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Whistleblowing and ethics helplines in the ¹Modes of Managing Morality Model

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Abstract

The Modes of Managing Morality (MMM) model provides a heuristic device to assist business ethics scholars and practitioners to make sense of the differences that exist in the ways in which different organisations manage their ethics. Although it is difficult to demonstrate a clear distinction between ethics advice and whistleblowing, these activities are often fused in organisations and the seeking of ethics advice may of necessity sometimes spill over to a need for whistleblowing. The extent and ways organisations are tolerant to and utilise ethics communication in each of these modes were illustrated in this paper. In particular, the varied prominence of whistleblowing and ethics advice facilities in each of the reactive (some whistleblowing), compliance (ethics advice supplementary to whistleblowing) and integrity (whistleblowing supplementary to ethics advice) modes were indicated. The seamless integration of ethics talk and ethics advice in the TAO-mode makes whistleblowing superfluous in this mode. The necessity for leaders and managers to acquire an ethics management competence that would, among others, allow them to actively engage in and encourage ethics talk, was emphasised.

Keywords: Ethics, ethics talk, hotlines, help lines, help desk, whistleblowing, Modes of Managing Morality Model, compliance versus integrity, ethics management.

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¹ Based on the model developed by Deon Rossouw and Leon van Vuuren: Rossouw, G.J. & Van Vuuren, L.J. (2003). Modes of managing morality: A descriptive model of strategies for managing ethics. *Journal of Business Ethics*, 46(4), 389-402.

Introduction

World-wide actions for moral reform to moderate the effects of the dark side of capitalism have been visible in last decade. Academic/scientific indicators to this effect have been the proliferation of research, books and articles in the field of business ethics and the growth of professional business ethics network organisations and societies around the globe. Global initiatives to encourage ethics in business have included the Caux Round Table principles for business conduct, the OECD (Organisation for Economic Co-operation and Development) guidelines, the activities of Transparency International and the Global Compact of the United Nations. In Africa, the continental Economic and Corporate Governance Initiative of NEPAD (The New Partnership for Africa's Development) is an indication that governance is also an issue on this continent. Corporate governance laws and guidelines are being laid down in many countries. Examples of these are the Sarbanes-Oxley Act in the US, the Combined Report on Corporate Governance in the UK and the Second King Report on Corporate Governance in South Africa.

In this era of governance, the *ethics of governance* implies that organisations are ethically accountable to all their stakeholders. An integral dimension of the ethics of governance is the *governance of ethics*. The governance of ethics is the broad process whereby organisations, in a similar fashion to managing their financial performance, manage their ethical performance in a concerted and structured manner to contribute significantly to their sustainability.

The Modes of Managing Morality Model (Rossouw & Van Vuuren, 2003) provides a framework for understanding how organisations move through an evolutionary process of *improving their sophistication in managing ethical performance*. The model is based on an analysis that explains why business organisations tend to move from less complex modes of *managing ethics* to more complex modes thereof. It also identifies the dominant ethics management strategies that characterise each of the stages. The Modes of Managing Morality (²ethics) is depicted in Table 1.

² The concepts "morality" and "ethics" are seen as synonyms and are used interchangeably (depending of the elegance of fit).

Table1: The Modes of Managing Morality (MMM)-model

Dimensions of comparison	Immoral Mode	Reactive Mode	Compliance Mode	Integrity Mode	Totally Aligned Organisation (TAO) Mode
<i>Nature</i>	Unethical conduct is good business The business of business is business, and <i>not</i> ethics	Token gesture of ethical intent is shown (a code of ethics) Unethical behaviour is ignored and remain unpunished	Commitment to manage and monitor ethics performance <i>Rule-based approach</i> to ethics Disciplining unethical behaviour	Internalisation of ethical values and standards <i>Value-based approach</i> to ethics Internal locus of (ethics) control; "Walking the ethics 'talk'"	Seamless integration of ethics in corporate purpose, strategy and operations Non-negotiable morally responsible interaction with stakeholders
Purpose	Ethics has no place in the singular pursuit of the bottom line Unethical behaviour espoused as good business	Protection against dangers of unethical behaviour Sceptics and critics are silenced (temporarily) by the existence of ethics standards	Prevention of unethical behaviour Desire to have a good ethical reputation	Raising level of corporate ethical performance Pro-active promotion of ethical behaviour Ethics of strategic importance or a competitive edge	Ethics reinforced as part of culture and purpose Ethics entrenched in discourse and decision-making
Ethics management strategy	A Machiavellian orientation exists that denies the need to make decisions concerning ethics No concern for stakeholders No ethics management strategy or interventions	<i>Laissez-faire</i> ethics management Inability to manage ethics Corporate (ethical) values are words on paper	Transactional approach to managing ethics Code clear and comprehensive & corporate ethics management function exists Ethics management systems used Unethical behaviour punished	Transformational approach to managing ethics Stakeholder engagement Ethics "talk" prevails High-level ethics management functions and systems Managers have an ethics competence	Everyone responsible for ethics management Ethics function/office serves as "rudder" Ethical heroes celebrated, ethics stories told Elimination of discrepancies between corporate values and behaviour
Challenges	Financial consequences of immorality becomes unaffordable Increased dissonance between personal and corporate values Stakeholders experience alienation	Credibility problems with stakeholders Susceptible to ethical scandal Stakeholders convey frustrated expectations Corporate ethical reputation below par	Mentality of "what is not forbidden is allowed" Personal moral autonomy and responsibility undermined Proliferation of ethical rules and guidelines Employees disempowered to use ethical discretion	Discretion granted is abused Moral autonomy leads to moral dissidence Powerful leaders undermine ethics drive Lack of clear corporate identity undermines integrity mode	Ethical complacency/arrogance; moral laxness Neglect ethics induction of new employees Lack of co-ordination in managing ethics

