Exploring the Role of the Dominant Coalition in Creating an Ethical Culture for Internal Stakeholders

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ABSTRACT

Through 28 elite interviews with CEOs (6) and CCOs (22), this study examined the role of leadership and internal communication in building an ethical communication climate and ethical organizational culture. Internal communications is viewed as central to creating organizational culture that creates positive engagement for internal stakeholder or employees. Based upon a review of the literature and these research findings, results indicated that CEOs should use authentic leadership style. Importantly, CCOs can enhance the role of ethics in the organization by enacting a conscience counselor role on ethics for the dominant coalition, creating ethical discussion around the core values of the organization, and creating stakeholder engagement in internal relations around ethics through discussion, modeling exemplar behavior, and reward or incentive systems. Attention to these activities helps to foster an organizational culture that is ethically engaged and optimally strategic and proactive, rather than simply equating ethics with matters of legal compliance.

Keywords: engagement, ethics, internal communication, leadership, stakeholders, values, authentic

INTRODUCTION

This study examined the normative role of public relations and internal communication inside organizations. Internal publics are viewed as stakeholders, and the role of ethics is explored in creating engagement through internal relations. Internal publics, or employees, are often thought to be the most strategic asset at an organization's disposal, committed to its success and sometimes even acting as "ambassadors" of the organization, creating a competitive advantage when effectively – and ethically – engaged. The leadership role of the CCO, or Chief Communications Officer, along with the CEO and dominant coalition were examined at leading organizations in terms of the

ethical values that were supported, instilled, valued, and communicated to internal stakeholder groups.

A relatively new domain is explored: *the process* of how an ethical organizational culture can be created using the public relations function of internal communication. Therefore, this exploratory research seeks to add to the body of knowledge in both internal relations and public relations ethics. Based upon these findings, recommendations are offered suggesting how to refine and reinforce authentic ethics inside an organization.

The purpose of this research revealed a number of areas that are relevant in the literature: the dominant coalition, the role of the CCO, organizational culture, internal relations, and, perhaps most importantly, ethics. Those areas of the literature will be reviewed below in order to guide the research questions of this study.

LITERATURE REVIEW

Internal Stakeholders and Stakeholder Management through Internal Relations

A stakeholder approach to organizations implies that we can segment stakeholder groups, engage with them on the issues they care about and strengthen their relationship with the organization. Before internal stakeholders are exclusively discussed in this study, a brief overview of that perspective is needed. Stakeholder management is situated within the business management literature, often mentioned in corporate communication, strategy, marketing, and public relations studies and texts, but within this research it is focused on internal stakeholders.

Stakeholder theory is based on a strategic approach to management, in which research is used to understand and segment stakeholder groups according to their connection to the organization. A stakeholder is one who has an interest in an organization. A stakeholder was defined by Amason (2011) as "An individual or a firm holding a stake in an organization's future and performance" (p. 44), noting that the interest often extends further than a purely economic interest. The definition of stakeholders often includes those who can affect the success or failure of the organization, and the idea that stakeholders have an interest in the organization – whether or not the organization has an interest in them. Stakeholders were differentiated from *stakeowners*, who own a stake in the organization (Fassin, 2012), although stakeholders have an interest in the organization.

Numerous aspects of stakeholder theory have been studied in their applications to what could be considered public relations or relationship management topics. For example, Scott and Lane (2000) argued that manager – stakeholder relationships could provide "a more complete theory of organizational identity management" (p. 43). Doh and Quigley (2014) argued for more responsible leadership in management through stakeholder theory. Fassin (2012) argued that stakeholder theory could provide a more reciprocal perspective of the responsibilities of CSR that he termed "corporate stakeholder responsibility" (p. 83). Despite this list of public relations-like topics,

Meintejes and Grobler (2014) question the competency of public relations to advise organizations on stakeholder management. Still, internal stakeholders are a vital public with whom to communicate, as research (Catlette & Hadden, 2001) shows that these stakeholders contribute positively across many measures of organizational effectiveness and success. Koy's (2001) study concluded, "HR outcomes influence organizational effectiveness rather than the other way round… organizational citizenship behaviors influence profitability" (p. 112). Additionally, another influential factor of organizational behavior is how the dominant coalition views public relations.

The Dominant Coalition and Inclusion for Public Relations

A public relations voice in the dominant coalition can help avert crises and reputational damage by considering the interests of publics (Bowen, Rawlins, & Martin, 2010). A definition of the dominant coalition offered that it is a "group of cooperating employees who oversee the organization as a whole and control its basic policy making" (Kotter, 1978, p. 8). Grunig (1992) defined it as, "the group of senior managers who control an organization" (p. 5). Perhaps more commonly referred to as the "C-suite" outside of academic jargon, these are chiefs of a functional area or those who wield strategic decision-making power.

