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Business as Usual: Ethics as Mundane Behavior, and the Case of Target Corporation

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Abstract

Ethics are in vogue in the 1990s America. Concerns for ethical behavior pervade almost every aspect of our lives and work. This trend has not been unnoticed by the American business community. In fact, many businesses have taken current ethical concerns and tried to put them into action. In some cases, the action has been out of necessity or self-interest, as in the case of companies hurt by an unethical reputation or companies forced to implement ethics programs because of legal indictments. But some companies are taking a proactive stance toward ethics without external pressure.

As these businesses strive to conduct themselves in a more ethically responsible manner, many questions must be answered: Do businesses need to appoint certain employees whose sole task is to handle ethical concerns, or should the duties just be integrated into existing organizational structures? How should leaders respond to ethical violations within the company? What should businesses do when competitors act unethically? Are ethical concerns best handled within the company, or should outside experts be employed? The questions are unending. As scholars, our responsibility is to provide answers to these questions so that practitioners can act effectively. I conducted this research project to start to answer some of the difficult questions about business ethics.

Most of the research and writing on business ethics has addressed how organizations respond to difficult situations, like ethical misconduct (e.g., Millar & Boileau, 1992) or difficult ethical choices (e.g ., Berleant. 1982). Much less has been written on mundane ethical behavior in companies (Porter, 1990). Yet the mundane is the realm of behavior that represents the majority of what occurs. Difficult ethical dilemmas are inviting to study because they are salient, but they frequently reflect atypical behavior. To understand corporate ethics and make recommendations for growth, we need to study how companies respond to ethical issues in everyday organizational life. My focus, then, was to understand mundane structures for communicating ethics at one company, the Target Corporation. From that, I hoped to draw some preliminary conclusions about ethics at Target, and about organizational ethical structure in general.

Disciplines
Business and Corporate Communications | Business Law, Public Responsibility, and Ethics | Communication | Organizational Communication | Public Relations and Advertising

Comments
Permission documentation is on file.

Business as Usual: Ethics as Mundane Behavior, and the Case of the Target Corporation

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Introduction and Rationale

Ethics are in vogue in the 1990's America. Concerns for ethical behavior pervade almost every aspect of our lives and work. This trend has not been unnoticed by the American business community. In fact, many businesses have taken current ethical concerns and tried to put them into action. In some cases the action has been out of necessity or self-interest, as in the case of companies hurt by an unethical reputation or companies forced to implement ethics programs because of legal indictments. But some companies are taking a proactive stance toward ethics without external pressure.

As these businesses strive to conduct themselves in a more ethically responsible manner, many questions must be answered: Do businesses need to appoint certain employees whose sole task is to handle ethical concerns, or should the duties just be integrated into existing organizational structures? How should leaders respond to ethical violations within the company? What should businesses do when competitors act unethically? Are ethical concerns best handled within the company, or should outside experts be employed? The questions are unending. As scholars, our responsibility is to provide answers to these questions so that practitioners can act effectively. I conducted this research project to start to answer some of the difficult questions about business ethics.

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Review of Literature

To set up the analysis of ethical structure at Target, I present a brief discussion of why ethical behavior is so important to businesses. Then, I discuss ways that companies can implement ethical behavior, since that is one of the key aspects influencing mundane behavior.

Importance of Business Ethics

The importance of business ethics cannot easily be overstated--ethical conduct is one of the foundations of capitalistic society. One common perception is that ethics are simply rules that limit our options (that is, rules that detail what a person *cannot* do in a given situation). While it is true that ethics do sometimes limit our options, that is only one aspect of their nature. Ethical ideals are affirmative standards that enable people to harmoniously co-exist (Hess, 1993). If businesses did not have to act ethically, they would have many more options for any given decision. But without the agreement to uphold ethical ideals, there could not be a free market economic system. One newspaper columnist stated this notion eloquently, writing "Ethical behavior is the keystone of capitalism. Free markets cannot operate efficiently without participants being committed to keeping promises, telling the truth and dealing fairly" (Geewax, 1992, p. 11B).

More concrete reasons may also show the importance of ethical conduct in business. White (1992) argued that it is risky for businesses not to act ethically. She said that people like to work for ethical organizations, and that the ethicality of an organizational climate is correlated to stockholders' morale. Furthermore, she noted, good credibility attracts customers.