A mode can be described as *the predominant (preferred) strategy of an organisation to manage its ethics at a given point in time*. The preferred mode reflects the decision its leaders make to ignore ethics and to act unethically, or to actively deal with ethics in an overt manner. The mode is observable and has discernible qualitative and quantitative properties that display the organisation's strategy (conscious or not) to ignore or manage ethics (Rossouw & Van Vuuren, 2003). Each of these ethics management strategies could be characterised by the utilisation to a lesser or greater extent of an array of ethics management interventions. The most commonly used interventions at the disposal of organisational ethics management structures (e.g. organisational ethics management function, ethics committees, internal audit and the compliance function), include ethics awareness campaigns, ethics training programmes, ethical orientation of new employees, the recruitment of employees with integrity, integrating ethics with performance management systems, disciplinary procedures to deal with ethics transgressions, and facilities to obtain advice on ethical issues and report unethical behaviour. Kaptein (2002) suggests the presence of self-regulating and self-correcting mechanisms to detect unethical conduct in a timely way. The purpose of this paper is to present a heuristic on how the ethics management interventions of obtaining advice on ethics issues and reporting unethical behaviour, could be interpreted and subsequently applied in each of the organisational modes of managing morality as shown in Table 1.

Prior to the differential positioning of whistleblowing and ethics advice facilities in the modes of managing morality model, a clear distinction between ethics advice and whistleblowing systems is required. A scan of the literature that covers these interventions reveals that such a distinction, which at first glance appears to be relative straightforward, is by no means that. In fact, many authors use the concepts either interchangeably (Johnson, 2003) or in one breath (Weaver, Trevino & Cochran, 1999) or incorporate one into the other (The Federal Sentencing Guidelines in Ferrell, Thorne LeClair & Ferrell, 1998; Ferrell, Fraedrich & Ferrell, 2008; Martens & Kelleher, 2004; Riebl, 2004). An attempt will nevertheless be made to describe each in its most uncluttered form, whereafter their interface will be critically analysed.

Ethics help lines

Research by KPMG in 2000 (in Kaptein, 2002) revealed that 55 percent of the American working population experienced barriers to challenging each other and their managers about perceived unethical conduct. A need for an internal safety net that circumvents usual hierarchical channels for challenging others regarding unethical conduct, therefore exists (Kaptein, 2002). Components of such a safety net are organisational facilities to obtain advice on ethical issues, commonly referred to as ethics hotlines, ethics helplines, ethics assistance lines, ethics advice lines or the ethics helpdesk. Employees often need guidelines to deal with lesser ethical decision, as well as issues that have more serious ethical consequences (Rossouw & Van Vuuren, 2004). Also, employees need help to interpret their organisations' codes of ethics (Greengard, 1997; Navran, 1997).

Ferrell, Fraedrich and Ferrell (2008) report that a recent survey of Fortune 500 companies indicates that 90 percent of these companies offer toll-free ethics helplines. Ideally, line managers should deal with simple ethics issues or queries before the employees should have the need to resort to using a hotline facility. Since managers are often the subject of the query or had not had sufficient training in ethics awareness and decision-making, they are, however, often not equipped to deal with superficial ethics queries. Hence the implementation of ethics help lines, help desks or ethics hot lines. Calhoun and Wolitzer (2001) describe an ethics hotline as a "24-hour service that employees can use anonymously or confidentially to ask questions about the company's ethics policies and practices or alert the ethics officer to an existing or potential problem". A helpline serves as a central contact point where critical ethics related comments, dilemmas and advice are received and dealt with by the person most appropriate for handling a specific case (Ferrell, et al. 2008). Usually, trained ethics advisors deal with queries quickly while maintaining confidentiality and protecting the identity of the employee that raised the issue (Rossouw & Van Vuuren, 2004).

Whistleblowing

For the purpose of this paper whistleblowing, as a form of pro-social behaviour (Miceli & Near, 1985), is defined as "the voluntary release of non-public information, as moral protest, by a member or former member of an organization outside the normal channels of communication to an appropriate audience about illegal and/or immoral conduct in the organization or conduct in the organization that is opposed in some significant way to the public interest" (Boatright, 2000, p. 109). Berry (2004) describes whistleblowing as "an avenue for maintaining integrity by speaking one's truth about what is right and what is wrong. It is a strategy for asserting rights, protecting interests, influencing justice, and righting wrongs" (p. 1). Whistleblowing is the voice of conscience" (Berry, p. 1).

