisation as a shifting coalition of people who agree to participate in a relationship to advance their individual interests (Georgiou, 1973).

The first approach of management taking the lead in creating a unitary and cohesive culture assumes the corporate moral conscience can be upheld by rational and enlightened decision-making and basic contractual agreements. The second approach envi-

sages the task of management as sponsoring the co-existence of subcultures, the surfacing and debate of value differences and the porousness of the organisation to changing external values.

Both approaches contain different risks for business ethics. In the first approach, the risks are that the ethics are those of a managerial elite, out of touch with the environment in which the organisation operates, or alternatively that these ethics are not internalised, but just given lip service by much of the organisation. The risks in the second approach are that the plethora of competing values of subcultures allows deviant groups to flourish, leaving management unable to find a common basis on which to proceed and an anarchic or paralysed organisation.

Each approach offers the promise of a different kind of ethics. A unitary cohesive culture encourages adherence to acknowledged and enforced standards of behaviour. This approach recognises ethics in the presence of certain virtues in espoused word and deed. It does not, of course, necessarily produce morality. While conformity need not exclude moral reflection, the essence of this view of organisational culture is that it removes the need to be reflective. Values and norms become so entrenched that self-inspection is unnecessary.

In contrast, the subcultural approach eschews imposing standards but vests efforts in nurturing individual processes of self-inspection, critique and debate. While this debate occurs in a broadly managed framework, it ultimately relies on individual, rather than institutional processes, to produce better ethics.

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