Additionally, research has focused on how power relations within the dominant coalition can impact the public relations function, finding that when it holds less organizational power and authority, it is less likely to have influence over strategic decision-making (L. A. Grunig, 1992b; Spicer, 1997). Later research also argued for more activist means of voice in the dominant coalition for the public relations function. Public relations professionals were called on to exercise power and influence within the organization and dominant coalition to become activist change agents on behalf of publics (Berger, 2005; Berger & Reber, 2006). In a study on gaining membership in the dominant coalition, findings indicated that the CEO and dominant coalition were responsible for ethical decisions that helped to guide crisis management, organizational leadership, media relations, and the resolution of ethical dilemmas – all in conjunction with the public relations function's CCO (Bowen, 2009). That finding supported the research of ethicists who argued that an ethical organizational culture must be supported by the CEO and dominant coalition (Sims, 1991).

Ethical organizational culture can be reinforced through internal relations activities (Goodpaster, 2007; Sims & Brinkman, 2003). Though the influence and authority of the dominant coalition will vary from organization to organization, it exists in a manner that defines ethics, controls the influence of the public relations function, and impacts the day-to-day strategic management of the organization and long-term organizational policy; and, the dominant coalition determines organizational culture.

Organizational Culture

Organizational culture can be viewed as the personality of an organization, meaning what it is like to exist inside the organization and how meaning is created within its boundaries. Organizational culture is thought to be an amalgamation of many factors, including authority and stratification, participatory or non-participatory environment, and the values and reward systems in place. Some types of organizations value innovation, while others value efficiency – size and scale, as well as industry and competition, also impact organizational culture. Morgan (2006), basing his work on sociology, saw organizational culture as that of an "industrial society" (p. 117) in which occupational similarities create social meaning.

Scholars who have studied organizational culture (Eisenberg & Riley, 2001; Morgan, 2006; Smircich & Calas, 1987) concluded, in various studies, that culture makes a tremendous difference in the working lives of employees, including: motivation and performance, increased commitment, job satisfaction, longevity in the organization, innovation, and productivity. Satisfied employee stakeholders who believe in the mission of an organization also make an excellent active public on behalf of organizational vision and values – ambassadors for the organization, in a public relations sense. For that reason, as well as reasons of low turnover and operations-cost reduction (Rosenfeld, Richman, & May, 2004), having a positive organizational culture is -- and should be -- of concern to internal relations.

Organizational structure also has import for both the communication flow in an organization and the culture within it. Organizations can be thought of as primarily mechanistic or organic. According to Euske and Roberts (1987), mechanistic organizations have a clear hierarchy, high task specialization, relatively stable environments, and "reliance on vertical communication" (p. 49). In organic organizations, development is emphasized, decision-making is decentralized, a relatively equal distribution of power exists, and communication generally relies upon informal networks (Euske & Roberts, 1987). Industry, size, scope, and scale all have an impact on the ideal characteristics that an organization needs to be successful, whether it is mechanistic or organic, and the ensuing organizational culture that supports that structure.

Likewise, communication climate is also an important part of the reality-construction process that creates organizational culture. Poole and McPhee (1983) explained that organizational climate was an intersubjective, co-created understanding based upon communication both inside the organization and with its environment. Whereas organizational climate applies to the entity as a whole, group communication climates can vary across an organization by functional areas, or even informal areas of influence, and provide the context for group communication climate. Scholars (Falcione, Sussman, & Herden, 1987) discussed climate as the "factors which affect the message sending and receiving process of members" (p. 205). Leadership is arguably the most important factor, but others include self and other actor perceptions, network structure, practices and policies, rewards and reinforcement, and perceptual factors of the communication

network (Falcione et al., 1987). Organizational structure and communication climate both have an impact on the resulting organizational culture, and to what extent internal stakeholder groups are engaged or disaffected by the culture of their organization.