In its simplest form it involves the act of reporting wrongdoing or misconduct within an organisation to internal or external parties. Since line managers are not necessarily always empowered or enabled to conduct investigations into ethics complaints or transgressions, a job mostly assumed by the forensic specialists in organisational internal audit or risk management functions, managers can only deal with complaints about ethical wrongdoing up to a point. Many organisations therefore establish formal communication channels, so-called safe reporting lines, through which wrongdoing can be reported. These communication channels are designed to afford ³employees (in particular) the opportunity to safely report ethical transgressions that they had observed are termed ⁴whistleblowing lines or hotlines. In many instances employees (and other stakeholders) are actively encouraged to report deviant behaviour. Berry (2004) suggests that organisations create cultures of

³ Although there is certainly a case to be made for providing opportunities for organisations' external stakeholders (e.g. customers and suppliers) to report real or perceived unethical behaviour by the organisation or its members, the scope of this paper is, within the context of intra-organisational ethics management, limited to the need for internal stakeholders (mainly employees) to seek ethics advice or report ethics transgressions.

⁴ E.g. Deloitte and Touche offers organisations a system called "Tip-Offs Anonymous" as an externally managed whistle-blowing facility.

vigilance, by cultivating a “mindful watchfulness for threats to organizational integrity” (p. 3). A well-documented example of whistleblowing in recent times is that of Enron vice-president Sherron Watkins who emailed her chairman, Ken Lay, in 2001, warning that the company would “would implode in a wave of accounting scandals” (James, 2006, p. 53). Of course, no heed was taken of her concerns.

When the words of Miceli and Near, Boatright and Berry are considered at face value, whistleblowing appears to be a rather noble act through which unethical behaviour could be eradicated and ethical behaviour encouraged. It also can not be denied that whistleblowing could have positive effects. Whistleblowing provides organisations with opportunities to enforce ethical behaviour and protect their reputations in the process. It also creates a context whereby incidents of ethical wrongdoing and patterns of unethical behaviour could be detected and managed in a timely fashion. In countries where corruption and bribery is rife and the lines between right and wrong more diffuse as those lines of, for example, their trading partners, whistleblowing could be an extremely powerful means of exposing unethical behaviour. This could lead to strict legislation and punitive measures that seek to establish more predictability in business dealings and hence more security for investors and other stakeholders. The irony is of course that the act of blowing the whistle on a person or organisation could be particularly frowned upon in the cultures of countries that are known for questionable ethics.

The fact that whistleblowing occurred in an organisation is already in a sense damaging to the corporate reputation – rather than to commend the organisation for having a whistleblowing facility and allowing organisational members to report unethical behaviour, observers may acquire the perception that unethical behaviour is rife in the organisation. The intention of managing ethics through affording prominence to whistleblowing is surely not malicious. It is, however, somewhat naïve to believe that whistleblowing will enhance the ethical dimension of organisational culture.

Despite the fact that whistleblowing is encouraged globally and is often perceived to be a cure-all for unethical behaviour, and the perceptions that exist that whistleblowers are perceived to be ⁵“fighting the good fight” and that it is somewhat chic to blow the whistle, it has a severe “dark side”. According to Koehn (2002, p. 462) “whistleblowing is not unambiguously good”. In 1972 Peters and Branch (in Carroll & Buchholtz, 2003) called a whistleblower “a muckraker from within, who exposes what he [or she] considers the unconscionable practices of his [or her] own organisation”. The dark side of whistleblowing is that it often manifests as vindictive “telling”, severe retaliation against and victimisation of whistleblowers (despite the existence of ⁶laws that protect whistleblowers), and the negative publicity that surrounds the disclosure of organisational irregularities and illegalities. No wonder then that the majority of employees who become aware of individual or corporate wrongdoing never report or disclose their observations to anyone (Miceli & Near,

⁵ An example of this is *Time* magazine putting three whistleblowers on its cover and naming them “People of the year” in 2002.

⁶ Examples of these are the Public Interest Disclosure Act of 1998 in the United Kingdom, the Whistleblower Protection Act of 1998 in the United States of America and the Protected Disclosures Act of 2000 in South Africa.

1992). Koehn (2002) is clear about the possibility that whistleblowing harms public trust in institutions, rather than restore it, if “whistleblowing creates a whirlwind of suspicion and the impression that corruption is everywhere” (p. 459). She further suggests that whistleblowing should at best be seen as an option of last recourse.

Ethics advice versus whistleblowing

An easy-to-use ethics help line or ethics help desk can serve as a safety net that enhances the possibility that organisations can detect and react to ethical wrongdoing in a timely manner (Kaptein, 2002; Ferrell, et al. 2008). Riebl (2004) explain that organisations are increasingly implementing “organizational helplines to streamline the process of reporting misconduct, as well as to provide a safe outlet for employees to report wrongdoing” (p. 1). Such helplines are usually a telephone service which employees can use to discuss misconduct or to ask a question about business conduct policies and practices.

