Chapter 2

Theoretical Perspective of Conceptual Variables
Ethics is about behavior and about ways of thinking, especially in situations where our choice can affect the dignity and well-being of others. All human beings are concerned with some standardized form of behavior known as ‘ethics’. The term ‘ethical or “ethical behavior” is used commonly when people talk of what is desirable behavior from society’s point of view.

Dennis Chookasian, Chairman and CEO of CNA Insurance Companies agree that “improper acts are much harder to prevent than illegal acts because they are more subjective” (Lonkevich, 1997). Many companies have created corporate ethics departments and implemented behavioral standards to assist employees in making proper decisions. “Ethics must transmit, from within constraining surrounding decisions and actions, critically selected value allegiances and criteria” (Goulet, 1997).

2.1. ETHICS AS A CONCEPT

Ethics refers to standards of conduct, standards that indicate how one should behave based on moral duties and virtues, which themselves are derived from principles of right and wrong. The term ‘ethics’ refers to value- oriented decision and behavior. This word comes from the Greek root “ethos” meaning character, guiding beliefs, standards or ideals that pervade group, community or people.

In a study of the ethics of business managers, (Raymond Baumhart, 1961) asked more than 100 business people the question: “what does ethical mean to you?” Of the 100, fifty percent defined ethical as “what my feelings tell me is right”, 25 per cent defined it in religious terms as what is “in harmony with my religious beliefs”, 18 percent described it as “what confirms to the golden rule” (Velasquez, 2002).
Ethics means accepted standards in terms of one’s personal and social welfare. Ethics is drawn from books and debates in which philosophical theories about right and wrong are proposed and tested. Ethics cannot simply be acquired – ethics must be studied. A view gaining increasing acceptance in recent years is one that upholds ethical behavior as the best long term strategy for an organization. Yet, everything hinges on how one defines ethical behavior. For although ethics undoubtedly an important concept from the perspective of both the individual as well as the organization what exactly is meant by ‘ethical’ or what is an ethical decision or behavior is not very clear, in spite of the fact that there are different definitions related with this concept. It is difficult to find a single definition for ethics. Some of the definitions are:

- According to the Webster’s dictionary, “ethics is the principle of conduct governing an individual or group.
- The Cambridge English Dictionary (1968) defines ethics as “a system of accepted beliefs which control behavior, especially such a system based on morale.
- “Ethics is the discipline that examines one’s moral standards or the moral standards of a society” (Velasquez, 2002).
- “Ethics is the set of moral principles that distinguish what is right from what is wrong” (Beekun, 1996).
- According to Rushworth M. Kidder (1995), President of the Institute for Global Ethics, “obedience to the enforceable is the law, ethics is obedience to the unenforceable” (Kidder and Lloyd, 1997).
- Ethics may be defined as an “inquiry into the nature and grounds of morality where the term morality is taken to mean moral judgments, standards and rules of conduct” (Hunt and Vitell, 1988).

Ethics represents an attempt to systematize and rationalize morality, typically into generalized normative rules that supposedly offer a solution to situations of moral uncertainty. The outcomes of the codification of these rules are ethical theories.
Ancient philosophers, such as Plato and Aristotle, have wrestled with questions of moral conduct and fairness for centuries. Ethics can be defined as “the discipline which deals with human character and conduct, of distinction between right and wrong, and moral duty and obligations to the community” (Encyclopedia Britannica, 1985).

2.1.1. Values and Ethics

Ethics and values are interrelated. In fact, value is considered the language of ethics. Just as there are no universally accepted standards of ethics, there are no values which are applicable to all individuals and society. Values can be moral, immoral or amoral, depending upon whether they confirm to, go against, or are indifferent towards certain norms of morality. But ethics represent only moral values.

The terms “values” and “ethics” are not interchangeable. ‘Ethics is the discipline that examines one’s moral standards or the moral standards of society.’ Ethics is concerned with how a moral person should behave, whereas values simply concern the various beliefs and attitudes that determine how a person actually behaves. Some values concern ethics when they pertain to beliefs as to what is right and wrong. Ethics refer to the entire body of moral values that society attaches to the actions of human beings.

Rokeach (1973) defines an individual value system as an “enduring organization of beliefs concerning preferable modes of conduct or end-states of existence along a continuum of relative importance.”

Allport (1971) defines, “a value is a belief upon which one acts by preference.” A value represents the basic conviction that a specific mode of conduct or end state of existence is personally or socially preferable to an opposite or converse mode of conduct or the end state of existence.

People’s values define their holder’s moral compass, giving them a deep sense of the right thing to do. Values are shaped by personal beliefs,
developed through study, inspection and consultation with others and a lifetime of experience (George, 2003).

Values are the ideas and beliefs that influence and direct our choices and actions (Gini, 2004).

Values represent the deepest level of culture. They are broad feelings, often unconscious and not discussible, about what is good and what is evil, beautiful or ugly, rational or irrational, normal or abnormal, natural or paradoxical, decent or indecent (Pucik et al., 1993).

Ashkanasy et al. (2000) writes that one issue of major focus in the values literature has to do with the distinction between values in the general sense and work values – a concept that implies the existence of particular sets of values that govern employee work behavior in all of its forms. Most conceptions and definitions of work values are consistent with most general definitions of values in the broader sense, but they focus on work, work behavior and work related outcomes.

Values are considered as “constructs representing generalized behaviors or states of affairs that are considered by the individual to be important (Yukl, 2002). In work place settings values can affect decisions about whether to join an organization, organizational commitment, relationships with co-workers and decisions about leaving an organization.

Difference between Ethics and Values

According to Fisher and Lovell (2003), “one distinction between ethics and values is that ‘Ethics represent an intellectual approach to matters of morality at work whereas values represent a response based on beliefs that people hold with emotional attachment.”

Ethical problems are closely linked to values, but they have different sources. Values are acquired informally through the processes of socialization – interaction with friends, family and colleagues – and from the organizations
people work in or belong to. Values are acquired, not learned. If people believe in an organization’s overall purpose they will change their individual behavior to serve that purpose, indeed, they will suffer from cognitive dissonance if they don’t. Values both consciously and unconsciously mobilize and guide how we make decisions and the kinds of decisions we make (Gini, 2004). Values influence attitudes and the strength of attitudes (Boninger et al. 1995).

**Personal Values and Business Values**

Personal values have long been considered important antecedents of behavior. Values are “guiding principles in the life of a person or other social entity” (Schwartz, 1981). As relatively stable standards, values influence conduct by channeling, evaluating, and justifying other beliefs, attitudes, and actions (Rokeach, 1973). Understanding the influence of personal values in the context of work teams is important because values are potentially useful predictors of individual and team performance (Bell, 2007). Despite the widely shared belief that a relationship between personal values and performance in teams does exist, very few empirical investigations of this relationship have been conducted (Harrison, Price, Gavin, & Florey, 2002).

Spranger (1928) defined several types of values orientation and that has been developed by Guth and Taguiri (1965). They defined five types of value orientation.

1. The Economic man is primarily oriented towards what is useful. He is interested in the practical aspects of the business world, in the manufacture, marketing, distribution and consumption of goods, in the use of economic resources, and in the accumulation of tangible wealth.

2. The Theoretical man is primarily interested in the discovery of truth, in the systematic ordering of his knowledge. In pursuing this goal, he typically takes a cognitive approach looking for identities and difference. His interests are empirical, critical and rational.
3. The Political man is oriented toward power, not necessarily in politics, but in whatever area he works. Most leaders have a high power orientation. Competition plays a large role during all his life. For some men, this value is uppermost, driving them to seek personal power, influence and recognition in a continuous basis.

4. The Aesthetic man finds his main interest in the artistic aspects of life, although he need not be a creative artist. He values form and harmony.

5. The Social man is primarily oriented towards the well being of people. His essential value is love of people- the altruistic or philanthropic aspect of love. The social man values people as ends, and tends to be kind, sympathetic and unselfish.

How personal ethical values are formed and manifest is an ongoing subject of academic and public interest. The spectacular, well-publicized moral lapses among corporate executive officers in Enron, Adelphi, Healthsouth, Parmalat, MCI/WorldCom, and Tyco, to name only a few, have captured headlines worldwide. These events occur because value differences in individuals lead to variance in behavior that is offensive to what society deems as moral and just (Rawls, 1997).

Business values define how the organization and its people function. These are the principles upon which everyone in the organization operates. Business values clarify who we are, what we stand for and why we do business the way we do. 'People values' include the basic human issues that affect daily work performance, such as honesty, truthfulness, trust, risk-taking and receptivity to new ideas. There are five key requirements for business values (Lebow and Simon, 1997):

1. Business values must affect everything within an organization, not just one department or region.
2. Business values must be linked to the overall success of the organization.
3. Business values must be controllable by someone or something.
4. Business values must be measurable.
5. Business values must be aspiration for all parties involved.
2.1.2. Ethics and Morality

Though in common parlance, a distinction is made between ‘ethics’ and ‘morality’, the two terms can be used interchangeably. Ethics is a discipline involving inquiry into the moral judgments. Just as chemists use the term, "chemistry" to refer to a theoretical study of the properties of the elements and their compounds, Ethicians use the term “ethics” to refer primarily to a theoretical study.

Morality is concerned with the norms, values and beliefs embedded in social processes which define right and wrong for an individual or a community. Ethics is concerned with the study of morality and the application of reason to elucidate specific rules and principles that determine right and wrong for a given situation. In his program of research on moral judgment, Hogan (1970) has developed a scale, the Survey of Ethical Attitudes, which measures the extent to which an individual believes in the "ethics of personal conscience" as opposed to the "ethics of social responsibility" (Hogan, 1970; Hogan and Dickstein, 1972). Hogan (1970) states that an advocate of the ethics of personal conscience thinks that "there are higher laws, unrelated to human legislation, which may be discovered by intuition or reason; a human law is just if, and only if, it corresponds to or can be derived from the higher laws. Traditionally, this position places a heavy emphasis on personal and intuitive notions of right and wrong”.

In order to understand the foundation of ethics and what the moral judgments are, we must begin by understanding various ethical theories:

2.1.3. Theories of Ethics

In our everyday lives, we constantly come up against situations where values are in conflict and where we have to make choice about what is wrong or right. Whether it is a question to lie about something in order to protect a friend’s feelings, or thinking about to report on a classmate you have seen cheating on their assignment, we all have some prior knowledge about what is
wrong or right that helps us to decide what to do. In a business context, there is often a need for decisions to be based on systematic, rational and widely understandable arguments so that they can be adequately defended, justified and explained to relevant stakeholders. So “Ethical theories are the rules and principles that determine right and wrong for a given situation.” Richard De George (1999) suggests that two extreme positions can be imagined:

1. Ethical Absolutism: It claims that there are eternal, universally applicable moral principles. According to this view, right and wrong are objective qualities that can be rationally determined.
2. Ethical Relativism: It claims that morality is context dependent and subjective. Relativists tend to believe that there is no universal right and wrong that can be rationally determined- it simply depends on the person making the decision and the culture in which they are located.

2.1.3.1. Traditional Ethical Theories

Traditional ethical theories generally offer a certain rule or principle which one can apply to any given situation- hence they are absolutist in intention. These theories are normative because they start with an assumption about the nature of the world and more specific assumptions about the nature of human beings. The main advantage of these theories is the fact that they normally provide us with a fairly “unequivocal solution” to ethical problems.

These theories generally can be differentiated into two groups:

(a) Consequentialist theories
(b) Non-consequentialist theories

(a) Consequentialist Theories

Such theories base the moral judgment on the outcomes of a certain action. If these outcomes are desirable then the action in question is morally right; if the outcomes of the action are not desirable, the action is morally wrong. In these theories, the moral judgment is based on the intended outcomes, the aims or
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the goals of a certain action. Therefore, Consequentialist ethics is often also referred to by the term teleological, based on the Greek word for ‘goal’. These theories can be explained as:

**Egoism:** Egoism is one of the oldest philosophical ideas, and it was already well known and discussed by ancient Greek philosophers such as Plato. In the last three centuries, it has been quite influential in modern economics, particularly in relation to Adam Smith’s (1723-1790) ideas about the design of liberalist economics. Egoism can be defined as, “Following the theory of egoism, an action is morally right if the decision maker freely decides in order to pursue either their (short-term) desires or their (long-term) interests. The justification for egoism lies in the underlying concept of man: as the man has only limited insight into the consequences of his actions, the only suitable strategy to achieve a good life is to pursue his own desires or interests. Adam Smith (1793) argued that in the economic system, this pursuit of individual self-interest was acceptable because it produced a morally desirable outcome for society through the ‘invisible hand’ of the market place. Smith’s argument may thus be summarized as saying that one is likely to find a moral outcome as the end-product of a system based on the free-competition and good information.