An Engaging Organizational Culture

Recommendations can be made about creating a positive organizational culture that helps create effectiveness, defined by various traditions as achieving its goals, maintaining its strategic constituencies, or continued survival. The most successful and positive organizational culture is a participative organizational culture versus an authoritarian one (Grunig, Grunig, & Ehling, 1992). A participative culture normally includes a horizontal or decentralized organizational structure, a positive or rewarding group communication climate, valuing individuals, valuing innovation, congruence with group norms in terms of mission and values, and working as part of a team environment (Bowen, 2005; Sriramesh, Grunig, & Buffington, 1992). An authoritarian culture normally includes a more vertical organizational structure with a task oriented environment (Sriramesh et al., 1992)

Conversely, a participative approach, according to Weitz and Jap (1995), results in what they termed "normative control" creating a shared organizational culture, noting the importance of "shared implicit principles and norms" among employees (p. 306). The organizational culture inside an organization arises from a shared set of beliefs, values, activities, norms, mission, and understandings that combine to create the culture. Then, the communication and group climate in an organization arise out of and take place within the context of that culture. Normatively, shared control and input from employees created a greater sense of stakeholder engagement with the organization and stakeholder commitment to its goals.

Internal stakeholder empowerment is vital because it is directly related to organizational performance. Yukl (2012) argued that employee empowerment does contribute to performance – and thus to organizational effectiveness. In that vein, it also stands to reason that authentically ethical and engaging internal relations programs could be used to strengthen employee ties to the organization and organizational effectiveness as a second order outcome. These findings led to the question: How big of a role does ethics play in an organization's culture (is it institutionalized)?

Leadership's Impact on Culture and Internal Relations

Leadership holds powerful influence over organizational culture, group communication climates, internal relations, and ethics in an organization. Leadership is a complex and multi-variable phenomenon, and can be defined as holding power, influence, and decision-making authority in an organization. Leadership is therefore exceptionally important to the public relations function inside an organization: it influences the function's ability to join the dominant coalition (Bowen, 2009), gain influence or power (Berger & Reber, 2006), to contribute to strategic management (L. A. Grunig, 1992a) and supports ability to foster an ethical climate through internal relations (Sims, 1994).

Men (2014) studied the use of transformational leadership in making internal relations strategic. She explained that transformational leadership relies heavily on face-to-face communication from leaders and followers and that correlates with employee satisfaction. Jin (2010) focused on the more affective aspects of transformational leadership in her research, identifying "emotional leadership as a key dimension" of leadership in public relations (p. 159); Erzikova (2014) also studied emotional intelligence as one aspect of leadership in public relations, along with ethics. Other researchers have focused on aspects of relationship building through leadership, including that trust is enhanced through leader communication (Jo, 2005) and how internal stakeholders then repeat those perceptions to other publics (Kim, 2011), as well as the authenticity of that leadership.

Authentic Leadership and Autonomy

Authentic leadership has been defined as "creating a positive ethical climate" (Hsiung, 2012, p. 349) as well as fostering relationship transparency, self-awareness, development, internalizing morals, and encouraging employees to voice their own opinions (Walumbwa, Avolio, Gardner, Wernsing, & Peterson, 2008). Aviolo, Gardner, Walumbwa, Luthans, and May (2004) found that authentic leaders engender more trust, loyalty, and identification from their followers because they are more willing to share information and their internal feelings and build transparent decision-making systems. Aviolo et. al (2004) argued that authentic leaders hold these qualities related to ethics: integrity, honesty, high moral standards in their own values. To varying levels, authentic leaders both state and enact those values, effectively modeling behaviors so that they lead by example in both word and deed.

Similarly, scholars have reported that authentic leaders are 'engineers' of group climate in their organizations (Naumann & Bennett, 2000). They help to shape internal stakeholders' perceptions and to mold organizational policy, thus influencing member perceptions of justice and procedural justice as the correct way of doing things with high ethical standards (Naumann & Bennett, 2000). Therefore, we can see that authentic leaders consciously curated and very specifically engineered the internal climates of their organizations, influencing organizational culture to focus on ethics and relationships. This perspective is examined through the research question: What type of leadership does the CEO use in creating organizational culture?

Ethics

Ethics is a shared domain of the CEO, dominant coalition, and the CCO who communicates about ethics as part of internal relations. Organizational ethics can be defined as the values and principles that drive decisions. Demands for organizations to behave ethically are at an unparalleled level. Karnes (2009) argued that this change represented a significant shift in the ethics of employer-employee relations, especially with regard to leadership roles, character, and emotional intelligence of leaders.

Organizational ethics arise not only from values, but from the behavior of the CEO, the role of ethics in functional areas of the dominant coalition, reward and punishment systems, industry, and scope, the regulatory environment of the organization, and so on with numerous other considerations (Goodpaster, 2007).

CEO Leadership and Ethics

The role of the CEO and leadership in working to build an ethical organizational culture through the channels of internal relations cannot be denied and leadership also has outcomes on organizational effectiveness (Bavec, 2012). Scholarship in this area found that organizational ethics must begin at the top, with the CEO and dominant coalition. Therefore, more attention needs to be given to the ethical aspect of leadership (Sims, 1994; Toor & Ofori, 2009).