Ethical Business and Profits. White's point invokes an important debate among business scholars: what is the relationship between ethical conduct and financial success? After conducting an extensive literature review, Tsalikis and Fritzsche (1989) found that many scholars believe that ethical business practices increase profits. Kenneth Dayton, former CEO of the Dayton-Hudson Corporation believed this to be true (Freudberg, 1986). He argued that companies reputed to act ethically attract higher caliber executives who are proud of what their company does, and are thus more devoted to it. So, ethics breed success.

However, not all experts are convinced this relationship is correct. Aupperle, Carroll, and Hartfield (1985) conducted an empirical study of ethics and profits and found no consistent correlation. Furthermore, their review of previous studies revealed that results were inconclusive. This report led Bowie (1990) to conclude that although ethical conduct cannot protect a company from external calamities or bad managerial decisions, in the absence of these problems, ethical companies ought to be more profitable than unethical ones. Presently, however, there is no conclusive answer to this question. Most likely, there are intervening variables that determine the relationship between ethics and profit.

Implementing Ethics

One decision all companies must face is how to respond to the need for ethics in mundane conduct. There are at least three options: take no formal action, follow an external standard, or generate an internal standard.

Taking No Formal Action. The easiest route for an organization to follow is to take no formal action regarding ethical behavior. In this case, organizational leaders assume that workers know what is right, and will behave accordingly--a laissez-faire approach. This approach is extremely risky, especially with the current public pressure for ethically responsible business. If ethics are not consciously addressed by the organization, it is only a matter of time until ethical misconduct causes trouble and the company is forced to take action.

Following an External Standard. The simplest formal action on ethical conduct is to follow a standard from the larger social system. Usually, this means adopting the law as a standard governing ethical decision-making. If an action is legal, then the company argues it has done nothing wrong. Metzger, Dalton, and Hill (1993) reported that this option is very pervasive--one study reported that 91% of corporate codes of ethics were based on the company's legal

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responsibilities. Apple (1992) noted that "justifications for employee rights are frequently discussed in legal terms" (p. 191).

Following the law has both advantages and disadvantages. It is an easy standard to use, because it is clear and simple. It provides a definitive standard, and absolves the company from responsibility in taking initiative. It is a standard that is easily supported when questioned, and many people consider compliance with the law to be sufficient ethical conduct.

However, there are many disadvantages to limiting ethical behavior to law-following. Willard (1983) explained why. First, laws can legislate certain acts, but not morality; moral behavior goes beyond legal restrictions. Second, businesses and the government are interrelated. Through "taxation, regulatory agencies, public corporations, and government contracts" (p. 92) the government has a hand in controlling businesses. Conversely, through "lobbying, campaign contributions, economic advisory boards, [and] membership on regulatory agencies" (p. 92) businesses have a hand in controlling the government. Thus, laws are not necessarily a good guide for ethical conduct. Businesses need some standard to assure that their attempts to influence the government are ethically sound.

Willard questioned the merit of laws as ethical guides. But even if we assume that laws are excellent ethical statements, merely following laws can still be dangerous to a company. If the only reason for adopting a standard of behavior is to avoid punishment, people will often disobey if they think they will not be caught (Metzger, Dalton, & Hill, 1993). In order for people to act ethically, they need to feel that the behavior is right or desirable. So, many companies attempt to generate internal standards to encourage workers to elevate themselves to higher moral ground.

Generating an Internal Standard. Many companies create their own internal standards of conduct. The typical way to do this is to create a code of ethics. Lewin (1983) reported that during the late 1970's and the 1980's most major corporations created a written code of ethics. Recent surveys indicate that "90% of Fortune 500 companies and about half of all companies have some form of corporate code of ethics" (Metzger, Dalton, & Hill, 1993, p. 27). Codes of ethics are prevalent in the public sector as well as in the private sector. Hays & Gleissner (1981) reported that approximately 90% of state governments had written codes.

Written codes of ethics present a number of potential advantages. Perhaps the most obvious advantage is that written codes enable workers to know how their actions will be judged by company officials. When a clear code of ethics is available, employees are informed as to which actions will be respected and which will be reprimanded. Franklin Jones (cited in Heermance, 1924) argued, "The ideals of men [and women] best project themselves into reality when crystallized in written documents.... In every line of human activity, a united, written expression of that which is best for the common good becomes a strong force for progress. The mere expression clarifies the general sentiment" (pp. 1-2). A written code of ethics can help reduce discrepancies in perception among employees.