It is important to distinguish egoism based on the desire from selfishness. Whereas the egoist can be moved by the pity for others in seeking to remove his own distress caused by their plight, the selfish person is insensitive to the other.

**Utilitarianism:** The philosophy of Utilitarianism has been one of the most commonly accepted ethical theories in the Anglo-Saxon world. According to Utilitarianism, an action is morally right if it results in the greatest amount of good for the greatest amount of people affected by the action”. This principle also called the “Greatest Happiness Principle” is the ultimate consequentialist principle as it focuses solely on the consequences of an action and weighs the good results against the bad results and finally encourages the action
which results in the greatest amount of good for all people involved. Unlike egoism, it does not only look at each individual involved and ask whether their individual desires and interests are met, but it focuses on the collective welfare, that is, produced by a certain decision.

The underlying idea is the notion of utility, which Bentham sees as the ultimate goal in life. Man is seen as a hedonist, whose purpose in life is to maximize pleasure and minimize pain. In this hedonistic rendition of utilitarianism, utility is measured in terms of pleasure and pain (the hedonistic view). The other interpretations of utility look at happiness and unhappiness (the eudemonistic view) while others take a strongly extended view that includes into the equation not only pleasure or happiness but ultimately all intrinsically valuable human goods (the ideal view). These goods then would typically include aspects such as friendship, love, trust etc. The later view in particular makes utilitarianism open to a greater number of practical decision situations and prevents it from being rather narrowly focused on pleasure and pain only.

Problems of Utilitarianism: The importance of the concept of Utilitarianism can not be ignored but there are also some problems in this concept:

i. Subjectivity: The assessment of such consequences as pleasure or pain might depend highly on the subjective perspective of the person that carries out the analysis.

ii. Distribution of Utility: It would appear that by assessing greatest good for the greatest number, the interests of minorities are overlooked.

The problem of subjectivity led to a refinement of the theory, differentiating into what has been defined as “act utilitarianism” versus “rule utilitarianism”.

Act utilitarianism looks to single actions and bases the moral judgment on the amount of pleasure and the amount of pain this single action causes.

Rule utilitarianism looks at classes of action and asks whether the underlying principles of an action produce more pleasure than pain for society in the long run.
(b) Non-consequentialist Theories

Two main types of Non-consequentialist Ethical Theories are:

**Ethics of Duties:** Its main contributor, the German Philosopher, Immanuel Kant (1724-1804) thought that morality and the decision about right and wrong action was not dependent on a particular situation, let alone on the consequences of the action. For Kant, morality was a question of certain eternal, abstract and unchangeable principles- a set of a priori moral laws- that humans should apply to all ethical problems. He saw human as rational actors who could decide these principles for themselves. Hence, humans could therefore also be regarded as independent moral actors who made their own rational decisions regarding right and wrong. Kant subsequently developed a theoretical framework through which these principles could be derived, called the categorical imperative. By this he meant that this theoretical framework should be applied to every moral issue regardless of who is involved, who profits and who is harmed by the principle once they have been applied in specific situations. The categorical imperative consists of three parts, which Kant puts foreword as follows (De George, 1990):

i. Maxim one: Act only according to that maxim by which you can at the same time will that it should become a universal law.

ii. Maxim two: Act so that you treat humanity, whether in your own person or in that of another, always as an end and never as a means only.

iii. Maxim three: Act only so that the will through its maxims could regard itself at the same time as universally lawgiving.

Maxim one checks if the action could be performed by everyone and reflects the aspect of consistency, as in an action can only be right if everyone could follow the same underlying principles. Maxim two focuses on Kant's views that humans deserve respect as autonomous, rational actors, and that this human dignity should never be ignored. The third maxim scrutinizes the elements of universality.
The theory has got some criticism due to the following reasons:

i. Undervaluing outcomes: There is rather little consideration of the outcomes of one’s actions in ethics of duty. It gives no real way of assessing these outcomes, and they do not form a fundamental part of the theory itself.

ii. Complexity: Some specific formulations such as Kant’s categorical imperative can be quite complicated to apply. His principles based way of evaluating a decision requires a certain amount of abstraction and it is this level of intellectual scrutiny that one can not take for granted in each and every case.

**Ethics of Right and Justice:** The British philosopher John Locke (1632-1714) conceptualized the notion of “natural rights” or moral claims, that humans were entitled to, and which should be respected and protected. Among the most important rights conceived by Locke and subsequent rights theorists were rights to life, freedom and property. These have since been extended to include rights to freedom of speech, conscience, consent, privacy, and the entitlement to a fair legal process among others. In terms of an ethical theory, we could define rights along the following line: Natural rights are certain basic, important, unalienable entitlements that should be respected and protected in every single action.

The most substantial limitation of this approach is that notions of rights are quite strongly located in a western view of morality. A considerable amount of friction might occur if these ideas are directly transferred if not imposed, on communities with a different cultural and religious legacy.

Justice can be defined as the simultaneously fair treatment of individuals in a given situation with the result that everybody gets what they deserve. According to Beauchamp and Bowie (1997), theories of Justice typically see fairness in two main ways:
i. Fair procedures: Fairness is determined according to whether everyone has been free to acquire rewards for his or her efforts.

ii. Fair outcomes: Fairness is determined according to whether the consequences (positive or negative) are distributed in a just manner, according to some underlying principle such as need or merit. There is commonly referred to as distributive justice.

Limits of traditional theories:

i. Too abstract: Stark (1994) suggests that traditional ethical theories are too theoretical and impractical for the pragmatic day to day concerns of managers.

ii. Too reductionism: Kaler (1999) argues that each theory tends to focus on one aspect of morality at the cost of all the rest of morality.

iii. Too impersonal: By focusing on abstract principles, traditional ethical theories do not take account of the personal bonds and relationships that shape our thoughts and feelings about right and wrong (Gilligan, 1982).

iv. Too rational and codified: Ethical theories try and distil right and wrong down to codified rational rules of behavior. Bauman (1993) contends that this suppresses our moral autonomy and degenerates the importance of our moral feelings and emotions, all of which he claims are crucial for acting morally towards others.

2.1.3.2. Contemporary Ethical Theories

Contemporary ethical theories are those that have either been developed or brought to prominence in the business ethics field over the past decade or so.

**Virtue Ethics**: In virtue ethics, ‘good actions come from good persons’ is the main message. We could therefore define it along the following lines: “Virtue ethics contends that morally correct actions are those undertaken by actors with virtuous character. Therefore, the formation of a virtuous character is the first step towards morally correct behavior.” Virtues are a set of acquired traits of character that enable a person to lead a good life. Virtues can be
differentiated into intellectual virtues- wisdom being the most prominent one- and moral virtues- which comprise a long list of possible characteristics such as honesty, courage, friendship, mercy, loyalty, modesty, patience etc.

Virtue ethics takes a much more holistic view by also looking at the way this profit is achieved, and most notably, by claiming that economic success is just one part of good business life- with satisfaction of employees, good relations among all members of the company and harmonious relations with all stakeholders being equally important (Collier, 1995). The relevance of virtue ethics for business ethics is that it reminds us that right and wrong can not simply be resolved by applying specific rule or principle, but that we need to cultivate our knowledge and judgment on ethical matters over time through experience and participation (Nielsen, 2006).

**Feminist Ethics:** Feminist approaches to business ethics start from the assumption that men and women have fairly different attitudes organizing social life, with significant impact on the way ethical conflicts are handled (Gilligan, 1982). Feminist ethics approach explains the individual deeply embedded in a network of interpersonal relations. Consequently, responsibility for the members of this network and maintenance of connectedness rather than allegiance to abstract moral principles is the predominant concern of feminist ethics. This approach, often therefore called an ‘ethics of care’ consequently results in significant differences in the view of ethical issues (Rabouin, 1997). Feminist ethics is an approach that prioritizes empathy, harmonious and healthy social relationships, care for one another, and avoidance of harm abstract principles.

**Discourse Ethics:** The philosophical underpinning of this theoretical approach is the argument that norms ultimately cannot be justified by rational arguments, but they have to be generated and applied to solve ethical conflicts on a day to day basis (Preuss, 1990). Steinmann and Lohr (1994) as the main proponents of a discourse approach to business ethics argue that ethical reflection has to start from real life experience rather than belief
systems, which could be too diverse. They contend that the ultimate goal of ethical issues in business should be the peaceful settlement of conflicts. Discourse ethics aims to solve ethical conflicts by providing a process of norm generation through rational reflection on the real life experience of all relevant participants.

**Postmodern Ethics:** Postmodern ethics is an approach that locates morality beyond the sphere of rationality in an emotional ‘moral impulse’ towards others. It encourages individual actors to question everyday practices and rules, and to listen to and follow their emotions, inner convictions and gut feelings about what they think is right and wrong in a particular situation. Postmodernists tend to suggest that the foolproof- universal and unshakably founded- ethical code will never be found. Gustafson (2000) suggests that postmodern business ethics emphasizes the following:

i. Holistic approach: This theory lead to an abstract and distant view of ethical issues that ultimately causes actors to follow different standards in their professional and private lives.

ii. Examples rather than principles: It is based on narratives of experience, relies on metaphors to explain inner convictions and suggests persons and role models of certain virtues that the individual could point as an embodiment of his/her moral instinct.

iii. Preliminary character: Postmodern Ethics are often seen as more pessimistic than their modern counterparts. They know that ethical decisions are subject to non rational processes, and thus less controllable and predictable. Ethical reasoning therefore is a constant learning process, an ongoing struggle for the solutions that have a better fir, or for reasoning that just makes more sense and works better than the approaches tried out so far.

**2.1.4. Scope of Ethics**

Oliver Wendell Holms wrote, “Once a person’s mind is explained by a new idea the mind can never return to its original form.” The same is true with
management and ethics. Once ethics is learned, we all acquire the ability to see what we often could not set before. Ethics arise not simply from man’s creation but from human nature itself making it a natural body of laws from which man’s laws follow. The principles of ethical reasoning are useful tools for out the good and bad components within complex human interactions, for this reason, the study of ethics has been at the heart of intellectual thought since the early Greek philosophers, and its ongoing contribution to the advancement and science makes ethics a relevant, if not vital, aspect of management theory. Ethical principles continue, even today, to have a profound influence on many modern management fields including quality management, human resource management, mergers, marketing and corporate responsibility.

Ethics covers virtually all aspects of our life for there is no conduct which is totally free from moral considerations. As a science of conduct, it is concerned with the ideal or standard to which our conduct should confirm. Hence, ethics enquires into nature of the springs of action or impetus, the forces that impel men to action, motives, intentions, nature of voluntary and non voluntary actions etc. it is the task of ethics to determine the nature of right, good duty and virtue.

Philosophical questions like that of the freedom of will also come within the scope of ethics. If it is found that in the ultimate analysis, men are totally determined in their behavior by external physical forces, then human conduct will become a fact like any other natural fact and event and the question of passing moral judgment on human conduct will not arise. Ethics will cease to exist as normative science.

According to Lewis, Goodman, and Fandt (2001), organizations pay attention to ethical issues because the public expects a business to exhibit high levels of ethical standard. High levels of ethical standards protect individuals who work in organizations, employees dislike invasion of their privacy, being ordered to do something against their personal convictions, or working under
hazardous conditions. Organizations that treat their employees with dignity and integrity reap many rewards in the form of high morale, increased performance and productivity, decreased turnover rate, increased customer and employee satisfaction, and increased company reputation and credibility.