The fact that the word “hotline” occurs in relation to both ethics advice and whistleblowing facilities is no coincidence. It seems that in practice most organisations offer a single facility that offers both the opportunity to seek ethics advice *and* to report misconduct. Herein lies the confusion that is frequently evident in discussions concerning both the theory and practice of ethics advice and whistleblowing. Business ethics literature does not offer much clarity on this issue either. Kaptein (2002) notes that an expression of the need for whistleblowing procedures is usually followed by the “brief advice that an ethics hotline is desirable, without indicating what the options and decision-making moments are and how a similar structure can be given shape” (p. 220).

It seems as though organisations find it difficult to distinguish between the processes whereby employees seek ethical advice or report/blow the whistle on unethical behaviour. In practice ethics advice and whistleblowing facilities are often provided within a single system, probably for reasons of administrative convenience, cost effectiveness and to avoid the confusion two separate systems could invoke. The reality is that employees sometimes merely need advice on an issue that is characterised by some ethical ambiguity in their work environments (e.g. “may I use the company fax machine to send an urgent facsimile to my child’s school” or “does my travel expense account allow me to have a bottle of wine with my dinner while dining in a hotel when away on business?”). On other occasions they may have a need to report some ethical malfeasance (e.g. corruption, bribery, dishonesty, sexual harassment, favouritism or misleading of customers). The question arises as to whether ethics or compliance officers or others that man the hotline are sufficiently trained to (a) recognise a simple query that the caller needs advice on, (b) recognise an ethics transgression that may have serious consequences (e.g. organisational reputational damage), and (c) discern whether the report is mere vindictive reporting.

Coleman (2000) indicated that the number of cases where advice is sought through an organisation’s ethics helpline in a given time period is directly proportional to the level of ethics awareness and the willingness to discuss ethics issues in an

organisation. Ethics helplines thus naturally raises the ethics awareness in an organisation (Rossouw & Van Vuuren, 2004). What is, however, not clear, is whether a high number of “calls” to a help line is an indication of (a) a healthy organisational ethical culture, or (b) a culture based on fear of transgression and consequent punishment. Although the latter type of culture could prevent unethical behaviour, it clearly indicates a rules-based or “beware-the-big-stick” approach to ethics management. Riebl (2004) reports that a 2003 US survey indicated that the existence of a helpline contributes to an increased probability of employees reporting misconduct and wrongdoing. There seems to be a contradiction inherent to this – how could a *help* line or a *help* desk be used to encourage ethical behaviour if employees are urged to report wrongdoing and “tell” on their colleagues and managers at the same “desk”?

It is clear that in the highly litigious US, in a post-Enron and Sarbanes Oxley era where ethics and compliance is often used in the same breath as ethics/compliance, “help” and “report” are equated. The “report” component has a clear whistleblowing connotation. With people, irrespective of culture, being indoctrinated from a very young age to believe that “telling” is a socially undesirable act (McDonald in Chui, 2003), locating an advice desk in the same location as the place to “tell” on others, could inhibit ethics talk as a crucial facilitator of building a culture of ethics in an organisation. Those that merely seek advice on an ethics issue will surely experience ambivalence should the seeking of ethics advice be equated to the socially undesirable act of “telling”. Furthermore, ambivalence may intensify when employees experience conflict between the morality of loyalty (an important element in the employment relationship [Chui, 2003]) and the morality of justice (Uys & Senekal, 2008). “Telling” on others that violate the morality of justice and using the *help* facility for this purpose, could clearly deter employees from using this facility.

There is clearly a fine line between a situation where an employee merely seeks ethics advice and one where the whistle is blown on real or perceived wrongdoing. As such, employees seeking advice may “inquire on behalf of somebody else”, ask a very general question or enquire about the existence and/or interpretation of a policy that prohibits certain behaviour, in order to protect their own identity, mitigate the guilt invoked by telling, pre-empt the fear of retaliation and euphemise the severity of the incident being reported. On the other hand though, many calls that are received by helplines may, at face value, appear to be relatively harmless information-seeking queries, but represent the tip of the iceberg that consists of patterns of unethical practices or even an endemic unethical organisational culture. Ethics officers that deal with these queries then have to use their prerogative and decide whether to (a) merely deal with the query, (b) refer the caller to the whistleblowing facility should such a facility exist separately from the help line, or (c) open an investigation into the matter with or without the consent of the caller (this of course depends on the severity of the perceived wrongdoing).

Coleman (2000) mentioned that callers to an ethics help line more often than not already know the answer to their query but merely contact the help line for confirmation of their knowledge or suspicions. Ideally, ethics advice lines, help lines or help desks should be separate entities from safe reporting (whistleblowing)

facilities. This would depend on factors such as the ethical nature of the organisational culture, the extent to which ethics management is taken seriously by the organisation the existence of ethics management structures and systems, the size of the organisation, the budget available for providing two separate entities, industry norms and practices and the organisation's ability to conduct investigations.