Toor and Ofori (2009) found that authentic leadership and transformational leadership exercised a mediating effect on organizational culture and employee outcomes: positive ethical leadership was more likely to result in effectiveness, motivation, and employee satisfaction. The best CEOs not only model ethical behavior, they talk about ethics. Neubert (2013) found that ethical employee behavior increased when superiors model a normative ethical approach, voice an affective commitment, and exercise high levels of compliance, combined with a promotion-focused mindset of employees as a motivational mechanism.

CEOs should not assume that they are all-knowing or above ethical concerns or criticism, with what Petit and Bollaert (2012) termed "CEO hubris" that has caused many corporations to fail, but should be open to developing the skills of ethical leadership. Petit and Bollaert (2012) contended that hubris can be offset by learning the ethical tenets and practices of authentic leadership. Shin (2012) also encouraged CEO ethics training.

CCO in the System: Conscience Counselor and Core Values Manager

The top public relations executive, or CCO, provides a vital link for the organization to social systems, both externally and internally. Communication plays a vital role in the interaction between a system and its environment (Lauzen & Dozier, 1994; Stoffels, 1994). A state of balance between organizational interests and the interests of publics is known as a moving equilibrium, in a continual state of flux (Plowman, 2005). The CCO can help manage a moving equilibrium with internal publics by creating discussion and dialogue centered on ethics. With the support of the CEO, the CCO can encourage an ongoing internal relations dialogue about ethics that never truly abandons the subject. Employees feel more empowered to identify ethical issues (Bowen, 2004) and to voice their concerns discussing principles, policies, and analyses of how to solve problems (Hsiung, 2012) in which there is a strong ethical climate in the organization (Shin, 2012). Additionally, ethics is enhanced when organizational leaders, including the CCO, enact visible responses (Naumann & Bennett, 2000), and help interpret the values of the organization in relation to ethical issues (Kozlowski & Doherty, 1989). The CCO can

help manage a moving equilibrium with internal publics by creating discussion and dialogue centered on ethics, decisions, consequences, values, business outcomes, and ideals.

The conscience counselor role, as identified in research (Bowen et al., 2006), deals directly with advising the CEO and dominant coalition on matters of ethics, both internal and external, a natural role for public relations because it deals directly with protecting the reputation of the organization (Bowen, 2008). It requires a CEO willing to listen to the perspective of the CCO, as well as strong ethical principles and training, and a connection to an understanding of the values of publics within the system, in both the internal and external environment (Bowen, 2009). Thus, the internal relations function can be used to help create a shared reality that comprises organizational culture and communication climate. Reviewing these studies led to the research question: How does the CCO handle creating an ethical organizational culture?

Institutionalizing through Motivational and Reinforcement Mechanisms

The internal relations function, as part of the larger public relations function, communicates with employee stakeholders to help create a shared understanding of what is valued, believed, and expected in the organization (Bowen, 2005). Institutionalization is a term used to mean how codified, relevant, and present ethics appears to be within an organization in relation to its mission, vision, and goals (J. E. Grunig, 1992; Ni, 2007; Sims, 1991).

In order to focus on an ethical climate, there are several motivational and reinforcing steps that internal relations can take toward institutionalizing ethics (Goodpaster, 2007). One exemplar (Bowen, 2004) created an ethical climate by creating a clear and unwavering set of ethical principles, frequently identifying ethical issues, and valuing the "process" of ethical discussion in meetings in which many perspectives are brought to the table, rather than rushing to judgment. Also important in creating an ethical climate were having a clearly articulated ethics statement and set of core values, seeking to gain input in a collaborative or integrative manner, and through research and information about options for creating ethical decisions.

Having known policies with a sense of procedural justice (Hsiung, 2012) and fairness in place to reward ethical behavior and punish ethical misconduct plays a role in employees understanding and meeting expectations (Mayer, Kuenzi, & Greenbaum, 2010). The researchers (Mayer et al., 2010) recommended using "highly visible tactics" so that employees could learn from their own ethical dilemmas as well as from the organizational response to others, and be able to increase awareness and identification of ethical issues (pp. 13-14).