According to Lewis, Goodman, and Fandt (2001) employees who work for an ethical organization will feel good because they know they are protected along with the general public. In contrast, most employees do not feel good working for organizations that demonstrate unethical behaviors.

Locke (1981, 1984, 1990) also implied the existence of three types of moral law: divine law, civil law and the law of opinion. Divine law is identified by natural reason or by revelation and reveals an individual’s responsibilities and sins. Civil law is arranged by political societies to establish guilt or innocence pertaining to civic concerns. Law of opinion determines goodness and evils by the rules and practices of a specific time, place and society. Locke contemplated that an individual’s notion of good and evil are a product of both sensory and rational encounters. Individuals learn from there encounters and establish the morality of particular events using associations and dedications (Beckner, 2004).

Within the organizational context, ethics is a system of rules or principles of behavior within a group against which actions can be judged. And it must be agreed upon by all members of the group to ensure consistency of action. When it comes to volunteering, we often decide to contribute our time and energy based, in part, on personal values and priorities. Many years of international research have created strong evidence that people everywhere articulate some version of the same five core values:

- Trustworthiness (truthfulness, sincerity, candor, loyalty, promise keeping, honesty)
- Respect (autonomy, courtesy)
- Responsibility (diligence, continuous improvement, self-restraint)
- Justice (fairness, impartiality, equity)
- Caring (kindness, compassion)
These universal values become the basis for creating a common set of ethical principles which can be applied when searching for “the right thing to do”. These principles are different than program policies or standards. They are rules of engagement that focus on interpersonal interactions rather than operational procedures and articulate a general set of values that can be applied to many different situations. Sometimes ethical issues create dilemmas for business managers who must weigh their obligation to the economic performance of their organizations against moral obligations to persons internal and external to their companies. Managers make business decisions under conditions of uncertainty, with many alternative solutions having different economic and social consequences for multiple stakeholders. Clearly, the consequences of business decisions may affect feelings about professional and personal integrity as well as jeopardize career success.

**Stages of Ethical Development**

Ethics are acquired from the day of our birth until the day of our death. At first, ethics are absorbed through parent-child relationships and the imitation of adult behavior. Parents and teachers have a strong impact on children through the tenor of their relationships with children and with each other. Ethics are also acquired through labeling and sexual roles. People most often live up to the labels they are given, especially children. If a child is labeled “delinquent” she or he will incorporate that label and behave accordingly. If, on the other hand, a child is labeled “well behaved”, he or she will fulfill that expectation. Sexual roles also confer labels, “masculine” and “feminine” carry distinct expectations in nearly every culture, which children learn to confirm to or rebel against early on. To become ethically mature, a person must struggle past assigned labels and roles to develop a freely chosen sense of identity, from which will grow the ethical code.

Ethical maturity involves accepting full responsibility for one’s ethical choices and their consequences. An ethically mature person obey, her or his own, inner authority (or conscience), rather than an outside authority figure. In her
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Stage 1: The person sees the world in polar terms of us – right- good- versus they- wrong bad. Right answers for everything are known to an authority whose role is to mediate or teach them.

Stage 2: The person perceives diversity of opinion and uncertainty and accounts for these as confusion engendered by poorly qualified authorities or as exercises designed to encourage individuals to find their own system.

Stage 3: The person accepts diversity and uncertainty as legitimate, but only as temporary conditions in areas for which the authority has not yet found an answer. The perceived uncertainty on the part of the so-called experts makes the person anxious. Therefore, this stage does not last long.

Stage 4: The person perceives that legitimate uncertainty and diversity of opinion are extensive and conclude that all people have a right to their own opinions. The person rejects ethical authorities in favor of a thorough going relativism in which anyone’s opinion, including the individual’s is as good, true, or reliable as anyone else’s.

Stage 5: The person perceives all knowledge and values, including those of formerly recognized ethical authorities, as contextual and relativistic and relegates dualistic right- wrong functions to subordinate status by placing them in context.

Stage 6: The person recognizes that he or she must orient himself or herself in a relativistic world through a personal commitment to simple belief in certainty.

Stage 7: The person makes an initial, limited commitment.

Stage 8: The person experiences the initial, implications of commitment and explores the subjective issues of responsibility.

Stage 9: The person assumes responsibility for this or her beliefs and realizes that commitment is an ongoing, unfolding activity.
Individuals ought to establish a collection of principles to guide their action and assist in decision making. The collection of principles constitutes an individual’s ethics and will substantiate what one believes to be the best for society and for others. An individual’s personal ethics philosophy should endure an ideology of caring and righteousness and constantly be contingent to assessment and evaluation. Individuals ought to prepare to utilize logical and applicable methods in decision making, particularly in circumstances where an apparent right and wrong answer does not exist.

So to study the role of personal ethics, knowledge of professional and global ethics is must. While deriving its inspiration from the general ethical principles, professional ethics addresses itself the problems of conducting professional life. The modern society needs services of a large number of distinct specialist groups. They range from plumbers, bakers, salespersons, clerks, to managers, engineers and university professors. They have varying degrees of social recognition and status.

Some professional groups, like those of lawyers, doctors, engineers, scientists, and teachers command greatest respect and authority. They have been called the ‘higher professions’ or the ‘learned professions’. They are better organized and are more conscious of their professions belongingness, professional image and professions duties. These higher professionals have also evolved their separate code of professional ethics, and some mechanisms to seek adherence to these codes by individual members.

**Principles of Professional Ethics**

Individuals acting in professional capacity take on an additional burden of ethical responsibility. For example, professional associations have codes of ethics that prescribe required behavior within the context of a professional practice such as medicine, law, accounting, or engineering. These written codes provide rules of conduct and standards of behavior based on the principles of professional ethics, which include:
• Impartiality; objectivity
• Openness; full disclosure
• Confidentiality
• Due diligence/ duty of care
• Fidelity to professional responsibilities
• Avoiding potential or apparent conflict of interest

Even when not written into a code, principles of professional ethics are usually expected of people in business, employees, volunteers, ejected representatives and so on.

Principles of Global Ethics

Global ethics are the most controversial of the three categories and the least understood. Open to wide interpretation as to how or whether they should be applied. These principles can sometimes generate emotional response and heated debate. These principles are:

• Global justice (as reflected in international laws)
• Society before self/ social responsibility
• Environmental stewardship
• Interdependence and responsibility for the whole
• Reverence for place

Each of us influences the world by simply existing; and it is always wise to think globally. An added measure of accountability is placed on global influential enterprises such as governments and transnational corporations.

2.2. PERSONAL EFFECTIVENESS AS A CONCEPT

Personal Effectiveness is the constant ‘golden thread’ that run through all aspects of the way in which we work with people. By reviewing the literature, the definition of Personal effectiveness comes to be, “Being the best I can be, for myself and others”. Personal effectiveness is tied to exercising intrinsic human values i.e. moral values and ethical values.
Ethics is said to be normative science. A normative science seeks to determine norms, ideals, standards or values. It is generally recognized that there are three ideals of human life is truth, beauty and goodness. They correspond to three aspects of our experience- thinking, feeling and willing. Logic deals with the ideal of truth and tries to determine the general conditions involved in the pursuit of truth. Aesthetics is called the normative science of beauty. Ethics is concerned with the ideal of good.

Two researchers, Kelly and Caplan (1971), studied the scientists at Bell Labs to see why some are more effective than others in their performance. They found that the various traits traditionally thought to distinguish stars from average performers such as IQ, problem solving skills, will to win and so on did not fully explain the differences in performance between the stars and average workers. Instead the authors found that there are nine major areas where the stars shine better brighter literally than their average colleagues. These areas are:

i. Ability to take initiative: Self started, taking responsibility and volunteering for additional duties.
ii. Self Management: Managing own output, time learning etc.
iii. Team working: taking on responsibility as a member of a team.
iv. Leadership: develop and communicate goals, channel colleagues towards stated goals.
v. Follower ship: helping the leader as a lieutenant but with initiative of your own.
vi. Perspective: ability to see yourself in the overall context of the organization, taking in different viewpoints.
vii. Networking; gaining information and knowledge beyond your immediate colleagues.
viii. Show and tell: Ability to market yourself and your ideas.
ix. Organizational savvy: understanding the politics and power structures, successfully negotiating conflicting interests.
Chapter 2: Theoretical Perspective of Conceptual Variables

The authors also felt that to achieve basic effectiveness in their jobs, the scientist had to be technically competent as well as having cognitive abilities such as learning and reasoning skills.

Lapses in ethical conduct by those in corporate and public authority worldwide have given business researchers and practitioners alike cause to reexamine the antecedents to personal ethical values. As important as these individual characteristics are, the influence of the organization is equally important. The ethical standards that one observes in the organization will have a significant effect on individual behavior. “People will do what they are rewarded for doing” (Andrews, 1989). The organization has its greatest impact on the standards it establishes for ethical a strong influence on individuals’ behavior as do the action of the leaders of the organization and unethical conduct in its formal reward system. Informal norms also have

Honesty and ethics have always been the back bone of our society. If honesty and ethics mean anything to the people of major companies, the billion dollar collapse of Enron the U.S. energy company firm was a simple story of greed and lies. Though their company had an ethics code, no one followed it. The highest officers of Enron lied to everyone about their financial state. This lie boosted their stock prices from 54 dollars a share to seventy two dollars a share. This gave people a false reading. Four months after the lie, the company files for bankruptcy. Many of those lost their retirement funds as well.

Honesty means telling the truth when asked a question and admitting the truth even when if a question is not asked. Ethical means following the rules. If we did not have ethical codes, people would be running wild. There would be no organization in our community. We need to restore basic integrity to our society, in order to allow people to make informed decisions, whether it be regarding their finances, or an outing their teenage child wishes to attend, ethics and honesty must be restored.

In his article, “Why Be Honest if Honesty doesn’t pay?” Bhide and Stevenson (1992) note that there often are no economic or other incentives to encourage
unethical behavior. They contend that it most often is the dishonest individual who gets ahead, and that cases where unethical behavior was punished are far outweighed by those in which there other were no consequences or unethical behavior was rewarded. They come to a different conclusion. They see room for optimism despite the lack of financial gain for ethical behavior, or the absence of negative consequences for unethical behavior. Their reasoning is based on the fact that so many people do behave ethically in spite of the apparent lack of gain. Ethical behavior must be intrinsically rewarding, and people behave ethically because it is the right thing to do. People are guided by their personal value systems. They often “choose the harder right instead of the easier wrong” specifically because of their intrinsic values of what is right.

Being loyal to the organization means trying to solve problems from within and without causing public embarrassment or damage. Loyalty discourages or delays exit. Loyalty also may discourage public voice, since being loyal to the organization means trying to solve problems from within without causing public embarrassment or damage. Loyalty can also encourage unethical behavior, particularly in organizations which promote loyalty above all. Loyalty should be predicated on the organizations, ethical demonstrations that it is worthy of loyalty. If the organization condors unethical behavior, it relieves the individual of any responsibility to be loyal.

Trust and co-operation have attracted considerable interest in general management research since the late 1980s. Researches have been looking at the issue from diverse aspects in relation to the discipline they are engaged in.

Trust is a variable for ethics. In order to develop trust, behavior must be ethical. If trust is important and ethical behavior is necessary to obtain trust, then ethics is as important as trust. Trust involves three fundamental elements—predictability, dependability and faith. Predictability tends to eliminate surprises, dependability provides assurance that the product can be
counted upon to perform and expected and faith is the belief that one will continue to be predictable and dependable. Need for trust arises when one faces some type of risk. As one develops trust in another, the risk of dealing with the party declines. Thus, trust is a risk reducing mechanism.

Larue Hosmer (1995) defined trust as, “the reliance by one person or group, or firm upon a voluntarily accepted duty on the part of another person, group of firm to recognize and protect the rights and interests of all others engaged in a joint endeavor or economic exchange.” This definition stresses the importance of trust in both personal and organizational relationships.

As Dibben (2000) points out, there are certain inherent difficulties with defining the concept “trust”.