Whistleblowing is an intervention that belongs to the ethics-as-a-problem approach. It will be with us for many years to come. Izraeli and Schwartz (1998) suggests that the overall benefits of a whistleblowing hotline, such a keeping problems internal as opposed to reaching external sources, outweigh the potential problems. The "how" of making the best of a intervention that one should actually strive towards phasing out, is therefore important. The modes of managing morality model, whereby organisations can progress through phases of increasing sophistication of ethics management, could be utilised to indicate how ethics helplines could be increasingly used over time to make the need for whistleblowing superfluous.

It is clear that both ethics helplines and whistleblowing facilities could be ⁷useful interventions for organisational ethics management endeavours. Since they serve different purposes in theory however, their existence or utilisation may vary markedly in organisations that find themselves in different modes of dealing or not dealing with ethics. The Modes of Managing Morality Model, as a classification framework whereby an organisation can be classified as having a specific way (or *mode*) of managing ethics intra-organisationally (Rossouw & Van Vuuren, 2003), indicates the extent to which organisational ethics management varies from reactive and superficial ethical window-dressing to concerted and structured efforts to institutionalise and integrate ethics. The five relatively distinct *modes* used to describe organisations' preferred strategies for managing ethics are the modes of (1) immorality, (2) reactivity, (3) compliance, (4) integrity and (5) total alignment (see Table 1). Whilst retaining cognisance of their utility and limitations, the nature and extent of the potential integration of ethics helplines and whistleblowing facilities respectively in each of the modes are described below.

Modes of managing morality: positioning of whistleblowing and ethics helplines

Immoral mode

Immoral mode organisations generally have an "all that matters is the bottom line" mentality and seldom heed stakeholders other than owners' expectations. Management's motives are selfish and their only concern is with their own or the organisation's gain. The means therefore justify the ends. Immoral management is "a posture that not only is devoid of ethical principles or precepts but also implies a positive and active opposition to what is ethical" (Carroll & Buchholtz, 2006, p. 184). Although there may be some varied dissonance about the eventual effects of

⁷ Kaptein (2002) provides a comprehensive exposé of the design and institutionalisation of the ethics helpline and its alignment with whistleblowing.

unethical conduct, it is nevertheless endorsed as good business and goes unpunished.

Such organisations are typically characterised by a Machiavellian orientation in that management does not see the need to make decisions concerning ethics and there is therefore no commitment to deal with ethics (Rossouw & Van Vuuren, 2003). In such organisations there is a lack of sensitivity to ethical issues and reluctance to engage with it. The organisational culture is devoid of ethical thinking and managers and employees are morally mute (Waters & Bird, 1987). There is little ethics talk in such organisations and employees would find it difficult to raise concerns about ethical decisions and unethical practices in such environments.

Since any talk about ethics is perceived as based as counterproductive behaviour and even as a weakness, there is no room for facilities that afford employees the opportunity to seek advice on ethics issues, either from their line managers or from centralised helplines. The latter would not exist in immoral mode organisations.

Loyalty to the organisational objectives, usually characterised by excessive greed, is emphasised in immoral mode organisations. Management in such environments would not be susceptible to establish facilities for employees to report unethical behaviour – whistleblowing would be perceived as a serious contravention of loyalty to the corporate cause. As such, should whistleblowing occur, e.g. to external parties, there would be severe retaliation and victimisation of whistleblowers. Immoral mode organisations that contravene conventions of good ethical practice would probably not hesitate to resort to illegal activities (e.g. bribery, tax evasion) and would therefore not be intimidated by the presence of laws that protect whistleblowers.

It should be clear that few truly immoral organisations exist beyond the short term. They would have little sustainability and would either mend their ways out of fear for abandonment by stakeholders or cease to exist.

Reactive mode

Reactive mode organisations are often immoral mode organisations that have decided to relent to some moral transformation, or organisations that due their sheer size, monopolistic basis or their positioning and influence in society, have been able to have their ethical transgressions overlooked by society and stakeholders. Such organisations have some ethical standards (e.g. a code of ethics), but there is little broad-based management commitment to ethical behaviour. There is no forced compliance to set ethical standards, except that required by law, and unethical behaviour still prevails. "A blind eye is turned towards unethical behaviour and, at best, if unethical practices are detected, they are not endorsed, but remain unpunished" (Rossouw & Van Vuuren, 2003). Bird (in Kaptein, 2002) refers to organisational blindness and deafness, i.e. not seeing or hearing the unethical conduct and ethical dilemmas of its employees. Ferrell, Thorne LeClair and Ferrell (1998) suggest the causes of a corporate culture that provides rewards or

opportunities to engage in unethical behaviour to be decentralisation, weak internal controls and a lack of managerial concern. Corporate ethics therefore amounts to a token gesture of ethical intent.

Ethics management interventions in reactive mode organisations are manifestations of token gestures of ethical intent. There is a lack of commitment and an inability to manage ethics and interventions have limited in scope and depth. The minimum measures of ethics management interventions are instituted to pacify stakeholders and is usually mere window-dressing.