Research identified the following characteristics as essential for encouraging ethical behavior: an ethics statement, ethics training materials, and employee training programs emphasizing the organization's values and mission (Bowen, 2004). Consistent with the reputation management perspective, that research also concluded

that this organization's reputation for ethics was a key factor that attracted employees to work in the organization (Bowen, 2004), as well as the CCO acting as a conscience counselor to top management on matters of ethics, both internal and external (Bowen, 2008). That role requires a CEO willing to listen to the advice and perspective of the CCO, as well as a CCO with strong ethical principles and training, and a connection to an understanding of the values of publics within the system, in both the internal and external environment.

In order to focus on an ethical climate in an organization, there are several motivational and reinforcing steps that internal relations can take. Based on their research, Grojean, Resick, Dickson and Smith (2004) recommended a comprehensive set of initiatives that could help internal relations create an ethical organizational climate:

Use values-based leadership; set the example; establish clear expectations of ethical conduct; provide feedback, coaching, and support regarding ethical behavior; recognize and reward behaviors that support organizational values: be aware of individual differences among subordinates; establish leader training and mentoring. (p. 233)

Their study (Grojean et al., 2004) described members transmitting mechanisms as: "trust in leaders, organizational mythology, shared leadership prototypes, and social cohesion" (p. 235). Knowing the transmitting mechanisms of an organization's culture can help internal relations managers to use those mechanisms in a way that helps build a positive and ethical organizational climate, leading to greater employee satisfaction, motivation, retention, and to an insulated reputation for the organization. The extent to which ethics is institutionalized is studied in the research question: How are internal stakeholders trained about ethics?

In summary, this review of relevant literature led to the following research questions:

> **RQ1:** How does the CCO handle creating an ethical organizational culture?

> **RQ2:** What type of leadership does the CEO use in creating organizational culture?

> **RQ3:** How are internal stakeholders trained about ethics?

> **RQ4:** How big of a role does ethics play in an organization's culture (is it institutionalized)?

METHOD

This is a qualitative study of elites, who are opinion leaders in the public relations industry. CEOs and CCOs (as head of internal relations) at numerous organizations were interviewed for this study using interval sample selection of members of the Arthur W. Page Society, whose members are generally required to hold the CCO or CEO.

Interviews with executives at the top of their respective fields are termed "elite interviews" (Hertz & Imber, 1995; Thomas, 1995). Gaining access is difficult but the data provided by elites is rich (Odendahl & Shaw, 2001; Useem, 1995). The challenges make even a smaller number of participants acceptable (Yeager & Kram, 1995).

Interviews were conducted with 28 executives (6 CEO; 22 CCO), from various industries and nationalities for a diversity of opinion, and different sizes of organizations. A flexible interview guide was used and member checks were conducted to ensure validity (Altheide & Johnson, 1994). Qualitative data analyses were conducted on professionally transcribed transcripts using open, axial, and selective coding (Strauss & Corbin, 1990).

FINDINGS

> **RQ 1: To what extent does the CCO handle creating an ethical organizational culture?**

Often and integrated. Internal relations was seen as a standard part of the public relations function, although it was rarely referred to using terms such as strategic, asset building, and so on, with the exception of one participant who said "We are rabid about our teamwork!" Participants reported a significant amount of research, often conducted in numerous languages on a worldwide basis, among employee publics that goes into building their internal relations programs, refining initiatives, and responding to the needs of internal publics.

Participants reported that internal relations is only one means of building organizational culture and discussing ethics, and referred to other vehicles such as town hall meetings with their CEOs and teambuilding exercises. It is arguable the extent to which these activities fall outside of internal relations, but it appeared that many participants in this study equated internal relations with the employee communication vehicles and tactics already established in their organizations, rather than the actual function of internal relations as a strategic enterprise capable of building competitive advantage. These findings indicate that perhaps internal relations is underused and could be used to strengthen the internal relations function of an organization as enhancing one of its most valuable assets in a competitive marketplace: employees.

> **RQ 2: What type of leadership does the CEO use in creating organizational culture?**

Authentic Leadership. Almost every participant in this research stated that their CEO displays an "authentic" leadership style without the researcher mentioning that term. This staggering majority described that the CEO leads by genuine commitment, often using the term "authentic" or "authenticity." For example, a CCO said of the CEO: "He is very authentic. Authenticity is the biggest characteristic. He is genuine and authentic." In every interview but one, the term "authentic" was applied to the CEO without the term being offered first by the researcher; other terms such as transparent, integrity visible,

action, decisive, and genuine were also frequently mentioned in regard to CEOs. One CCO explained, "In terms of ethics, it is the tone at the top and a commitment to being authentic, then programmatically how is that being done?" Infrequently mentioned terms in relation to CEO leadership were "humble" or "humility," or "just like us."