- Firstly, particularly in lay terms, the phenomenon of trust carries with it certain emotional baggage that tends to cloud attempts at arriving at any concise definition of trust.
- Secondly, academic attempts at defining trust often occur from diverse disciplinary backgrounds such as Psychology, Philosophy, Business Management and Sociology often adding to, rather than clarifying the confusion.
- Thirdly, the nature of trust is such that, for the most part, it is taken for granted as we act out our daily lives, only being considered when trust is low. This places an emphasis on the need to rebuild trust and, in this sense; the issue of trustworthiness becomes the focus of attention, or more specifically, those factors that facilitate trustworthiness.

At this point, it would be appropriate to consider an operational definition of trustworthiness as well as to identify those factors that would facilitate trustworthiness. In doing this, a distinction needs to be made between trust and trustworthiness. During the initial stages of a relationship based on reputation rather than on first hand experiences, the driving factor is likely to be expectation. However, once the relationship enters an evaluative phase response factors come into account shaping the relationship as a history
begins to emerge. In this respect then, where trust refers to the act of trusting or not trusting, trustworthiness entails an evaluation of those criteria that constitute trust and consequently, influences both the direction and intensity of any decision to act in a trusting manner.

Trustworthiness, is those characteristics that one perceives in another or group that elicits a belief that trust can, or cannot, be placed in that other or group (the focus of trust) while taking into account both personal risk and vulnerability. Brenkert (1998) regards trustworthiness as “the evaluative appraisal that an individual is worthy of trust.” In this sense, trustworthiness is a virtue that governs the intensity of trust and which, at a minimal level, may evoke distrust. In operational terms then, trustworthiness can be defined as the trustor’s (trusting party’s) evaluation, based on certain facilitators, of the likelihood of the trustee (focus of trust) acting in her or his interests in a situation entailing risk.

Trustworthiness is highly valued and they have a strong sense of justice. There are also selective violations of the principles that society considers acceptable. Murder is illegal, unless we are fighting a war. These interpretative variations cause people to conclude that there are no universal standards for ethics and the moral responsibility is relative to cultural practices. This is a dangerous conclusion that relieves us of any responsibility other that what we choose in our own interest, what has been dictated by the rules of our faiths or governments, our personal values or the local status quo.

As generic principles, these can be practiced in many different ways. For example, virtually all cultures, value trustworthiness, but they have different views on truth telling. This is illustrated by eastern versus western preferred values for harmony versus forthrightness. An Asian being polite to maintain friendly relations may be perceived by an American and deceitful although that is not the case. Both cultures agree in principle that deceit is unethical and trustworthiness is ethical by misunderstanding can arise when the
underlying principle is embodied in diverse ways that reflect cultural values and virtues.

Hosmer (2008) has provided a six-factor ethical framework by which to examine ethical duties:

i. Personal virtues: This Aristotelian approach to ethical values argues that “we can pursue our own self-interests, as long as we adopt a set of standards for “right,” “just,” and “fair” treatment of others.” Openness, honesty, and truthfulness are requirements to eliminate distrust.

ii. Religious injunctions: This standard adopts the Judeo-Christian perspective that honesty, truthfulness, and temperance are necessary but not sufficient to form a truly “good” society. The Golden Rule, compassion and kindness, and reciprocity in relationships are essential to create a community that works together for common goals.

iii. Utilitarian benefits: Hosmer argued that a standard was required for evaluating the relative virtues of our behaviors. “Right” behavior, they suggested, was measured by its contribution to net social benefits often summarized as resulting in “the greatest good for the greatest number.” Society, not the majority, must benefit and actions must result in greater good than harm.

iv. Universal rules: Kant argued that net social benefit did not explain how we ought to distribute benefits or allocate harms. He advocated eliminating the self-interest of persons by universalizing the decision process. The defining principle can be expressed as “Never take action that you would not wish others faced with the same situation to be free and even encouraged to take.”

v. Distributive justice: Rawls suggested that the problem with establishing rules for actions is that people differ in their social and economic situations, wants, and needs. He argued that society needs a rule to protect the poor, uneducated, and disadvantaged who lack the power and position to achieve what they need. The principle he advocated was “Never take any action which would harm the least among us in any way.”
vi. Contributive liberty: Nozick claimed that liberty, or the freedom to follow one’s personal self-interest within the constraints of the law and the marketplace, is more important than justice, or the right to be protected from extremes of that law and those markets. Accordingly, he argued that no one should ever interfere with the rights of anyone else to improve their legal abilities or their marketable skills associated with self-development and self-improvement.

The word responsibility means the obligation to answer for actions. Often this means answering to authority. Responsibility is also loosely used as the recognition that in order to achieve one’s purposes, one must act oneself ("take responsibility") rather than expecting others to do something (compare initiative). In ethics, moral responsibility is primarily the responsibility related to actions and their consequences in social relations. It generally concerns the harm caused to an individual, a group or the entire society by the actions or inactions of another individual, group or entire society. This is the mechanism by which blame can be placed, and influences many important social constructs, such as prosecution under the legal system.

The term ‘responsibility” often refers to a system of principles and judgments shared by cultural, religious, and philosophical concepts and beliefs, by which humans subjectively determine whether given actions are right or wrong. These concepts and beliefs are often generalized and codified by a culture or group, and thus serve to regulate the behavior of its members. Conformity to such codification may also be called morality, and the group may depend on widespread conformity to such codes for its continued existence. A "moral" may be a particular principle (in the summarized form) as applied in a given situation.

The term also appears in the discussion of subjects such as determinism and other world views that deny free will, since without such freedom it is difficult to be blamed for one’s actions, and without this moral responsibility the nature of punishment and ethics comes into question. The etymological origin of
“responsibility” refers to the willingness, or necessity, to answer certain questions. The concept of responsibility can be obtained through a distinction between descriptive and normative, or moral, responsibility (Lenk, 1992).

i. Descriptive responsibility refers to the factual causing of something. The question “Who is responsible?” can be converted into “Who has caused this?”

ii. Moral responsibility on the other hand, refers to a certain expectation to act. The question “Who is responsible?” can be converted into “Who ought to take care of this?” The validity of moral responsibility is not based on a causal relationship but on an imputation and a judgmental criterion. This is why he stresses that moral responsibility should be seen as an attributive concept. Responsibility always bears on a relationship between two parties, where one party attributes to another party an expectation to act in a certain way. One possibility is that someone attributes responsibility to them self.

Lenk (1992) discerns six elements of moral responsibility:

1. The subject of responsibility: it is concerned about who is responsible.
2. The object of responsibility: it is concerned about for what is one responsible.
3. The others involved: it is concerned about for whom is one responsible.
4. The judgmental party: it is concerned about who judges the responsibility.
5. An imposing criterion: it is concerned about on what ground is one responsible.
6. The domain of acting: it is concerned about what actions are expected.

In this sense, moral responsibility is a concept expressed in the judgment of a certain expectation to act. This expectation is not without obligations, unlike expectations based on taste, preferences, or opinions (Callahan, 1988). The actions that are expected on the basis of moral responsibility have an authoritative and binding character, at least in the view of the attributing and judgmental party. When responsibility is seen as an attributive concept it
gains meaning in the interactive process between an actor and those people influenced by the action. Then, moral responsibility can be expressed in the judgment of a certain expectation to act. This judgment is made both by the actor and by the other persons involved.

Responsible behavior amounts to fulfilling justified expectations. In this sense, moral responsibility gains meaning by the recognition of moral appeals. As stressed earlier, this recognition is determined in the concrete context, by the people involved. This implies that in this view the answer to what expectations are justified can not be found in normative philosophy. Instead this answer is given in the social interaction between the people involved. In addition, we would stress that responsibility should not be confused with responsiveness. Responsiveness alone implies that the actor is some kind of machine with no opinion of their own. Our notion of responsibility is broader than responsiveness: it encompasses it but adds a personal judgment.

Another important characteristic of moral conduct is responsibility or accountability. Accountability of individuals for their actions upholds the elements of mutual trust between managers and employees. It is the individual public servants who exercise judgment, and it is the people who are accountable. Each public servant is a link in the accountability chain and each recognizes a duty to do his or her work in a conscientious and professional manner (Clark 1991).

It is important to note that principles of personal ethics are the first checkpoint in any situation, often overriding those at the professional and global levels. For example, when judging if a corporation has been socially responsible, we still need to consider principles of personal ethics as pre requisites. Contributions to charities and the like (doing good) may appear to be in the interest of society, but loses its significance if the corporation has not also taken responsibility to minimize the damage done by their core business operations (preventing harm). Similarly, personal effectiveness is fundamental to professionalism and so on.
2.3. TEAM EFFECTIVENESS AS A CONCEPT

Team effectiveness refers to the efficient achievement of well defined set of objectives. Successful organizations continuously keep working towards improving their team’s effectiveness by becoming responsive to the fast changing internal and external environment. It requires a diversity of skills and talents that need to be complemented amongst team members. Some of them are:

- Providing the team with a vision
- Establishing clear and well defined goals
- Defining roles and their complementarities
- Attempting to build consensus
- Deciding to perform key tasks via a democratic process
- Encouraging voluntary sharing of work experience, professional expertise, and essential information
- Inculcating in team members, the need to show respect for and the courtesy towards each other.
- Promoting the free-discussion crises fertilization at planning stage.
- Using brainstorming techniques to trigger creativity
- Providing organizational support
- Having a performance linked objective reward system.

Thus, an ideal team member is the one who has the appropriate technical skills, knowledge, good listening and communication skills, ability to build trusting relations among team members and with the management, and a willingness to be committed to team goals. Such a team member would contribute the most to team effectiveness.

Team effectiveness can be considered from several angles. To use the Johari window concept, an effective team is one in which people give their opinions and comments without hesitation, listen to others and examine others, opinions, comments and feedback irrespective of hierarchy, and are sensitive to the needs of others (perceptiveness). Team effectiveness can also be
understood in terms of team functioning and team empowerment. These are three main characteristics of team functioning:

- Cohesion (among the members of the team),
- Confrontation, that is, solving problems as they arise rather than shying away from them, and
- Collaboration that is, working together and giving to and receiving help from each other.

The four main characteristics of team empowerment are:

- Clarity of roles for different members of the team,
- Autonomy of the team,
- Support provided to the team in terms of resources, and
- Accountability of the team for achieving the goals to which a commitment has been made.

**Defining Teams**

Most of the work done in organizations is done in teams. Even though individuals are important, their effectiveness depends, to a large extent, on the teams of which they are members. In modern organizations, individuals are required to work in different types of teams. Infect, new organizations can be described as being composed of teams.

The group can be defined as a collection of individuals working in face to face relationships to share information and resources for a task to be achieved whereas team functions almost like an individual. The team is accountable for results and collective responsibility is taken. The most important characteristic of a team is that it creates synergy, that is, the performance of the team is better than the collective performance of the individual members. A team can thus be defined as a group of individuals working in a face to face relationship for a common goal, having collective accountability, for the outcome of its effort.
Table 2.1: Difference between Work Groups and Teams

<table>
<thead>
<tr>
<th></th>
<th>Workgroups</th>
<th>Teams</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purpose</td>
<td>Same as organization</td>
<td>Specific</td>
</tr>
<tr>
<td>Work products</td>
<td>Individual</td>
<td>Collective</td>
</tr>
<tr>
<td>Process</td>
<td>Discuss, decide, delegate</td>
<td>Discuss, decide, do shared</td>
</tr>
<tr>
<td>Leadership</td>
<td>A single leader</td>
<td>Shared</td>
</tr>
<tr>
<td>Meetings</td>
<td>Efficient</td>
<td>Open, problem solving</td>
</tr>
<tr>
<td>Accountability</td>
<td>Individual</td>
<td>Individual and mutual</td>
</tr>
<tr>
<td>Evaluation</td>
<td>Indirect (e.g.; financial)</td>
<td>Direct (collective work product)</td>
</tr>
</tbody>
</table>

(Adapted from Katzenback and Smith, 1993)

Team Development

A team is not formed merely by declaring some individuals a team. A lot of research has been done on group formation and development and different theories of group development have been suggested. Tuckman, summarizing, the various theories, suggested five stages of group development: forming, storming, norming, performing and adjourning. This model has been widely accepted.