What is more important from a pragmatic viewpoint, however, is that formal written codes provide an impetus for action. Perception is important, but ultimately, workers will be judged by their actions. Written codes can stimulate enhanced ethical activity for many reasons. The mere fact of their existence sends a message to workers that ethics are to be taken seriously--it elevates their importance in the daily tasks of work. A written code of ethics can help educate newcomers, and encourage them to act in an ethical manner. Furthermore, since a code of ethics is a practical guide to action (Millar & Boileau, 1992), employees are encouraged to act, rather than avoid.

Finally, formal codes can serve not only as a guide for employees, it can also serve to communicate a company's standards to the public. If managers legitimately encourage their employees to follow carefully a code of ethics, it is to the company's advantage to let the general

public know. Metzger, Dalton, & Hill (1993) noted that spreading word about a company's ethical standards can improve its image and add credibility to its claims.

Unfortunately, there are also disadvantages to codes of ethics. Codes may be poorly written. They may not provide useful guidelines, they may lack substance, be worded too vaguely to be informative, or they may be just legal restrictions (Metzger, Dalton, & Hill, 1993). Or, they may not include enforcement procedures, and thus fail to compel workers to take heed (Johannesen, 1988). Finally, codes can be managerially biased, or even recommend actions that are morally undesirable.

Even if a code of ethics is well-written, there are still potential problems. Just because an ethical code exists, there is no guarantee that people will follow it. In fact, some research indicates that formal codes are ineffective. One survey found that managers saw little behavioral change as a result of adopting a code of ethics (Rich, Smith, & Mihalek, 1990). An empirical study found no correlation between codes of ethics and corporate criminal violations (Mathews, 1987). Ultimately, codes of ethics detail desirable behavior, but they do not necessarily influence the personal integrity of workers, which may be a more important factor in determining ethicality of conduct (Blankenship, 1964). The problem of codes (even good ones) being written and not adhered to can be confounded if the code is used as public relations device. In this case, the code is reduced to nothing more than public posturing (Metzger, Dalton, & Hill, 1993).

Overall, codes of ethics do seem to have more benefits than drawbacks. Research indicates that an explicit code can be a powerful tool in improving the ethical quality of life within a company. However, published literature makes it equally clear that simply writing and adopting a code of ethics will not automatically make a company ethical. To provide an understanding of the complex and interrelated issues that comprise the fabric of ethical conduct, I move to an exploratory study of the Target Corporation.

Method

Research Subject

For this research, I chose to examine the Target Corporation. Target, a branch of the Dayton-Hudson Corporation[2] is a large, highly profitable, and influential Fortune 500 company. Based in Minneapolis, Target has more than 550 stores nationwide with well over 100,000 employees, and it has been rapidly expanding in recent years.

There were several reasons why Target was a useful company to study. My research goal was to examine the mundane behavior of a company with a strong reputation for ethics, and Target fit this requirement. Minneapolis is considered by many investors to be a hotbed of ethically laudable businesses (Feyder, 1993), and the Dayton-Hudson corporation enjoys an above-average reputation within the Twin Cities. Part of this is because all the branches of Dayton-Hudson contribute 5% of pre-tax earnings to community charities. Kenneth Dayton reported that among the top CEOs of the corporation, the 5% giving was considered "the hallmark of the corporation" (Freudberg, 1986, p. 221), and they considered it a top budget priority. Dayton-Hudson is known for treating its employees well, and is regarded as one of the 100 best corporations to work for in the United States (Levering & Moskowitz, 1993).

One tricky aspect of moral behavior is frequently difficult to determine how ethical a given action is (if it were simple, ethics could be easily listed as a code, and people would know exactly

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[2] Companies in the Dayton-Hudson corporation include: Dayton's, Hudson's, Target, Mervyn's, and Marshall Fields

how to act). One operational definition provides a standard to assess whether or not an action was good. Heermance (1924) wrote, "Practices are ethical if, in the long run, they make for the well-being of the human species and for normal human relations. If there is friction and social loss, it is a sign of unethical conditions" (p. 1). By this standard, Target's emphasis on being a contributing part of the community rates extremely favorably. In addition to its many financial contributions, Target also gives to the community in other ways--like loaning employees to the United Way (Levering & Moskowitz, 1993). Also, Target has historically acted to protect customers, even in cases where the company will take a financial loss (e.g., Wallace & White, 1988). Finally, since Target is not facing any unusual ethical situations currently, it provides a good example of mundane behavior.