Although many CEOs were also described in terms of charismatic leadership, in terms such as "warm" and "engaging", questions probing the extent of both charismatic and transformative leadership did not yield the expected agreement. Even among the CEOs described as charismatic, CCO's described traits of authentic leadership style as the driving force behind the CEO's leadership. Not one participant mentioned transformational leadership. Rather than seeking to transform relationships with employees, the participants in this study argued that their CEOs (and in some cases, this was the person being interviewed) sought to "lead through action," "walk the talk," "model authentic behavior," "be genuine, direct, and authentic," and so on. After the terms "authentic" or "authenticity," the most frequently occurring terms in describing the leadership of the CEO were transparent, integrity, accountable, honest, decisive, engaging, trust, values, in our DNA, action(s), visibility, humility, integrated, and respect (and the grammatical variations of those words, such as transparency and transparent).

It is significant that the striking majority of participants labeled their CEO's leadership style as "authentic" without prompting or being asked to use that term (it was not mentioned by the researcher until after the participant mentioned it) and used the terms related to the authentic leadership approach to describe the CEO. This finding is a clear and strong one indicating that authentic leadership plays a role in the participating organizations.

RQ 3: How are internal stakeholders trained about ethics? In many ways. Institutionalization: On-Boarding/Compliance, Ethics Training, and Reward Systems

On-Boarding/Compliance. All of the organizations in this study except four had significant on-boarding programs that included a code of conduct and signing, electronically agreeing, or otherwise indicating compliance with that code of conduct. Codes were described as compliance based and legal, specifying legal requirements (such as the Foreign Corrupt Practices Act, Sarbanes-Oxley Act, or Securities and Exchange Commission regulations). The participants who did not have these compliance documents were either non-business entities or small (in number of employees) consulting firms who seemed to deal with on-boarding and compliance matters much more informally.

Several participants expressed a belief that ethics and compliance were identical or quite similar concerns, in which one could substitute for the other. For example, one of this small group explained, "Everyone signs the code when they are hired. That is pretty much our ethics." One participant thought that the compliance measures specified in their code of conduct were enough of an ethical guideline and specified that, "Any other ethics questions get referred to Legal." These findings could potentially be an artifact of

the industries those participants hailed from in heavily regulated financial, legal, and business-to-business organizations.

Most participants said that their organization offers a one, two, or three-day on-boarding session in which ethical scenarios or narrative "storytelling" take place to help teach new employees expectations, interpretations of ethical issues, and organizational culture. Links to the organizational history, values, and mission were commonly mentioned.

Ethics training. More than half of the participants in this study said that their organization offers on-going ethics training after an initial on-boarding session. Most revealed an annual ethics component, either in re-signing the code of conduct or in completion of an online training module or similar training tool. Some participants said that more detailed ethics training takes place for those deemed "fast track" or "leadership material." Several organizations held quarterly ethics updates or regular monthly ethics discussions among management-level employees, or offered internal relations vehicles with ethical topics on a monthly basis.

A few organizations talked of "ongoing" or "continual" ethics training opportunities and initiatives. Almost every participant in the study mentioned having an 800-number "hotline" that could be used for anonymous ethical questions or compliance-centered reporting of misconduct. Those common tools were assumed to exist at most of these organizations, and were not seen as creators of an ethical organizational culture, but as more of a tool. The exception was one CCO who talked about creating more dialogue around an ethics hotline by saying: "We found out the ethics hotline works a lot better when we tell the employee –anonymously via email – what we are doing to follow up on their ethical concern."

Additionally, ethics training was lumped in with compliance training in most of these organizations. To achieve the maximum efficacy of ethical understanding and moral agency, ethics training and compliance training should be segmented into separate pursuits, individual training modules, or different intervals.

Reward systems and recognition programs. Few organizations in this study had official reward systems or recognition programs in place for ethical behavior. Interestingly, three organizations were outliers in terms of rewarding ethical behavior among employees. The first organization has a significant ethics component as a part of annual review systems for all employees. Those employees are rated not only on efficacy but also on ethical behavior: if it is found that their behavior was quite effective yet still ethically indifferent or questionable, financial incentives do not follow. In one outlying organization, a significant ethics award is competitive worldwide among employees, carrying the highest recognition of the CEO and a monetary prize of US $10,000. The CCO described the ethics recognition program:

We reinforce great behavior. We have our CEO Ethics Beacon awards. We have awards that happen in all our countries. CEO Ethics Beacon award winners get an enormous cash award and in some parts of the world it can be life-changing.