Kormanski and Mozenter (1987) integrated the various theories and suggested the following stages of team development.

Table 2.2: Stages of Team Development

<table>
<thead>
<tr>
<th>Stage</th>
<th>Theme</th>
<th>Task outcome</th>
<th>Relationship outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>One</td>
<td>Awareness</td>
<td>Commitment</td>
<td>Acceptance</td>
</tr>
<tr>
<td>Two</td>
<td>Conflict</td>
<td>Clarification</td>
<td>Belonging</td>
</tr>
<tr>
<td>Three</td>
<td>Cooperation</td>
<td>Involvement</td>
<td>Support</td>
</tr>
<tr>
<td>Four</td>
<td>Productivity</td>
<td>Achievement</td>
<td>Pride</td>
</tr>
<tr>
<td>Five</td>
<td>Separation</td>
<td>Recognition</td>
<td>Satisfaction</td>
</tr>
</tbody>
</table>
Chapter 2: Theoretical Perspective of Conceptual Variables

Team Roles

Since team members are accountable for results and function in a cohesive way, enough attention needs to be given to the formation of teams. Researching the question why some teams are more effective than others, some scholars have studied how the teams should be created to achieve the desired synergy. Belbin (1981) did pioneering work in this regard. He proposed the term ‘team roles’ for process roles that team members play in addition to their functional roles (quality, control, financial sanctions, etc.). Belbin identified eight team roles:

1. Chairman/Co-coordinator: Such a person is stable, dominant, an extrovert, and pre-occupied with objectives. He or she quantifies objectives priorities, sums them up, and comes to firm conclusions.
2. Shaper: he or she gives shape to the team’s effort, pushes for decisions and is sometimes abrasive.
3. Plant: such a person has a very high IQ and is an introvert. He or she scatters the seeds of ideas for others to nourish and is more concerned with basic issues. He or she can easily withdraw and so requires sensitive handling.
4. Monitor/Evaluator: such a person is also an introvert with a high IQ, very serous, critical, given to unbiased analysis, and perhaps seen as a destroyer of ideas.
5. Company worker: Such a person is stable, controlled and a practical organizer. He or she is adaptable.
6. Resource investigator: Such a person is dominant, friendly, relaxed extrovert, and probably the most popular members of the team. He or she brings outside resources and keeps in touch with reality.
7. Team worker: Such a person is a stable, sensitive extrovert, concerned with people and their needs. He or she is loyal to the team and avoids confrontation.
8. Completer/Finisher: Such a person is anxious, an introvert and ill-at-ease until all the details are worked out. He or she follows through on decisions taken, but is fussy about the details.
Belbin (1969) has also developed instruments to identify these team roles. The results have been used in selection, placement, formation of teams, diagnosis of teams and improving team effectiveness. Several types of teams function in an organization. The most common are the teams composed of individuals who are assigned a particular task to be completed in a given time. These are natural teams of which the organization is composed. These may be departmental teams or teams set up especially to complete some tasks. Special teams that are constituted to work on certain assignments to be completed within a time-period are called task forces. Continuing groups, or those that are set up for a particular period of time to deal with certain issues, are generally called committees, special teams may also be constituted to complete a particular task, for example, project teams. Attention needs to be given to make all such teams effective in accomplishing their goals.

Dyer (2005) summarized 11 characteristics of an effective work group or team as suggested by McGregor and 24 characteristics of an effective work group as suggested by Likert. This diagram lists the main 10 characteristics of effective teams, covering suggestions given by both McGregor and Likert. The numbers in the exhibit refer to the serial number of the suggestions by Dyer, 2005.

**Table 2.3: Characteristics of an Effective Work Group by McGregor and Likert**

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>McGregor</th>
<th>Likert</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commitment and inspiring goals</td>
<td></td>
<td>8,12,13</td>
</tr>
<tr>
<td>Role clarity</td>
<td>3,9</td>
<td>23</td>
</tr>
<tr>
<td>Self disclosure (including confrontation)</td>
<td>5,7,8,11</td>
<td>17</td>
</tr>
<tr>
<td>Openness to feedback</td>
<td>4</td>
<td>18,19</td>
</tr>
<tr>
<td>Competence</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Creativity with constructive confrontation</td>
<td></td>
<td>15,16</td>
</tr>
<tr>
<td>Collaboration/support/trust</td>
<td>1</td>
<td>2,4,9,14</td>
</tr>
<tr>
<td>Congruence between individual and group goals</td>
<td></td>
<td>3,5,6,7,11</td>
</tr>
<tr>
<td>Supportive leadership</td>
<td></td>
<td>10,24</td>
</tr>
<tr>
<td>Management of power</td>
<td>2,6,10</td>
<td>20,21,22</td>
</tr>
</tbody>
</table>
Barriers to Team Effectiveness

Teams often face issues that can decrease their effectiveness especially its ability to make decisions (Hargreaves, et al; cited in Fullan, 1993). These problems can relate to:

- The time trade offs in decision making (the time taken by the team to make decisions can take time away from working directly on the relevant issue.
- Problems of ‘groupthink’ and pressure to confirm
- The potential for increased conflict over decision making without adequate training and preparation. It is unlikely that such teams will work effectively to develop and realize a shared vision; and
- Without team leadership (as opposed to traditional top-down leadership), the teams will be unproductive.

Groups became a new focus of attention in the 1940’s after the Hawthorne studies were published. One of the discoveries outlined in that report is that informal work groups are formed by workers inside of classic Theory X organizations. In recent years the use of work teams in organizations has been increasing substantially, and this trend is expected to continue. Eighty percent of organizations with over 100 employee’s report 50% of their employees are in at least one team (Beyerlein & Harris, 1998). To remain competitive, it is important for organizations to create and maintain teams which are as effective as possible.

Guzzo (1992) defined a team as, “A team is a group of individuals who see themselves and are seen by others as a social entity, which is interdependent because of the tasks performed as members of a group”. They are embedded in one or more larger social systems, performing tasks that affect others. The key to work teams is that they are interdependent, and this is the major factor that distinguishes a "team" from a "group."
Models of Team Effectiveness

1. Campion Model

The Campion model is based on four main elements. Correctly managing these elements permits a team to be effective. The first of these elements is interdependencies. This establishes that task interdependence keeps each team member relying on the others to achieve the team's goal. In addition, there are goal interdependencies that not only address the group's goal, but that each individual have goals that are linked in such a fashion so that the overall objective remains achievable.

The second element in the Campion model is group composition, which points out that having members on a group with various experience and educational backgrounds enhances the flow of information, as ideas are shared between members. This permits more flexibility in task completion as the team individuals learn from one another and are more capable of doing more than what they were before they joined the team.

Campion's third element is context. This requires that teams have management support to operate and are integrated in the overall organization. Through this support and integration, communication and cooperation between groups is better served, often leading to a team member belonging to more than one team. This cross-fertilization of knowledge leads to improved group composition.

The final element is process, which asserts that a positive social interaction between the team members is essential to keep the team working well and the tasks from becoming boring. An offshoot of this is workload sharing / balancing.

2. Guzzo Model

In the Guzzo Model of effectiveness, three variables of work-related interaction affect the groups overall success. These are task interdependence, outcome interdependence, and potency.
Task interdependence refers to the amount of task-required cooperation within a group. High task interdependence requires more sharing of resources to reach objectives. Low task interdependence refers to more autonomous work efforts by an individual. Neither extreme is ideal. A balance between these points is needed to permit team members to become more involved and supportive of the group’s output.

Outcome interdependencies place more emphasis on rewarding group performance versus individual performance. This stimulates team cohesion and a higher level of success.

Guzzo’s third variable, potency, is probably the most important of the three variables. It states that the members of a group must feel that they can be effective. With a high degree of potency, a team maintains a feeling that it can succeed and overcome any challenges that it faces along the way.

3. Hackman’s Model

Hackman’s model, which provides the underpinnings for the Campion theory on group effectiveness, is more complex in nature. It considers both the social and personal factors within a team. This leads to the belief that no one approach for optimizing team performance works well in all situations. The group creates their own chances for success or failure. To maximize success, the team should focus on those conditions that favor a successful outcome.

The first of these conditions is clear, engaging direction. This means that not only should tasks be clearly defined, they should also allow the group to best fit the task to an individual's skills. This promotes personal growth of team members and a better feeling of overall empowerment.

Hackman's second condition is "enabling performance situation." This terminology means that ample effort, sufficient knowledge/skills, and performance strategies need to exist to enable the team to achieve its objective.
Finally, Hackman points to the group's structure as being another key condition. The correct matching of the team's members to tasks, support from the organization where the team resides and the availability of coaching "experts" to assist when issues arise are all required to help in ensuring a team's success.

**Synthesis of Models**

Campion, Guzzo and Hackman all have models of effectiveness that is moderately different. However, the following characteristics are found or are inferred in all three models, and could be used as a checklist of sorts to ensure all of the vital pieces are in place, allowing for a group to become a team and to be highly successful. The social environment a group should be open and supportive, without authority directed problem solving. Group members should feel that they are equals with others on the team, and there should be an underlying commitment to team performance rather than individual performance. However, this does not mean members should all have the same abilities. A group is more effective when there is a variety of people with different experiences and areas of expertise. Strong interpersonal relationships should be a focus, so the group can function more openly, sharing knowledge and experience.

The environment of the group should also be supportive, with a focus on learning. A variety of educational tools, including experts in the field should be readily available to the team to assist in problem solving. Obviously, communication is also very important between group members and those outside the group.

An underlying feeling that the team will be successful in accomplishing the goals they have set is an essential part of the social surrounding. This element of potency is defined as critical in all three models of effectiveness.
• Participation should be emphasized and all ideas should be listened to without domination by a strong group member or by a supervisor. Some groups find it helpful to have a devil’s advocate, who constantly reminds the group of how things could go wrong, thereby keeping the group open to creativity and thinking everything through thoroughly (Manz & Sims, 1993).

• The team should have clearly defined goals to which all team members are committed. The group itself should set the goals; they should not be imposed upon the group by a supervisor. The individuals in the group should also have goals, which are linked to the group’s goals so the members work together in achieving. This is referred to by Campion et al. (1993) as goal interdependence. An underlying theme is that the team has the ability and desire to accomplish these goals.

• One way to ensure motivation is the use of rewards. It is stressed that reward should be given in a manner that promotes team cohesiveness. If given in the correct manner, they will likely increase potency, or the belief that the team will perform effectively in the future. Potency can be linked to various other factors including both internal factors (member skills and abilities) and external factors (reputation, resources, leadership).

• Leadership should be a shared group responsibility, not a delegated position. Each member should feel responsible for the team goals and they should also feel that the task at hand is important and will have an impact outside of the team. Because team members have different skills and abilities, the leadership role will likely change as the goals and dynamics of the team changes. Also, it is critical that the team is self-managed; management may act as a facilitator, but should not undermine the goals and direction the group has made for it.

Although teams are not appropriate for every organization or project, they do have many advantages. These include increased flexibility, better information
flow and higher quality outputs. Although the three models differ in many respects, key aspects can be drawn out of them to create a checklist of sorts to ensure teams are effective. Of these factors, potency is the most important but is not sufficient alone in determining effectiveness.

Factors Contributing to Team Development and Effectiveness

Team development is based on the assumption that any group is able to work more effectively if its members are prepared to confront questions such as: How can this collection of individuals work together more effectively as a team? How can we better use the resources we represent? How can we communicate with one another more effectively to make better decisions? What is impeding our performance?

The answers to these questions may be found by examining the factors that lead to team development and effectiveness. These factors can be measured, or inventoried, by team members with the use of the Team Effectiveness Critique. Before the critique form is administered, however, all team members should understand the terminology used to describe the nine factors. The following descriptions can be presented in a lecturette format to the team members prior to completion of the critique.