The *laissez-faire* approach ethics management in reactive organisations rarely progress beyond code design interventions. Since the mere existence of a code of ethics does not guarantee ethical behaviour, nor provide the context for moral discourse. The organisational culture would not have a strong ethical component and this context would not be conducive to ethics talk and the raising of ethical concerns. Management would not be particularly aware of ethics, nor have the inclination or competence to deal with ethics issues. Should disciplinary actions be taken against perpetrators, the consistent application of this discipline would be in severe doubt (Berry, 2004).

However, external pressure (e.g. corporate governance regulation), the risk of corporate scandal and the presence of ethically aware employees, might force such organisations to implement some ethics management interventions. Due to the low ethics awareness levels only those employees that experience severe ethical dissonance, and have the moral courage to express it within such an ethically nebulous context, may raise ethical concerns or question the ethicality of corporate decisions and actions. Reactive organisations may therefore establish whistleblowing facilities for employees to report on ethical wrongdoing. The message would, however, be clear that whistleblowing is not a desirable organisational practice – management would underplay the existence of the facility and not encourage employees to utilise it – perhaps out of fear of opening cans of worms best kept in palliation. Employees who observe wrongdoing may not report it because they cannot fully estimate the resulting damage (Berry, 2004). The lack of enthusiasm for whistleblowing could also be based on the protection of certain divisions in the organisation whose success had traditionally been built on ethically dubious business practices. In many cases such practices may even have been rewarded accordingly. Ethics advice facilities would not be provided per se, but may be assumed to be adequately provided for in the whistleblowing facility.

Compliance mode

Compliance mode organisations make a conscious decision to regulate ethics and display a commitment to eradicate unethical behaviour (Rossouw & Van Vuuren, 2003). There is a strong commitment to ethics in such organisations and they manage their ethics performance in a concerted manner. Ethics management in compliance mode organisations goes beyond the pacifying of stakeholders and window-dressing. Rather than promoting ethical behaviour, compliance mode

organisations are characterised by a strong commitment to manage ethics. The managerial purpose of the mode is the prevention of unethical behaviour. Ethical standards are rule-based and these rules are enforced externally. In a compliance mode, which is a typical *transactional* approach to ethics management, the emphasis is on rules to be complied to in exchange for withholding of punishment for non-compliance, rather than an embracing of ethical values and an entrenching of these values (Rossouw & Van Vuuren, 2003). There is a continued intolerance of unethical and illegal practices that is demonstrated through consistent discipline (Berry, 2004).

To cover as many as possible eventualities of unethical behaviour, such an organisation's code of ethics would be comprehensive and/or several policies would be used to ensure continuous ethical behaviour. As the code of ethics is enforced upon the organisation, the locus of moral control resides externally in the code and in the ethics management function. The ethical values and standards of the company are not internalised, but are imposed externally. In a compliance mode employees' behaviour is closely monitored and deviations from set standards are punished decisively. Alternatively the company may opt for not only penalising transgressions of its ethical standards, but also for rewarding those who consistently abide by its code of conduct. There is thus less emphasis on the role of rational, principled judgement (Jackson, 1997) and more emphasis on controlling ethical behaviour.

The dominant rule-based approach to ethics management and thus the central role of the code of ethics in the compliance mode is complemented by an organisational ethics management function that will manage and drive the process of compliance to the code. This ethics management function takes responsibility for all the processes and systems required for ensuring adherence to the code. Central to this approach is a safe reporting, or whistleblowing, system whereby employees can safely report unethical or morally suspicious behaviour. Employees are actively encouraged to be alert to ethical wrongdoing and to utilise the whistleblowing system to report it. This is the mode in which the role of the whistleblowing is at its most intense. It is seen as an important tool to manage ethics through the exposure of unethical behaviour and subsequent punishment of transgressors. Since whistleblowing is encouraged, the compliance mode organisation will not necessarily be able to prevent vindictive "telling", retaliation against and victimisation of whistleblowers and the negative publicity that surrounds the disclosure of organisational irregularities and illegalities, from occurring. The occurrence of such phenomena reinforces the external imposition of ethical standards and do not necessarily contribute to the creation of an ethical organisational culture. Although whistleblowing may be a necessary condition in a compliance mode organisation as it enhances an organisation's responsibility and accountability for ethics, it is not a sufficient condition for the creation of trust.

Although the emphasis in the compliance mode is on whistleblowing, the commitment to manage ethics is sufficiently conducive to create a climate that allows for other forms of moral discourse to occur in the organisation. Ethics advice lines or helpdesks could be activated and staffed with advisers able to reason

ethically and assist callers to correctly interpret the code of ethics. In the compliance mode advice facilities remain supplementary to the whistleblowing facility though.

Integrity mode

Organisations in this mode recognise the strategic importance of ethics and hence integrate it with the corporate objectives and strategies, whilst organisations in the compliance mode have a defensive approach based on fear of the consequences of unethical conduct. The focus in the integrity mode is on the promotion of ethical behavior, rather than on the prevention of unethical behaviour. An outcome of a compliance mode is to minimise the incidence of unethical behaviour, whereas the eventual outcome of an integrity mode is the evolvment of an ethical organisational culture. The integrity mode thus has a strong *transformational* character, or what Berry (2004) refers to as a strategically developed organisational ethical culture.