Procedure

I collected data three ways: looking at published literature relating to Target and ethics (i.e., library research), looking at Target's written policies (internal documents), and interviewing several top company executives. To understand mundane ethical structures at Target, I talked to Karen Grabow (Vice President of Human Resource Development and Headquarters Human Resources), Bob Guelich (Senior Vice President, General Merchandise Manager), and Gail Dorn (Director of Communication and Community Relations). These three people represent a combined 36 years in the Dayton-Hudson corporation, 25 of those years with Target. All three are influential leaders within the company.

Limitations. Clearly, this research project is subject to limitations in generalizability that must be noted up front. First, this research should not be taken as representative of the whole corporation. By studying written company policies and talking to top CEOs, I was focusing on just one perspective. All my information came from the same part of the company--the top management. So, this research only represents the officially sanctioned company viewpoint. Second, Target is surely not representative of all companies regarded as ethical. Because of these limitations, the reader should note that my findings are only preliminary and should not be generalized until more thorough research is conducted.

Strengths. Those limitations accepted, the method of research had several strengths. First, the multimethod approach (analysis of published materials and written company documents, followed by interviews) should yield a more comprehensive picture than any of the methods alone. Given that ethics research is still "at the exploratory theory-building stage, qualitative methods [specifically, interviewing] are viewed as especially appropriate" for conducting research (Liedtka, 1992, p. 164). Jaksa's (1993) extensive interviews in the United States and Europe help demonstrate the potential of this type of research. Second, the possible biases[3] that are likely to taint interview research (interviewees painting an unduly rosy picture of what really happens in the company) will have little impact on the area of information I was studying--understanding how the company *is structured* to deal with ethics.

Findings

In this section of the paper, I describe how ethics are communicated within the company under normal circumstances. Since my research focused on the communication of ethics, I center my commentary on how structures at Target relate to ethics. *I do not mean to imply that these*

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[3] Bias refers to a misrepresentation--intentional or not--of the information. After conducting the interviews, I cross-referenced as many of their comments as I could with other sources, and found their information to be quite accurate. It should be noted, though, that the amount of information I was able to cross-reference was a very small proportion of the total information from the interviews.

structures exist only for communication of ethics, or even primarily for that reason. I am only providing a description of how structures function in regard to ethics.

Communication of Ethics to Employees

When newcomers are hired at Target, they are exposed to policies that are ethical in nature in several ways. First, there are some written policies that newcomers are given to read. Also, part of on-the-job training includes verbal explanations of relevant policies. Second, Target leaders have tried to create a morally affirmative culture that communicates values to employees.

Written Policies. Although there is no labeled code of ethics, Target has a number of written policies on issues that are ethical in nature. These documents detail policies regarding everything from solicitation to employee theft and sexual harassment. So, while Target does not have an explicitly labeled code of ethics, there are policies that accomplish much of a code of ethics' function.

Target's written policies can be evaluated favorably by several measures. Johannesen (1990) proposed eleven criteria for evaluating codes of ethics. These criteria suggest that (among other things) codes: should not require heroic efforts under normal circumstances, should be clearly worded and logically coherent, should include input from many people in their writing, should not be self-serving for the writers, and should be enforceable. Target's written policies do meet all these criteria.

Policies designed to give employees avenues for voicing and getting response to ethical concerns are ethically affirmative. For instance, Target has an open door policy which states that any employee may talk to any superior about a concern (not just the immediate supervisor). This allows employees to avoid the frustration of perceived antagonism from a boss or even an entire department by circumventing that party. Mitroff argued that business ethics mandate increasing employees' choices (Arnett, 1988), and this policy does just that.

Manley and Shrode (1990) identified a set of "critical issues" that a company must be prepared to face; effective response to these issues can prevent costly mistakes. These issues are drugs in the workplace, harassment, equal opportunity, workplace safety, consumer protection, ethical advertising, confidential information, honesty in financial accounting, honesty in business relationships, insider trading, and fair competition. For all of these issues, Target has written policies detailing appropriate behavior. Thus, Target appears to have in place written policies necessary for dealing with important ethical concerns.

Culture. Although newcomers at Target are given written copies of the relevant codes of conduct and verbal explanations of these rules, Target managers do not rely solely on these practices to encourage ethical behavior. They have also tried to create a corporate culture that encourages mundane behavior to be ethically sound.