1. Shared Goals and Objectives

In order for a team to operate effectively, it must have stated goals and objectives. These goals are not a simple understanding of the immediate task, but an overall understanding of the role of the group in the total organization, its responsibilities, and the things the team wants to accomplish. In addition, the members of the team must be committed to the goals. Such commitment comes from involving all team members in defining the goals and relating the goals to specific problems that are relevant to team members. The time spent on goal definition in the initial stages of a team’s life results in less time needed later to resolve problems and misunderstandings.
2. Utilization of Resources

The ultimate purpose of a team is to do things effectively. In order to accomplish this, the team must use effectively all the resources at its disposal. This means establishing an environment that allows individual resources to be used. Team effectiveness is enhanced when every member has the opportunity to contribute and when all opinions are heard and considered. It is the team’s responsibility to create an atmosphere in which individuals can state their opinions without fear of ridicule or reprisal. It is each individual’s responsibility to contribute information and ideas and to be prepared to support them with rational arguments. Maximum utilization of team members requires full participation and self-regulation.

3. Trust and Conflict Resolution

In any team situation, disagreement is likely to occur. The ability to openly recognize conflict and seek to resolve it through discussion is critical to the team’s success. People do not automatically work well together just because they happen to belong to the same work group or share the same job function. For a team to become effective, it must deal with the emotional problems and needs of its members and the interpersonal problems that arise in order to build working relationships that are characterized by openness and trust. The creation of a feeling of mutual trust, respect, and understanding and the ability of the team to deal with the inevitable conflicts that occur in any group situation are key factors in team development.

4. Shared Leadership

Individuals will not function as a team if they are brought together simply to “rubber stamp” decisions made by their leader or others not in the group. The development and cohesion of a team occurs only when there is a feeling of shared leadership among all team members. This means that all members accept some responsibility for task functions – those things necessary to do the job – and maintenance functions – those things necessary to keep the
group together and interacting effectively. Task functions include: initiating discussions or actions, clarifying issues and goals, summarizing points, testing for consensus or agreement, and seeking or giving information. Task leadership helps the group to establish its direction and assists the group in moving toward its goals. Maintenance functions include encouraging involvement and participation, sensing and expressing group feelings, harmonizing and facilitating reconciliation of disagreements, setting standards for the group, and “gate keeping” or bringing people into discussions. No one person can be expected to perform all these required leadership functions effectively all the time. Groups perform better when all members perform both task and maintenance functions.

5. Control and Procedures
A group needs to establish procedures that can be use to guide or regulate its activities. For example, a meeting agenda serves to guide group activities during a meeting. Schedules or when specific actions will be taken also regulate team activities. Team development and team-member commitment is facilitated through maximum involvement in the establishment of agendas, schedules, and other procedures. Of course, the team should determine how it wishes to maintain control. In meeting situations, control most often is achieved through the appointment of a chairperson whose responsibility is to facilitate the procedure established by the team. Some teams find that they do not need a formal leader; each member regulates his or her own contributions and behavior as well as those of others.

6. Effective Interpersonal Communications
Effective team development depends on the ability of team members to communicate with one another in an open and honest manner. Effective interpersonal communications are apparent when team members listen to one another and attempt to build on one another’s contributions. Effective interpersonal communications are achieved through self-regulation by team
members, so that everyone in the group has an equal opportunity to participate in discussions.

7. Approach to Problem Solving and Decision Making

Solving problems and making decisions are two critical team functions. If a group is going to improve its ability to function as a team, recognized methods for solving problems and making decisions should be studied and adopted. The lack of agreed-on approaches to problem solving and decision making can result in wasted time, misunderstandings, frustration, and – more importantly – “bad” decisions. A generally accepted, step-by-step procedure for problem solving and decision making is as follows:

- Identify the problem (being careful to differentiate between the real problem and symptoms of the problem).
- Develop criteria (or goals).
- Gather relevant data.
- Identify all feasible, alternative solutions or courses of action.
- Evaluate the alternatives in light of the data and the objectives of action.
- Reach a decision.
- Implement the decision.

Needless to say, there are variations of this procedure. However, whatever method is used, an effective team will have an agreed-on approach to problem solving and decision making that is shared and supported by all members.

8. Experimentation/Creativity

Just as it is important for a team to have certain structured procedures, it also is important that the team be prepared occasionally to move beyond the boundaries of established procedures and processes in order to experiment with new ways of doing things. Techniques such as “brainstorming” as a means of increasing creativity should be tried periodically to generate new
ways to increase the team’s effectiveness. An experimental attitude should be adopted in order to allow the team greater flexibility in dealing with problems and decision making situations.

9. Evaluation

The team periodically should examine its group processes from both task and maintenance aspects. This examination or “critique” requires the team to stop and look at how well it is doing and what, if anything may be hindering its operation. Problems may result from procedures or methods, or may be caused by individual team members. Such problems should be resolved through discussion before the team attempts further task accomplishment. Effective self-evaluation is probably one of the most critical factors leading to team development.

Goal-setting has become a popular and effective motivational tool, utilized by practitioners and substantiated with decades of empirical research. However, the potential for goal-setting to enhance performance may come at the cost of ethical behavior. The most studied attributes of goals are their specificity (the degree of quantitative precision with which the goal is specified) and difficulty (the degree of proficiency or level of performance sought). (Austin and Vancouver, 1996 and Locke et al., 1981).

An important note is that behavioral choices exist even if tasks appear rather straightforward. For instance, a relatively low level organizational position, such as a bricklayer, may be given a performance goal of laying and mortaring 100 bricks per hour for a wall that is being constructed for a client. Although the bricklayer may achieve the goal by exerting more effort at laying and mortaring bricks, he/she may simply use less mortar, thus speeding up the job but potentially creating a structurally unsound and dangerous brick wall.

When employees have different behavioral choices regarding how they will perform their job, they must use some criteria when deciding to which
behaviors they will engage (e.g., Campbell et al., 1993). When outcome-related performance goals are assigned, individuals are likely to focus their attention on behaviors related to achieving the goal. Therefore, the criteria used to decide whether to initiate an action is most likely based on whether the behavior helps to accomplish the goal, while other considerations may be blocked out. For example, to perform adequately, one must choose how to work quickly and effectively (e.g., increase sales revenue), and do so without violating ethical norms (e.g., lying to customers) in the process. However, as opposed to a behavioral sales goal (e.g., describe the benefits of X product to potential customers), a salesperson who has an outcome goal (e.g., sell 15 of X product) may engage in deceptive behavior since he/she may base the decision of what to tell the customer on the criteria of “what will help achieve the sales goal,” rather than on the appropriateness or ethicality of the behavior. Thus, focusing on outcome related objectives may shield attention from ethically problematic aspects of the behaviors used to attain the goal.

Theoretical rationale for this argument is derived from Goal Shielding Theory (Shah et al., 2002), which suggests that when presented with multiple goals “the inhibition of alternate goals is generally indispensable for effective self-regulation”. That is, under certain conditions (such as when performance goals are set and committed to), an individual is prone to concentrate on a single goal, and actively “forget” about other goals. This process is argued to be a developed skill among humans, as the shielding of alternate goals holds adaptive significance for the organism. Goal shielding may be critically important for self-regulation in that alternate goals may interfere with current pursuits by pulling resources away from one’s focal objective (Shah and Kruglanski, 2002). As a result, the process is likely to be automatically activated when the characteristics of a situation indicate to an individual that goal shielding would be functional (Bargh et al., 1992).

In addition to characteristics of goals themselves, the method by which goals are set is of substantive interest in this manuscript. The particular method of goal setting that has received the majority of research interest is whether
goals are set in a top-down or “autocratic” manner, or made with subordinate participation Latham et al., 1982, 1988, 1994; Latham and Marshall, 1982; Leana et al., 1990; Shalley et al., 1987. Participation is defined as joint decision-making (Locke and Schweiger, 1979) or as influence-sharing between hierarchical superiors and their subordinates (e.g., Mitchell, 1973).

Theoretically, researchers have argued that allowing subordinates to participate in setting goals affects performance by enhancing employees’ commitment to, and satisfaction with, the performance goals (e.g., Cotton et al., 1988; Dachler and Wilpert, 1978; Miller and Monge, 1986). However, researchers continue to debate the utility of participative decision-making, with several researchers suggested that no clear link has been established between worker participation and such organizationally relevant criteria as employee commitment or productivity (e.g., Strauss, 1982; Wagner, 1994).

Therefore, involving workers in management may be relegated to a social or charitable objective a firm may wish to pursue, rather than an important practice for organizational functioning. This manuscript takes a different angle, and suggests that organizations may consider allowing employees to participate in setting goals as a means of reducing the likelihood of unethical behavior without abandoning a proven motivation tool of setting performance goals.

Earlier, it was argued that setting a goal focuses individuals on achieving that goal, and work-related behaviors are subsequently evaluated by the goal recipient based on this criteria (i.e., that the behavior will help to achieve the goal), and other criteria (e.g., ethicality) are disregarded. However, the likelihood that individuals will pay attention to ethical considerations may be affected by whether they are involved in the decision-making process. Specifically, when a person is simply assigned a goal, evaluation of the available behavioral options is focused primarily on goal achievement. That is, since the goal has already been set, all subsequent consideration of behaviors is made through the lens of the preexisting-goal.
Chapter 2: Theoretical Perspective of Conceptual Variables

However, when an individual is involved in setting the goal, the consideration of behavioral options will likely begin before the goal is set, and therefore may include other aspects besides effectiveness for goal attainment. Consistent with Latham and Steele’s (1983) assertion that participation in decision-making can lead to the development of strategies to accomplish the task, involvement in the decision-making process allows, individuals to think more broadly and strategically about behavioral options before an objective is specified. This additional consideration, specifically toward ethical issues, would otherwise have been ignored or blocked out if the performance goal was simply assigned.

Brief et al. (2001) suggested that organizations emphasizing goal attainment and reward performance accordingly could instill a permissive ethical climate whereby individuals perceive that the organization expects, or at least condones, unethical behavior on behalf of the organization. At least three theoretical links between rewards for goal attainment and unethical behavior exist.

- **Rewards may increase the valance of goal attainment, thereby increasing motivation to accomplish the goal at any cost.** Consistently, Schweitzer et al. (2004) found that individuals whose rewards were tied to producing the most anagrams were significantly more likely to engage in deceptive behavior (i.e., lie about how many anagrams they had completed) than participants who were not given reward goals.

- **A second possibility is that rewards provide information to employees regarding norms within the firm.** That is, employees may see rewards for goal attainment as signaling an ideology among managers that performance, and goal attainment in particular, is valued above all else. A “performance first” environment, as famously employed by Enron, is associated with a perspective that the responsibility of the firm rests in creating shareholder value (e.g., Mitchell, 1997). If employees buy into the ideology that the only “ethical” role of business is to create shareholder value, they are able to morally justify behaving unethically in the process of goal attainment, thereby increasing the likelihood of wrongdoing.
Finally, rewards have been associated with increased commitment to goals (Klein and Wright, 1994). The increased commitment to the focal objective may have the potential of blocking out alternate considerations (such as acting ethically), as specified by the goal shielding theory described above (e.g., Shah and Kruglanski, 2002). Each of these rationales suggests that rewarding goal attainment may raise the possibility of unethical behavior.

Co-operation can be defined as two or more people working together for a common goal and for mutual benefit. A common goal is the most essential element of cooperation. A goal is said to be common when one person’s achievement of his goal facilitates the others’ achievement of their goals. One member of the co-operative group can become successful only if the other members become successful.

Another important element of cooperation is mutual benefit. In cooperation, one seeks an outcome that is most beneficial to all participants within the group. This is called non-zero-sum game approach. The assumption in this approach is that total payoff is unlimited. So the strategy to maximize payoff to one also includes maximizing payoff for the others within the group.

**Factors Affecting Cooperation**

i. Individual characteristics: Age, sex and culture influence behavior. Children are likely to compete rather than cooperate at an earlier age. Studies done by Udai Pareek have shown that girls show more competitive behavior when they play with the same sex than when they play with the opposite sex. On the other hand, boys are less competitive when they play with the same sex than when they play with the opposite sex.

ii. Characteristics of others: The attractiveness of other persons, presence of a mind, co-operative behavior, similarities between oneself and the other person are also important factors which influence cooperative responses.
iii. Organizational factors: Certain factors in the organizational environment such as task characteristics, communication, time pressures and reward system also affect tendencies toward cooperation or competition, interdependent task encourage cooperation. Increase in communication enhances cooperation.