Most participants did not have any type of ethical rewards system built into their organizations because they believe that it should be an expectation of normal or routine behavior. Several participants related ethics to simple compliance such as, "There are no ethics rewards here because it's built into our core values. It is part of compliance." Another said: "It's expected as a baseline" while another commented that ethics was "perfunctory" and one CCO simply stated, "It's a condition for employment. Violators are let go."

RQ 4: How big of a role does ethics play in an organization's culture (is it institutionalized)?

Most of the participants in the study said that ethics plays a large role in their organization's culture. All organizations reported a commitment to ethical behavior and an ethical organizational culture, as one might expect due to self-selection bias (i.e., those who care about ethics choose to participate in an ethics study). However, a dichotomy emerged between participating groups. Almost every organization in the study had oriented and institutionalized their ethics through the codification of ethics statements, codes of conduct, procedures and policies relating to ethics. However, a handful of organizations had moved to the "sustaining shared ethical values" phase (Goodpaster, 2007, p. 172) of co-creating ethical values that were frequently discussed, revised, and used to resolve ethical dilemmas by the CCO and CEO.

Sustaining ethical values or reputation-based. This "sustaining" phase of ethical institutionalization (Goodpaster, 2007) involves creating mutually beneficial decisions, and correlates to what public relations research calls the conscience counselor role (Bowen et al., 2006) in which the CCO advises the CEO on ethical behaviors of the organization. Although it appears to be a normative phase, several organizations did indicate this type of behavior occurred on a regular basis with the CCO acting as an ethics counsel to the CEO, the dominant coalition, or both.

Many CCOs reported ethical discussions with their dominant coalitions as an everyday, even multiple-times-a-day activity. In the words of one participant, "*Always* what I'm doing, because acting ethically is the only way I can make sure to protect our reputation." Another CCO explained: "We are *always* dealing with a trust issue. Part of my daily job is the long term relationships we need to build: Admitting of mistakes and all these aspects of credibility that are crucial in our business." One CCO said, "You don't see an ethics officer because that's the way everyone behaves. And it is implicit and automatic in my role. Ethical behavior here feels very organic – not imposed." Another CCO explained: "Integrity is the centerpiece of what we do all the time. All the time we reinforce that message. Safety and integrity are how we build the fabric of a competitive advantage."

Less frequent or legal compliance-based. Participants on the other side of this dichotomy indicated that they were not as frequently called upon to advise the CEO or dominant coalition about ethical matters, at least not alone. For example, one CCO explained:

> I help identify blind spots and help insure the conversation has taken place fully but I do think our CEO and all of the executive committee, are engaged and sensitive to those issues. Chief legal counsel as well, but he approaches it from a more legal perspective.

The link with legal counsel that the above participant made is significant, as others indicated that the legal counsel would often take the lead on ethical issues, was the chief ethics officer, or house the chief ethics officer in the legal department. In those instances, ethical matters are perceived less as issues of reputation and more as issues of legal compliance. For example, one CCO explained, "We drive our business around the rule of law." Interestingly, there were no CEOs who fell into this group. It is important to note that the CCO's in this group did not see themselves as unconcerned with ethics, but in the sense that it is a group endeavor or an endeavor headed by the legal counsel or referred to a Chief Ethics Officer. Although they did not see themselves as conscience counselors, many of this group did still see themselves as organizational core values managers, instantiating the ethical mission and values of the organization internally.

DISCUSSION

This research found that it is a joint responsibility of both the CEO and CCO to instill an ethical organizational climate in which teams can openly discuss ethical concerns and create an ethically engaging organizational culture in which the organization's values are known and imparted, institutionalized through training and rewards, and sustained through ongoing efforts, such as those referred to in institutionalization research by Goodpaster (2007). Although a good deal of research among internal publics was being conducted by many organizations, in order to create mutually beneficial understanding between the organization and its internal stakeholders, it did not always involve questions about ethics.

Ethical analyses and legal compliance are far different concerns, and should be separate to best fulfill the mission of each, as seen in prior scholarship (Sims, 2003). It appears that there is much room for improvement in using internal relations as a strategic function, integrating ethical counsel into the role of the CCO. That integration would also help to improve ethical climate and engage ethics within the organizational culture, rather than leaving those concerns to the legal department in compliance mode or to the chief ethics officer who is also compliance-based in most organizations. Internal publics can provide a powerful asset and through ethical behavior can create a competitive advantage, but only two participants mentioned that concept.