Organizational culture refers to "language, symbols, myths, stories, and rituals" (Smircich & Calas, 1987, p. 228) that are part of the organization's consciousness. It functions as a guide for interpreting information about behavior in the company. It is something that exists through communication among members of a social organization. At Target, business leaders attempt to communicate ethics through the company culture.

There are several reasons why this approach may be desirable. First, as Karen Grabow noted, ethics and business are intertwined: "We think a pleasant atmosphere is good business.... We consider it good business, a competitive advantage, and the way we want to operate." Gail Dorn argued that getting away from a rule-obsessed culture (which she noted that Target used to be

more like) makes the company more friendly, not militaristic. Second, policies are only as good as the human beings who operationalize and enforce them. Thus, organizational culture is ultimately a stronger force in determining ethicality of behavior than written codes.

Language is part of culture. In Target's case, managers have made some specific efforts to promote a positive culture through language. For example, customers are called "guests." Gail Dorn noted that this particular case originated in the training program from the observation that customers should be treated in the same manner as a guest in a person's house. The term caught on, and managers are now using it to send a message about how employees should treat customers. Target leaders are also working to eliminate sexist and racist language from the company culture. Gail Dorn related, "After sending my communication people through diversity training and having them go into the community and learn about other cultures, we've really realized that it seeps into our language in many ways, that we have learned of things that are unintentional that can be offensive to people. So, we're constantly trying to learn and be better at that. Especially in developing company publications."

Values are also part of every company's culture. During my interviews, I asked each person what values they saw in the company's culture (without indicating anything about how others had answered). While all three had compatible responses, two values that were most prominent were ethically affirmative: treating people well, and being accountable for actions. Treating people well involves respecting individual differences, giving each person a fair chance on the job, and providing good benefits to employees. For example, Bob Guelich noted that even in situations of interpersonal conflict at work, it is still important for people to treat each other well. He said, "There's no reason to get angry. You may have your disagreements, but basically we want to just work our way through any situation in a very pleasant way. In terms of my upbringing, the Golden Rule."

Leadership. Although codes of ethics can be helpful in encouraging ethical conduct, codes are not effective unless employees adhere to them. Guy (1990) wrote, "Policy statements, codes of ethics, and laws forbidding corrupt practices attempt to prevent breaches of ethics. But these cannot replace ethical decision-making; they can only supplement what is within the individual, which is his or her own set of principles applied to each decision made" (pp. 25-26).

Both ethical culture and ethical leadership (which are interrelated) are necessary if ethical codes are to be observed. Murphy (1988) argued that top management, by setting the moral tone, is the key in influencing ethicality of workers' behavior. However, as Wallace and White (1988) pointed out, most organizations have a number of ethical leaders within their ranks, and there is still great diversity in ethicality of conduct among companies. Ethical leadership is a necessary, but not sufficient, condition for a company to act ethically.

While Target has written codes of conduct, the interviewees I spoke with felt that the real impetus behind ethical conduct stems from its culture and leadership. As different situations arise, decisions usually rest on the judgment and vision of the higher ups in the organization rather than a large set of rules. Bob Guelich noted, "I think that if you state and live primary principles, to me it demeans those principles if you try to spell them out in detail. Now, there are legal fields where it's necessary.... But in general, we don't try to define behavior in advance." Gail Dorn reported, "We try to get away from writing a policy on every single thing. We used to be like that, and it got to the point where you were a new store manager and you got 6 books of policies, and you're supposed to know all those rules and regulations. We keep the important ones in there--the ones we legally need to keep in there--like the policy that you will hire people with an affirmative action approach, you will not harass employees. There are definitely very strong policies about that will not change. But we've gotten away from writing a rule for every behavior at work."

This emphasis on leadership is a strength as long as the company has ethical leaders. The important questions that arise are (1) Is Target leaving itself vulnerable to ethical downfall if individuals have too much influence on ethical conduct?, and (2) How can Target safeguard itself against unethical leadership in the future? One possible answer to these questions relates to the company culture--and will be discussed in the final section of this paper.

Violations. Violations are dealt with on an individual basis at Target. When managers learn of alleged ethical violations they conduct an investigation, with an emphasis on hearing all sides of the story. In the corporate headquarters, in-house lawyers are routinely involved to assure that legal issues are handled properly. If the employee is judged to be guilty of an infraction, he or she receives discipline that is deemed appropriate--verbal warning, a written warning, etc. In the most severe cases job termination may be used.