As opposed to the compliance mode that is characterised by external enforcement of ethical standards upon a business organisation, the integrity approach is marked by the internalisation of ethical values and standards – a values-based approach to managing ethics therefore. Instead of imposing ethical standards upon the organisation, it seeks to obtain the commitment of individual members of the organisation to a set of shared corporate values (Moon & Bonny, 2001). In this way the locus of moral control becomes internal. By ensuring that the locus of control resides within members of the organisation, less external control is required (Rossouw & Van Vuuren, 2003). Less external guidance for ethical behaviour is required. This requires of individuals to increasingly use their own discretion in deciding on the ethicality of their decisions and actions.

This approach to managing ethics requires much more knowledge and expertise on managing ethics, since it ventures into the subtle domain of value formation and commitment. Integrity mode organisations are no less committed to ethical standards and values than compliance mode organisations. The main difference is that ethics in the integrity mode is achieved through a collective effort by all employees. Employees are encouraged and assisted to interpret organisational ethical values and to live by these. Ethics management interventions in the integrity mode have stakeholder expectations, based on extensive consultation with stakeholders, as a pervasive theme. Broad based buy-in of organisational values is therefore assured. Ethically sensitive interpretation of core values are sought. Also, ethical decision-making training is prominent as there is an increased reliance on the moral discretion of employees in the integrity approach.

Such moral discretion results from 'ethics talk'. In the integrity mode the organisational culture is of such a nature provides a mandate for employees to discuss ethics and raise ethical concerns. In this type of context ethics talk is not frowned upon and employees readily discuss the ethical dimension of their work. No decision should be considered complete unless the ethical dimension thereof had been contemplated (Rossouw & Van Vuuren, 2003).

Since there is a high awareness of ethics in the organisation, ethics advice is sought as a matter of course. The first port-of-call for ethics advice are employees' line managers. Should they not be able or available to render advice, there should be adequate ethics management system and process support, provided by the ethics function, in the form of ethics advice or helplines in integrity based organisations. In the integrity mode employees would be encouraged to make use of ethics advice facilities. The emphasis is thus on pre-empting ethical consequences based on a high level of ethics awareness – enquiring about the ethicality of decisions or the ethical consequences for stakeholders would clearly be more important than the reporting of unethical behaviour.

Given the delicate nature of the integrity approach to managing ethics, it is usually complemented by a limited form of a compliance approach that serves as a safety net to protect the company against gross unethical conduct. A whistleblowing facility would be a component of such a safety net. The increased centrality of ethics in integrity mode organisations would guarantee a significant awareness of disadvantages of whistleblowing. Whilst not the default mode for dealing with ethics issues as it is the case in the compliance mode, a whistleblowing facility would still exist in integrity mode organisations, but would be given much less prominence and merely be supplementary to ethics advice lines. It would sometimes happen that ethics advice based discussions result in referrals to the whistleblowing facility should there be ethical deviance of sufficient seriousness to warrant reporting beyond mere advice.

Totally aligned organisation (TAO) mode

In the TAO-mode there is a seamless integration of ethics into the purpose, mission and goals of the organisation – ethics is integral to how an organisation defines itself and how things are done (Rossouw & Van Vuuren, 2003). Ethics is no longer viewed as just another aspect of the organisation that needs to be managed, but is seen as an integral part of the organisation. Everything such organisations do are based on non-negotiable morally responsible interaction with its internal and external stakeholders as well as its environment. Consequently ethical behaviour is regarded as strategically important and unethical behaviour is regarded as jeopardising not only the business success of the organisation, but also as undermining its *raison de etre* (Rossouw & Van Vuuren, 2003). Ethics in TAO-mode organisations is part of business-as-usual.

Ethics management in TAO-mode organisations is no longer largely limited to an organisational ethics function, but to all managers at all levels in the organisation. The default mode to deal with ethics would be to reinforce ethically desirable conduct. This requires managers to be empowered and enabled by the ethics function to account for ethics in all their activities, as well as top provide the context, expertise and encouragement for their employees to assume responsibility for the ethics of their own domains. Managers therefore require a strong ethics competence.

Communication, both formal and informal, becomes key in ensuring a continued congruence between the purpose, vision and ethical values of the organisation (Rossouw & Van Vuuren, 2003). Communication interventions are utilised to ensure that the organisation's vision and good news stories that involve organisational ethical heroes from the past and the present remain pertinent. Rather than focusing on either punishing unethical behaviour or rewarding ethical conduct, the focus is on celebrating organisational heroes who embody the vision, purpose and ethical commitment of the organisation. In this way members of the organisation become sensitive to behaviour that contradicts the ethical nature and commitment of the organisation. As they understand and are aware of the strategic importance of ethical behaviour for organisational success and sustainability, they regard unethical behaviour as high-risk behaviour and are empowered to prevent, disclose and confront such deviant behaviour.