Deutsch’s (1973, 1949) theory of cooperation and competition may be useful to identify the nature of the interaction that contributes to effective participation. Deutsch proposed that the dynamics and outcomes of interaction could be analyzed in terms of how people perceive their goals are related.

In cooperation, they believe their goals are positively linked so that as one moves toward goal attainment, others move toward reaching their goal. They understand that their goal attainment helps others reach their goals; they can be successful together. As a result, they discuss issues and problems in an open-minded way. They deal with conflicts directly and seek to resolve them for mutual benefit.

In competition, people believe their goals are negatively related so that one’s success interferes with others; one’s successful goal attainment makes others less likely to reach their goals. They discuss problems and conflicts in ‘win lose’ ways. With independent goals, people consider their interests unrelated so that the successful goal attainment of one neither helps nor hinders others’ goals. They deal with problems and conflicts indifferently.

Experiments indicate that cooperative interaction contributes to effective participation. However, there is a need to test these ideas in organizational field settings, especially at the firm level (Tjosvold, 1988; Tjosvold et al., 1998). Meaningful participation should result in the employees having an actual effect on the decisions (Hanlon et al., 1994; Lawler, 1992). Participation on simple, unimportant issues or without influencing decisions may create distrust and suspicion. Participation is considered a distraction rather than a genuine effort to involve employees and help them practice the values of the organization.
2.4. ORGANISATIONAL EFFECTIVENESS AS A CONCEPT

Organizational effectiveness is defined as the ability of an organization to maximize its performance within a competitive external environment. It is achieved when organizational resources are optimally utilized by creating suitable structures, processes and systems, culture and people fully aligned to the organization’s business purpose and direction. An organization is a consciously co-ordinate entity with an identifiable boundary that functions on a relatively continuous basis to achieve a common goal or a set of goals. An organization structure defines how roles are defined, tasks are allocated, relationships are reported, and the formal co-ordination and interaction pattern that the organization would follow.

Every organization working in a highly competitive environment aspires to excel by improving its effectiveness. However, performance in an organization does not just happen. It is the dedicated and skilful team of human resources that makes it happen. To perform means to achieve pre-determined worthwhile organizational goals and objectives. For organizational effectiveness, a clear purpose and direction is must. Organizational structure, processes and systems, culture and people must all be aligned to this purpose and direction to achieve the organizational goals.

Early writers generally focus on single criterion of organizational effectiveness which is either profit maximization or goal achievement. Most of the modern writers now favor the use of multiple criteria. Organizations being open systems, both Bennis and Schein (1962, 69) say that they should be judged by their system-level capacity to react with flexibility to changing environmental demands. Thus an organization’s effectiveness should be tested in terms of the following four criteria:

- Its ability to take in relevant information from its environment.
- Its willingness to introduce changes which are demanded by the information obtained.
- Its commitment to its goal.
- Its internal flexibility and climate of support.
W. J. Reddin (1969) defines an effective organization as one which prefers:

- To do right things rather than doing things right.
- To produce creative alternative solutions to problems rather than merely solving them.
- To optimize resource utilization rather than safeguarding them.
- To obtain results rather than following duties.
- To increase profits rather than lower costs.

B. S. Georgopoulos and A.S. Tannenbaum (1975) lay down productivity, flexibility, and absence of conflicts as the three criteria for effectiveness. Rensis Likert (1967) identifies three sets of variables—causal, intervening and end result—which are useful in discussing effectiveness over time.

i. Causal variables are those factors which influence the course of developments within an organization. They include strategies, structure, styles, skills, policies, procedures, etc. They are independent variables within the control of the organization and its management.

ii. Intervening variables are those factors which represent the internal state of the organization. They include such aspects like commitment to objectives, morale and motivation of employees, decision-making and problem solving skills, communication; group cohesion, etc.

iii. End state variables reflect the results of the organization. They can be measured in terms of production, sales net profit, etc.

Organizational Effectiveness Criteria

An organization may achieve its goals, but the ultimate test of its success lies in measurement of the results, which contribute to the achieving of those goals. Those responsible and accountable for directing the organization must first determine where an organization stands and what it wants to achieve in a particular period. This must then be translated into sub goals (or objectives and results), a component of the goals the organization must achieve. Individual and group performance has to be viewed and evaluated via a predetermined criterion. Certain goals may be qualitative, while others may be quantitative.
Qualitative objectives need to be converted into quantitative objectives as much as possible. To achieve desired results, individuals and groups at different tiers have to plan and execute a sequence of actions and activities.

Some of the commonly used criteria for evaluating organizational effectiveness such as productivity, efficiency, profit, quality, accidents, growth, absenteeism, turnover, dividend payment, share price, earning per share etc. are quantitative in nature and can be measured by using well defined variables. However, there are a number of criteria that have a considerable impact on achievement of qualitative criteria but can not be easily measured as they are qualitative in nature. Some of the vital qualitative criteria are job satisfaction, motivation, morale control, conflict/cohesion, flexibility/adaptation, goal consensus, internalization of organizational goals, role and norm congruence, managerial and interpersonal skills, information management, and communication, readiness, utilization of environment, value of human resources, participation and shared influence, training and development and emphasis on achievement.

**Characteristics of Effective Organization**

Effective organizations have been found to possess certain characteristics that distinguish them from the rest.

**Table 2.4: Parameters and Yardsticks for Effective Organization**

<table>
<thead>
<tr>
<th>Parameters</th>
<th>Yardsticks</th>
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<tbody>
<tr>
<td>Values and goals</td>
<td>Clear vision</td>
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<tr>
<td>Leadership behavior</td>
<td>Cohesive leadership</td>
</tr>
<tr>
<td>Decision making</td>
<td>Crisp decision</td>
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<tr>
<td>Management processes</td>
<td>Value adding processes</td>
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<tr>
<td>Talent</td>
<td>Deep talent</td>
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<tr>
<td>Measure and incentives</td>
<td>Meritocracy</td>
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<tr>
<td>Customer focus</td>
<td>Consistent high quality</td>
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<tr>
<td>Frontline support</td>
<td>Fit</td>
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<tr>
<td>Performance culture</td>
<td>High performance</td>
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<tr>
<td>Capacity to change</td>
<td>Continuous evaluation</td>
</tr>
</tbody>
</table>
The common ones are:

- Providing sustained leadership
- Driving effective decisions
- Focusing people on performance
- Aligning the front line, and
- Driving a high performance culture.

Thus, performing growing and developing organizations create inbuilt mechanisms to continuously improve their effectiveness by developing a culture that is conducive to creating and responding to the environmental changes. These organizations have transparent systems and processes and an organizational structure wherein communication between different tiers and within groups is encouraged. People are receptive to feedback as measured in quantitative and qualitative terms. It would be imperative for any organization to focus on being effective for its long term sustainable growth and development.

**Ethics and Organizational Effectiveness**

The liberalizer of Indian economy has created opportunities for increased collaboration between Indian managers and those from collaborating countries. In this context, the importance of personal and professional ethics of managers, engineers and everyone involved in global transactions has increased. The ethical stances have an impact on the quality of organization’s corporate citizenship. Indian managers experience a clash between the values acquired from their education and professional training and those drawn from Indian culture and society. Values drew by Indian managers from their training mirror thus emphasis on western instrumental rationality and rule following, whereas the values drawn from family and community emphasize affiliation and social obligation.

The national Business ethics survey, conducted by the Ethics resource center found that despite rising employee awareness of formal ethics and compliance
programs, standards of ethical conduct remained unchanged or even worsened. More than half American workers (52%) observed at least one type of misconduct in the past year, with 36% of these seeing two or more violations, an increase on the previous survey, conducted in 2003, it found the two most common types of misconduct observed were abusive or intimidating behavior towards employees seen by 21% and lying to employees, customers suppliers and the public (seen by 19%). The survey also revealed a drop of 10% points (to 55%) in the number of employees, who reported misconduct to management.

Values provide the basis for the judgment about what is important for the organizational succeed in its core business. Kenneth R. Andrews in “Ethics in Practice” contends that there are three aspects to ethical behavior in organizations; the development of the individual as an ethical person, the effect of the organizations as an ethical or unethical environment, and the actions and procedures developed by the organization to encourage ethical behavior and discourage unethical behavior.

The five principles of ethical power for organizations:

i. Purpose: the mission of the organization is communicated from the top. The organization is guided by the values, hopes and a vision that helps to determine what is acceptable and unacceptable behavior.

ii. Pride: we feel proud of ourselves and our organization. We know that when we feel this way, we can resist the temptations to behave unethically.

iii. Patience; we believe that holding to out ethical values will lead us to success in the long term. This involves maintaining a balance between obtaining results and caring how achieve these results.

iv. Persistence; we have committed to live by ethical principles. We are committed to our commitment. We make sure our actions are consistent with our purpose.

v. Perspective: our managers and employees take time to pause and reflect, take stock of where we are, evaluate where we are, evaluate where we are going and determine how we are going to get there.
We must be ready to adjust our thinking, positions, and behavior to be ethical and to remain ethical overtime. Hence, ethics demands a willingness to change. In organizational ethics, we find a metaphysical paradox. Change management requires ethics and ethics require change management. Since both are true at the same time with each preceding the other, we can only conclude that indeed the quickest way to acquire poor ethics may be to require fixed adherence to value positions over time.

However, the highest levels of value formation are individuals who develop their own internal set of standards. Therefore, these individuals develop their own ethical principles that become more important in their decision making than any external expectations. This high arching principle allows them to make unethical decisions, such as break laws or compromise organizational values, because it allows them to sustain their moral principles internally.

It has become increasingly clear in the last couple of decades that equity, fairness and reciprocity play an important role in decisions of individuals. However, mainstream economics has mostly ignored this evidence so far and continues to rely more or less exclusively on the usual rational choice paradigms. The Oxford Dictionary of English Etymology first defines “fair” as originating with the twelfth century Old English adjective, “faeger,” meaning “beautiful, pleasing…free from blemish.” A century later, the word assumes a more ethical and economic connotation, “favorable,” because, at the same time, it also refers to a “periodic gathering of buyers and sellers” (Onions, 1995). By the twentieth century that ethical and economic connotation becomes even more pronounced as we find Webster’s defining “fair” as a “competitive exhibition…with accompanying entertainment and amusements” while “free from favor toward either or any side,” implying “an elimination of personal feelings, interests, or prejudices so as to achieve a proper balance of conflicting needs, rights, or demands” (Woolf, 1981).
That connotation is further nuanced and clarified. Just implies a precise following of a standard of what is right and proper. Equitable implies a less rigorous standard than just and usually a fair and equal treatment of all concerned. Impartial stresses absence of favor and prejudice. Dispassionate stresses freedom from emotional involvement and tends to imply cool detachment in judging. Objective stresses a tendency to view events or phenomena as apart from oneself and therefore to be judged dispassionately and without reference to personal feelings or interests (Woolf, 1981).

In competition, two or more people (or groups) view with one another for some individual gain. They run roughly parallel courses toward the same goal. Competition may be either open or closed. In open competition, the size of the cake of which the rival parties are seeking their shares, is supposed to be infinite to that if the one party gets more than the other, it isn’t at the others expense. For example, when promotions in an organization are available to all those who meet certain standard the competition is of the open type. In this type, if anyone fails to meet the standard and get promotion, has no one else but himself to blame. On the other hand, in closed competition, the size of the cake is supposed to be fixed so that it is always at the other’s expense. Thus, if there are only a fixed number of promotions available in an organization, everybody meeting certain standards can not be promoted. This type of competition mostly become unfair when there are no standards rules to determine a competitors success.