Metzger, Dalton, and Hill (1993) argued that punishment should be "prompt, public, serious, and certain" (p. 31). Otherwise, word spreads that ethical misconduct is not of concern to the management. Consistent with the preference expressed by Target leaders to avoid specific rules for every situation, Karen Grabow was uncomfortable with this blanket statement. She agreed that discipline must be consistent and prompt, but was uncomfortable with the idea of publicizing the punishment. She noted, "On the one hand, there are people in the work group that want to know what happened, and you don't want to create environment of fear in which people feel like they could be arbitrarily taken out. You also don't want to create environment in which people feel like violations are tolerated. So on occasion, if something very severe happens, there will be subtle communication." In this case, the value of maintaining a positive climate is used as a standard for deciding how to deal with ethical offenses, rather than taking a strict rule-based approach. But, as noted previously, how a violation will be dealt with is ultimately determined by the appropriate leader.

Evaluation of Target

Since the Target Corporation was chosen for an object of study based on its reputation, one question that begs to be answered is whether the company is actually as ethical as its reputation suggests. Since my research only examined the company's formal structures that relate to ethical behavior, I cannot assess the company's *actual* level of ethicality. I know that Target is not perfect, as no company (especially one that size) can be. What needs to be done before drawing implications from this study is to assess whether Target's structure can be evaluated favorably in light of published research and theory. If it cannot, then some difficult questions need to be answered (Is Target's reputation misguided? If Target really is ethical in spite of "breaking the rules," how can this be so? Etc.) If it can be evaluated favorably, then Target's structure should help generate some tentative suggestions and useful hypotheses for more directed research.

My review of existing literature leads me to believe that Target has structured itself well to operate ethically, both in the present and in the future. This is not to say that it *will* do so, just that its structure should facilitate a high degree of ethically in daily conduct, and the structure should be helpful when dealing with ethical dilemmas.

Structure. The balance among written rules (or codes), culture, and leadership seems to be an excellent way to facilitate ethical behavior. The strengths are many. First, by having formal written policies, Target is in a position to take advantage of the benefits of codes of ethics-- reduction of ambiguity, communicating the importance of ethics to employees, education of newcomers, encouraging action, and stimulating action.

Second, by mediating the impact of written rules with the influence of strong leadership, Target positions itself to avoid the many drawbacks of written codes. Recall that codes of ethics

can be poorly written (lacking substance or vaguely worded), or lack enforcement; even if codes are good, their existence does not guarantee that employees will adhere to them. Target's ultimate reliance on leadership means that the code is not the last word in defining ethical behavior. If rules lack substance or are vaguely worded, a person can correct for the deficiency. And, a human can encourage employees to act ethically more than a set of rules on a piece of paper can. Static codes of ethics are subject to being outdated, but effective leadership can easily keep up with constant changes.

The presence of company culture in the model also seems to strengthen it. Neither individual leaders nor written codes are very motivational when prevailing cultural beliefs are that the rule need not be followed. For instance, most Americans routinely drive at speeds above the posted limit, even though it is illegal and some individuals periodically enforce the law. Ethical leaders cannot be effective if people do not follow, so an ethically affirmative culture is paramount in motivating employees to act with high ethical quality.

Quite possibly the biggest danger in becoming too dependent on leadership for ethical quality is the threat of an unethical leader assuming power. Earlier, two questions were posed regarding the possibility of unethical leadership in Target's future (might it become a problem, and what factors influence the issue). While nothing can safeguard against this pitfall completely, culture should have a significant impact. A culture in which ethical behavior is rewarded should reduce the likelihood of an unethical person moving to the top. And, people who are unscrupulous are likely to clash with a strong ethical culture and move onto another company before reaching the top. Corporate unethicality (as opposed to individual misconduct) requires the input of more than one person, so unless coincidence places several unethical leaders together in a position to behave unethically, a strongly ethical culture should be the best ticket to its own maintenance. The power of inertia can work in the company's favor when the status quo is both strong and desirable. Thus, Target's three-pronged rules-leadership-culture approach seems very well suited to the continuation of high ethical quality.