The TAO-mode would be characterised by an institutionalisation of what Kaptein (2002) refers to as "organisational openness". This sets the scene for continuous ethics talk, which in turn dispels the need for the purposeful seeking of ethics advice. A challenge for ethics management in the TAO-mode would be an anticipation of the danger of the evaporation of ethics as managerial premise when the responsibility for ethics is dispersed across the organisation. There would thus still be a need for ethics management to be centrally co-ordinated. Formal ethics advice facilities would still exist, but would probably only be utilised for complicated ethical dilemmas. Newcomers to the organisation would initially not be well-versed in the ethics as part of the business-as-usual culture and may therefore require a more formalised ethics advice facility as provided by the ethics function.

There would seldom be a need for whistle-blowing in TAO-mode organisations. Ethics issues would most likely have been dealt with adequately and timely by line managers and if required, the ethics function. There could be a whistleblowing facility available, but this would only be utilised in rare cases of misconduct or particularly awkward situations. There would be no need to encourage employees to blow the whistle on misconduct and the whistle-blowing facility would be unobtrusive and of low priority.

Integration

A summary of organisational approaches to the extent and quality of the integration of ethics advice/ ethics helplines and whistleblowing in the different modes of managing morality is provided in Table 2. A perusal of the table reveals that no facilities exist for whistleblowing or ethics advice in the immoral mode. On the other side of the spectrum TAO-mode organisations may also have no or limited facilities for ethics advice or whistleblowing, but clearly for different reasons (absence of a need to formalise ethics communication in this way). Reactive mode organisations may have a whistleblowing facility with the possibility of having a facility for ethics advice as an implied component. In the rule-based compliance mode whistleblowing is an important cog in the ethics management system with an aim to prevent unethical behaviour, and ethics advice is merely a supplementary facility. The

values-based integrity mode, aimed at the promotion of ethical behaviour, sees whistleblowing taking a back seat and thus being supplementary to an ethics advice facilities or helplines in an ethical culture marked by ethics talk.

Table 2 Ethics advice and whistleblowing in the Modes of Managing Morality Model

	Immoral	Reactive	Compliance	Integrity	TAO
Main features of ethics management modes	Unethical behaviour rife and endorsed; no ethics management	Some ethical standards/ code but inconsistent application; few ethics management systems; <i>laissez-faire</i> ethics management	Rules-based ethics management; ethics communication aimed at awareness, vigilance and preventing of unethical behaviour; <i>transactional</i> ethics management	Values-based ethics management; promotion of ethical behaviour; communication aimed at ethics talk; <i>transformational</i> ethics management	Seamless integration of ethics in organisational purpose and activities; ethics part of business-as-usual; <i>integrated</i> ethics management
Whistleblowing	Whistleblowing not tolerated, whistleblowers severely punished	Whistleblowing facilities may exist, but whistleblowing is perceived as undesirable practice (fear of exposure of inconsistencies)	Whistleblowing actively encouraged to, facilities created and actively managed; whistleblowers rewarded	Whistleblowing facilities exist, but only used as a last resort to expose gross malpractice; whistleblowing supplementary to ethics helplines	Whistleblowing facilities may exist (e.g. by law), but ethical issues are discussed and solved before whistleblowing becomes necessary
Ethics advice	No facility or capacity to render ethics advice	Ethics advice facilities do not exist; could be assumed to be provided for in whistleblowing facility	Some ethics advice facilities created supplementary to whistleblowing	Ethics helplines a manifestation of a culture of ethics talk and a primary heuristic in the translation of ethical values into ethical behaviour	A fusion of ethics talk and ethics advice; facilities exist, but mainly for continued integration of ethics with organisational purpose

Conclusion

The Modes of Managing Morality (MMM) model provides a heuristic device to assist business ethics scholars and practitioners to make sense of the differences that exist in the ways in which different organisations manage their ethics (Rossouw & Van Vuuren, 2003). Although it is difficult to demonstrate a clear distinction between ethics advice and whistleblowing, these activities are often fused in organisations and the seeking of ethics advice may of necessity sometimes spill over to a need for whistleblowing, an attempt was made to show how differential emphasis of each of these facilities may be more clearly demarcated and applied or manifest differently in each of the modes of managing morality. The extent and ways organisations are tolerant to and utilise ethics communication in each of these modes (not at all in the

immoral mode) were illustrated in this paper. In particular, the varied prominence of whistleblowing and ethics advice facilities in each of the reactive (some whistleblowing), compliance (ethics advice supplementary to whistleblowing) and integrity (whistleblowing supplementary to ethics advice) modes were indicated. The seamless integration of ethics talk and ethics advice in the TAO-mode make whistleblowing superfluous in this mode.

A clear implication for organisations is that, in order for them to build strong ethical organisation cultures over time, ethics advice or helplines is more conducive for the promotion of ethical behaviour than is the application of whistleblowing to prevent unethical behaviour. To properly effect this a leadership and managerial willingness to actively and continuously engage in ethics talk and account for ethical consequences of decisions and actions is imperative. For this willingness to be converted to application, however, the creation of opportunities for leadership to acquire an ethics management competence is a prerequisite for sustainable ethics management.

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