It is natural that children compete with each other in different games to find out their relative skills in different games to find out their relative skills and talents they possess. From these games, boys and girls learn to compete with each other, similarly, as kittens learn to hunt by playing with each other. Competing with other people or the comparison of the achievements of individuals is an essential element of their learning process. At the school, the results of pupils are compared with each other to find out their relative talents in various subjects. In this way, every individual is compared to others in different games independent of whether they like it or not.
Relating it with organizational context, the competition process means to test the efficiency of competing organizations and individuals. Since the days of Adam Smith (first publication, 1776, reprinted at 19820, the advantages of free competition means firms’ free entry to every market and consumers’ free choice between the competing products. Smith proposed that free competition of egoistic economic agents, firms and consumers, increases the welfare of the society."

The willingness of every individual to improve his standard of living creates competition between individuals and firms, which is the basic source of development in economics. Joseph Schumpeter (1934) presented this explicitly. He stated that economic growth is the result of successful innovating of entrepreneurs, that is, entrepreneurs are the “persona cause” of economic development. Schumpeter described innovation in several ways:

- Creation of new god or quality of good
- Creation of new production methods
- Opening new markets
- Capturing new sources of supply
- Creating new organizations of industry (creating and destroying monopolies etc).

Every competing firm has the possibility to improve the quality of its products and develop its production technology, which allows it to reduce its product prices. These both affect the sales of the firm, because consumers choose goods on the bases of quality/price ration. In a market economy, firms compete with each other and workers inside a firm compete about their relative position in the firm. If both these competition situations are fair, that is, consumers can freely choose between goods and workers’ careers are determined according to their personal skills, then the most effective firms capture the markets, and the most qualified persons rise at the top positions in the firms. Fair competition thus produces an outcome may not however, please those who do not manage in these competitions.
In an essentially high level society, there exist social security institutions taking care of those people, who do not manage in the above described competition. It is a political matter decides how much taxes should be collected from successful firms and individuals to take care of the non-successful one, but, if a society wants to be a safe place for its inhabitants, the dispersion of its inhabitant’s standards of living should not be too wide. We can think that the level of a society can be measured on the basis of how well it takes care of its poorest inhabitants. Although some firm of social security is necessary, it should no decrease the individual’s motivation for competition keeps the firms and economy effective.

If private firms do not try to improve their efficiency, the evolution of the economy ceases, and the benefits from competition are lost. The ethical duty of a firm manager is to take care of the existence of the firm, that is, to keep the firm profitable. , the competition between domestic and foreign firms is a zero sum game at the world market. If however, competition keeps the firms effective and technologically up-to-date; then the success of effective and failure of non-effective firms keep the firms economical in the technology frontier.

According to Sagan (2006), the Golden Rule “takes no account of human differences,” suggesting that even the most rigid and exacting standard of behavior lends itself to subjective interpretation. “Our responses are partly determined by our perceived self-interest,” he writes, claiming also that “we reciprocate in kind or act contrary because we hope it will accomplish what we want.”

He prefers the Silver Rule, “Do not do unto others what you would not have them do unto you,” and describes it as originating during the first century BCE, specifically in the writings of Rabbi Hillel, and popularized in the twentieth century with Mohandas Gandhi’s and Martin Luther King Jr.’s appeals to nonviolent civil disobedience. He also refers to a Brass or Brazen Rule, “Do unto others as they do unto you.” Originating with Confucius’ admonition to “repay kindness with kindness, but evil with justice,” Sagan
also finds the Brazen Rule in the Muslim Qu’ran quoted by President Bill Clinton at the time of the Israeli-Palestinian peace accords: “If the enemy inclines toward peace, do you also incline toward peace” (Sagan, 2006).

The Iron Rule, “Do unto others as you like, before they do it unto you” is another variation of the Golden Rule, sometimes formulated as, “he who has the gold makes the rules.” Becoming more cynical, Sagan invents the Tin Rule as a variation of “the Golden Rule for superiors and an Iron Rule for inferiors” as “Suck up to those above you and abuse those below.” Then, becoming even more inventive and contemptuous, he describes the Nepotism Rule, “Give precedence in all things to close relatives, and do as you like to others”. Sagan is suggesting not only than any standard of judgment is subject to interpretation, but also pointing to individual subjectivity as determinative of any interpretation. Moreover, he suggests that the individual appeals to personal power as determinative of the motives, attitudes, and values underlying interpretation. That becomes especially evident when “power” is defined with respect to utility and control.

Defined by the Oxford Dictionary of English Etymology, in terms of “dominion, rule, authority,” the word assumes an even more personal and subjective meaning in its second definition, “one possessed of authority,” implying “deity, divinity” (Onions, 1995). Originally referring to checking “accounts by comparison with a duplicate register,” the meaning of “control” evolved into a more general application for “exercising constraint” and “sway over”. The same dictionary defines “utility” simply in terms of “usefulness… useful thing or feature” and “make useful, convert to use” (Onions, 1995). Sagan is also aware that practical applications of the Golden Rule or any of its variants assume suffering as well as power. Someone, something will “undergo, endure; tolerate, allow” that exercise of utility and control in the service of individual self interest.

Moreover, the individual exercising that utility and control determines what is fair, and also determines who will benefit and who will lose. From the vantage
point of power, the one who invokes the Golden Rule does so from pre-determined antecedents, and, accordingly, proscribes the meaning of fairness. Abstracting from Sagan’s insights and conclusions, we could claim that the basic fallacy of the Golden Rule is that we do not want to be treated as we would treat others, but better. This is especially the case in matters of business ethics, where we find that individuals are quick to point to the need for greater attention to ethics, but always for someone else; never for themselves.

Ethics in the competition is a general requirement in sport. The athletes competing in Olympic Games swear an oath about fair competition obeying the accepted rules. An athlete is considered to behave immorally, if he uses forbidden drugs, or does not try to win the competition until the last moment. The first requirement allows the betting about the winner, because it rules out the pre negotiated results. Competing in sporting spirit requires that the winner can enjoy his victory which occurs if others players seriously tried to win the game.

Healthcare professionals face innumerable situations, which require the use of their “power of influence” on families and individuals. They have to persuade people to go for healthcare service while ensuring that the ethical code is not violated. According to Webster, influence is the power of persons or things to affect others, seen only in its effects”. Indeed, healthcare professionals are in the business of exercising power over individuals and families’ to affect the decision to utilize a particular facility, product or service. There is nothing inherently sinister about exercising power to influence decisions provided that the influencing is done fairly and without deception.

In his book, Influence: the Psychology of Persuasion, Robert Cialdini identifies seven rules of influence, all of which can be applied effectively and ethically.

Understanding the principles of contrast-changing perception based on immediate prior experience, reciprocity- obligating behavior by giving back the same type of behavior, scarcity- motivation by the possibility of losing a
benefit, authority- encourage the response to comply with authority figures, consensus- decision influenced by the decisions of others, commitment/consistency- create barriers to change and friendship- saying yes to ourselves can assist senior care professionals engage in intelligent sales skills and are indispensable for effective and ethical sales. Though we cannot expect moral behavior from animals, we can still analyze the fairness of the competition. Although the competition of survival in the nature is crude, every species and individual has some advantages by which they can survive in this game.

We can conclude that competition is an important means of development in all spheres of life, although it can be crude and immoral. In sport and business, the rules (laws) can be prescribed so that immoral competition becomes punishable. Competition classifies firms and individuals into successful and non successful categories, which the latter group may consider unpleasant. People’s fellow feeling is the moral basis for helping the non successful competitors, which is an important factor in keeping the societies safe.

Fairness is also related to ethics, since justice approach to ethics asks what is fair to all stakeholders when evaluating whether behavior is ethical or unethical. Therefore if people do not perceive fairness, they might not evaluate the behavior as ethical, thus precluding chances of involvement in mutual assistance. The upshot is that ethical behavior seems to be a vital component in creating trust. However, help extended to others might not purely an outcome of ethical behavior and trust: people might certainly help if they find the other party ethical and trustworthy.

**Psychological Approaches to Fairness**

Psychologists investigating issues of fairness have tended to view it as an empirical problem. Specifically, they have been interested in people’s perceptions of fair allocations or procedures (e.g., Adams, 1963; Thibaut and Walker, 1975) and in how these perceptions affect attitudes and behavior. Much of the research on distributive justice focuses on the two key concepts of equality and proportionality (or equity).
Adam’s equity theory views fairness and justice as highly rational judgments (Adams, 1963): social actors compare their input/output ratios with others, feel over- or under compensated, and act to reduce feelings of inequity.

Homans (1961) and Adams (1963) both suggest that inequity is a perceptual rather than an objectively determinable phenomenon. Personal biases complicate this situation further. People often take more responsibility for a joint outcome than is their due (Ross and Sicoly, 1979) and see themselves as better than others (Taylor and Brown, 1988). These perceptions lead to “a tendency to think it fair to be paid more than someone else in an identical situation” (Messick and Sentis, 1983). These biases make it easy to feel that getting more than an equal outcome, from negotiations or other allocation processes, is fair.

Messick and Sentis (1983) conclude that people determine their preferences before they ask themselves whether fairness is relevant and before they determine what constitutes fairness. As a result, people tend to think of their preferred outcomes as fair. This plays out, over many interactions, as a robust set of perceptions that lead people to believe that, for themselves, equality (or more) is fair and less is not. Messick (1993) nevertheless concludes, “It is hard to imagine a more pervasively justifiable principle of making allocation decisions than the principle of equality.”

Elster (1992) concurs, saying that “The task of the major theories of justice can be stated as justifying deviations from equality” (emphasis in the original) and that people should be treated equally and should contribute equally. This indicates that, of the two standards of distributive fairness (i.e., equality and equity) that empirical psychological research on the fairness of outcomes has extensively examined, equality seems to be the more acceptable principle.

However, the empirical research which shows that people react more to disadvantageous than to advantageous inequity (Mowday, 1983), that individuals tend to be concerned with their own rather than with others’ inequity (Tornblom, 1977) and that people choose (and prefer) the allocation principle
(i.e., equity or equality) that accords them a bigger share of the pie, indicates that individuals’ notions of justice are not consistent across situations and that fairness as a motive becomes salient only when an injustice is perceived.

Ethics has been a personnel human problem; the gap between action based or reality ‘as it is’ and ideals ‘as it ought to be’. Sometimes the gap has been more and sometimes less. It has also differed with cultural differences. As growth has been rapid and competition has been turning more acute, cases of unethical practices and absence of values have become serious problems and threaten collapse of organizational life.

Culture is a set of norms, values and assumptions that are available to the staff, and is thus inseparable from action and process. It is also defined as a learned set of rules, written and unwritten, that instructs individuals about working effectively with each other and with their environment. It not only defines ways to act but also ways to react, and therefore, is an essential component of individual capacity to live as a human being in an organizational context. In other words, “it’s the way we do things around here.” Trice and Beyer (1993) have defined culture as ‘the unique pattern of shared assumptions, values and norms that shape the socialization, symbols, language, narratives and practices of a group of people.

The culture of an organization may be defined as the common perception of its employees about various aspects of its internal working environment. This means that although individuals, depending upon their personal characteristics such as values, needs, attitudes, experience etc. may differ in their perceptions but there is always a widely held and a relatively stable view which should be termed as organizational culture. Business ethics and organizational culture are closely related. So how the organization culture is helpful in improving the business ethics:

- By creating an organization culture of openness and transparency, clear standards and tolerance of criticism.
- By identifying unethical conduct and their impacts pro actively
• By finding whether unethical incidents are the results of an unfortunate coincidence or whether they reflect a more systematic organization failure.

• By increasing employee participation in solving ethical issues. Participation increases employees’ awareness of the ethics of their work environment.

• By reviewing periodically, the effectiveness of code implementations. A manager who knows that ethics of his department will be evaluated periodically will have more reason to work on it.

It has been found that a good work life balance and high levels of job satisfaction was thought to promote ethical behavior among employees, said the pole of more than 1000 US adults who work full time. 60% of these surveyed laid job dissatisfaction was a leading reason makes unethical decisions at work, second only to lack of personal integrity, according to the “Ethics and Workplace” survey conducted for dolomite and Touché USA. The behavior of managers and direct supervisors said to be the most significant factors in encouraging or discouraging good behavior at work, the survey said.

The next chapter deals with the major research work done to investigate the relationship between ethics and personal, team and organizational effectiveness and also offers a framework of the present study.