Role of Ethics. Kelly (1987) listed three criteria[4] for an ethical company. Although no company is perfect, Kelly's idea was that a company needed to do sufficiently well in all three areas to be considered "ethical." These criteria were: the company should have a history of ethical behavior, the company should have an ethics program with depth and security, and ethics should be part of the company's culture, not "an add-on." In respect to these criteria, Target's tripartite system is strong. Target's established culture reflects its history of strongly ethical conduct, and the high ethical quality within the culture satisfies the third criterion. Although Target does not have an ethics program, it integrates ethical behavior into its business structure, so the needs are met by the different leaders who influence how the company will conduct its business.

Target is involved in a number of proactive ethical programs. Two examples are from its continuing efforts to make the stores more accessible to people with disabilities. When the American Disabilities Act was passed, Target already met and exceeded the new requirements. Also, Target started featuring disabled models in advertisements before modeling agencies employed disabled models (company leaders found models themselves). Another example is a recently created anti-gang program in California. Target stores now attempt to identify items that become gang symbols, and when they do identify an item they quit selling it in that area. This program is an attempt to prevent the store from facilitating gang activities.

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[4] Kelly's criteria were from his research searching for ethical corporations. Because Kelly wanted to study influential companies, "Be a Fortune 500 company" was listed as a fourth criterion. Since this standard is irrelevant to evaluation of ethicality, I dropped it for my analysis.

Conclusion. Target's structure for communicating ethical expectations and for encouraging a high level of ethicality in employees' mundane activities fits well with established frameworks for business ethics. Thus, considering implications of the findings in this study and suggesting applications can proceed in a straightforward manner.

Implications, Applications, and Future Directions

In the final section of this paper, I draw on the interpretive framework established in the literature review and on the study of Target's structures for communicating ethics to address two questions. First, what does this examination of Target's structure tell us about communicating business ethics and how companies can improve their mundane ethical quality? Second, what research questions does this study suggest will produce fruitful follow-up research?

Lessons from the Study of Target

Codes, Leadership, and Culture. Target's structure seems well-suited for conducting business with a high level of ethical quality in daily behavior, and ought to lend itself well to stability of high ethical quality within the company. Additionally, the structure is flexible for responding to normal levels of change and unusual crises. Because the tripartite rules-leadership-culture system can be evaluated favorably by different sets of criteria for ethicality in organizational behavior, it seems to be a robust construct for improving ethicality.

These observations indicate that Target's structure is a good way to strive for high ethicality within a company, and that it may be good model for other companies to emulate. This tripartite structure is not infallible--it seems that *nothing* human is infallible. But, barring weird circumstances, it should be effective. More research is needed on this tripartite structure to determine it's effectiveness and limitations (some key questions are noted in the last section of this paper).

Ethics and Stability. This study suggests two lessons about stability of mundane ethical structure.[5] First, stability is important--if not necessary--for a company to maximize the ethicality of its conduct. Second, stability can only develop over time. Ethical behavior is not an add-on, and it cannot be separated from other aspects of corporate activity. Metaphorically, ethics are part of the corporate ecosystem. Just as a small change in the natural ecosystem has repercussions throughout the entire system that require a restabilization of the system, so is it with ethics. Business leaders cannot change a company from low to high ethical quality overnight.

Yet stability is crucial. Ludwig and Longenecker (1993) studied ethical failures of successful leaders, and concluded that success in business often carries the seeds to destruction. They contend that success places leaders in new psychological and social terrain, full of unfamiliar stresses and temptations that the person may not be prepared to deal with. This unfamiliarity may prompt leaders to make mistakes--and perform unethically. Of course, as human experience reminds us, people become bored with routine after a period of time and will often enact risky behavior in order to create excitement. So it would appear that both routine and growth can lead a person into temptation.

There are several reasons why this is not a catch-22. First, not everyone fails when faced with temptation. But more important, *stable* should not be equated with *static*. Stable companies

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[5] By stability, I mean that the company has settled into a relatively consistent mode of operating behaviors for ethical conduct. Since I am discussing stability of high ethical quality, I am referring to structures that facilitate daily conduct (i.e., mundane behavior) that meet or exceed a minimal standard for acceptable quality.

have a history of successful response to ethical dilemmas. However, while ethical behavior is the norm and employees gain proficiency at acting ethically, this does not mean that days are uneventful or routine. Achieving a high level of ethicality means that there are always new challenges to face. Stability means that structure facilitate (rather than complicate or interfere with) highly ethical action, and that employees have the experience necessary to make the best move, but not that they lack of stimulation. If employees are bored they are not maximizing the ethicality of their conduct.

The Luxury of Success. Sturdivant and Ginter (1977) correlated ethics and profit and concluded that ethical companies are more profitable. Tsalikis and Fritzsche (1989) argued that Sturdivant and Ginter had wrongly attributed causality--profitable companies can afford to be more ethical. As noted earlier, the causal relationship between ethics and profit is shaky enough that other intervening variables are most likely the real cause. But, my study of Target did make it clear that Tsalikis and Fritzsche were probably closer to the truth than Sturdivant and Ginter.

Several examples make it clear why ethical responsibility can be expensive. At the time I did my interviews, a debate was raging in Wisconsin over the proposed location of a new distribution center. Target's research indicated that the best location was the town of Oconomowoc. When the company announced its intention to build there, the residents' responses were mixed. Rather than force the issue, Target's leaders decided to let the townspeople debate the issue, and accept their conclusion as a major factor in making a final decision. This is indeed a noble move, but it may cost the company a lot of money. While Target is financially lucrative, a struggling company would have much more difficulty acting in the same manner.

Another example of the financial burdens of ethical behavior is the Sunday advertisement. This attractive color ad in the newspaper is recyclable--but Target paid a sizable price for ink that could be recycled. These expenses can be seen as investments into the public trust and good favor. By acting in such a manner Target can win new customers and public approval. But their experience shows why achieving high levels of ethical quality can be so difficult for many businesses. As the devil said of Job in the Bible, "Of course he's good--he's got it easy. Let's see if he can be so noble when he has to suffer!" [loose paraphrase]. While companies can, and often do, act very ethically even if it brings financial hardship, being lucrative makes it much easier to be ethically strong.

Directions for Future Research

This exploration of business ethics via Target's ethical structure has produced some useful insights about communication of ethical standards in mundane corporate life. However, like all exploratory research, the conclusions are tentative. This study is most valuable in helping to shape intelligent questions for more definitive research. For example, "Are companies better to adopt a code of ethics or not?" is not a worthwhile research question since it ignores many important variables in creating highly ethical behavior. It is not the code itself that determines how ethical a company will be, but rather, its interaction with a host of complex and interrelated social and cultural dynamics within the company.

This study indicated that several fundamental questions need to be examined to form a better understanding of the communication of ethics and mundane conduct regarding ethical issues. Several key foundational areas that warrant focused research are discussed here.

Culture. Does a highly ethical culture *really* encourage ethical leaders to emerge and/or discourage unethical leaders from emerging? The conclusion seem logical, but many things are not as they seem. If it does have the expected affect, then companies would be wise to put a significant effort into strengthening the ethicality of their culture. But, if it does not have the

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expected effect the explanation of the mechanism that underlies the process could be vital for scholars to understand.

"CLC" Model. The codes-leadership-culture model seems to warrant closer examination. Theoretically, it seems warranted, and one company that appears to use it has a reputation for being very ethical. But key questions need to be answered. First, how accurate of a description of Target's structure is it? Do Target employees believe that this model describes the structure in their company? Are there other critical variables that have been left out of the model? Second, would this model be useful for other companies to emulate? Can companies improve their level of ethicality by achieving this tripartite blend? Is it the most effective way for a company to insure and/or improve future ethicality, or are there better ways to improve? What circumstances would reduce its effectiveness? Is this solution useful for different companies in different markets?

Continued Research at Target. My preliminary research at Target has been useful in beginning to explore key issues, but clearly the methods were quite limited. To draw more certain conclusions, more objective measures need to be used: surveys and interviews with workers in the lower ranks of the company, observation of mundane behavior in company life, etc. William Gorden, in recent correspondence, suggested several other useful tests. First, examine employees' perceptions of Target's structures. For example, do employees really a voice (even with the open door policy). Are unions and employees represented in decision-making committees? Second, Gorden recommends a "greed test." How are top managers paid relative to other employees and relative to stockholder dividends?

Conclusion

My intention in this exploratory study was to begin to examine key issue in communication and mundane ethical quality. Now, this information needs to be used to shape more pointed research questions and hypotheses that can be answered with more stringent methods. Some of the suggestions in the previous paragraph are logical candidates for follow-up research.

Studies like this one can often reveal key insights about corporate ethicality. But more important, they can determine what the better questions are. That is the avenue to productive research.

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