Authentic leadership is the type of leadership most participants said their CEOs used to encourage, model, and live the values of the organization. Genuineness, respect, reflectiveness, and integrity are all key components of authentic leadership that should be encouraged and fostered in budding leader programs of internal relations. Internal stakeholders want leaders they can trust, who inspire confidence, and they also prefer communication that happens through face to face discussion (Lamb & McKee, 2005). Ethical organizational culture should begin at the top: The CEO must not only believe in ethics, but he or she must also lead by authentically modeling ethical behavior and acting with genuineness on the organization's ethical values. Participants resoundingly said authentic leadership of the CEO was a key driver of ethical organizational culture. Authentic leadership is clearly the leadership style that participants said supported an ethical climate and culture in their organizations.

Stakeholder management literature provides a clear guide for connecting with and engaging internal stakeholders. From many of the literature sources reviewed above on internal stakeholders, we know what they contribute to organizational effectiveness through both productivity and costs savings, such as commitment, customer satisfaction, low turnover, and increased discretionary effort when they are effectively engaged with the organization (Catlette & Hadden, 2001; J. E. Grunig, 1992; Lamb & McKee, 2005; Wright, 1995). Creating an ethical organizational culture, in turn, enhances internal stakeholders commitment to the organization (Borowski, 1998; Bowen, 2004; Goodpaster, 2007; Pincus, Rayfield, & Cozzens, 1991; Shockley-Zalabak & Morley, 1994; Sims, 1991, 1994).

However, internal relations appears to be underused as a strategic function for building an ethical organizational culture. Rather, internal relations appears to be still thought of as the tools and tactics used to conduct employee communication, primarily one-way though often two-way based on research. Most CCO's in this study did not think of internal relations as a way to build an organizational culture, preferring to rely on the CEO to set the tone. The CEOs who were interviewed in this study did mention using internal relations as a way to create shared values, and teamwork building toward the mission of the organization.

As argued in prior research (Goodpaster, 2007; Sims, 1994; Bowen, 2010), ethical institutionalization is more effective when it is separated from legal compliance, and is openly discussed as a matter of learning, analyses, and values. At what appeared to be the participating organizations with a high degree of ethical engagement, debate was encouraged in an open discussion format, not only at top levels but also within management throughout the organization. Ethical discussion in a frequent and dynamic manner should be fostered in the organization as a way to sustain management's commitment to core values throughout the organization. More supportive and dialectical tools for helping employees identify, address, and discuss ethics should be developed as part of an ethically engaged internal relations program.

Prior research backs ethical rewards systems, both financial and recognition-based, to enhance employee identification and discussion of ethical issues. Incentives for ethical

behavior should be heightened in order to increase ethical behavior and motivations for acting ethically, thereby instilling ethics as an important part of engaging internal stakeholders and making it acceptable to discuss in group environments at various levels of the organizational hierarchy as also found by other researchers (Berger & Reber, 2006; Goodpaster, 2007; Siebold & Shea, 2001; Sims, 1991)

Practical Implications and Recommendations

Based on the findings of this study, CEOs should use authentic leadership style to create or enhance an ethically engaged organizational culture, CEOs voicing commitment, creating discussions of ethics, and taking action based on valuing ethics seemed to enhance aspects of ethical engagement of stakeholders. An ethically engaged organizational culture can contribute to optimal strategy and effectiveness of the organization, as prior research also found (Aviolo et. Al, 2004). Recommendations for CCO's, based upon prior studies reviewed in the literature section and this research, are threefold:

1. Create ethical discussion aimed at protecting the reputation of the organization by advising the CEO and dominant coalition on the perspectives and values of publics, as they may not be aware of these perspectives;
2. Create an ethically engaged organizational culture by orienting those inside the organization to core values, institutionalizing reward and recognition systems for those core values, and sustaining those core values through ongoing ethical discussion and modeling ethical leadership; and,
3. Use internal relations strategically to enhance internal commitment and motivation to the organization's mission with regard to values, mission, teamwork, and competitiveness, through both ethical discussion and incentive/reward mechanisms.

Taking these steps not only creates a better, more authentic, and more responsible organization, it engages the internal stakeholders of an organization – one of a firm's strongest competitive advantages. Using the internal relations function strategically to implement some of these recommendations, as appropriate for individual organizations and industries, can help to create ethical climates in which employees openly discuss unclear issues. With authentic leadership and support of the CEO, those ethical climates will in turn help to foster an ethical organizational culture that can truly engage the internal stakeholders of an organization.

Limitations

An important limitation of this study is self-selection bias. In the future, non-Page Society members should also be studied to eliminate any bias. The executives who volunteered their time to participate clearly would have some interest in and dedication to ethics. Quantitative research could help to compensate for these weaknesses and provide a generalizable view of how ethical culture can engage internal stakeholders.

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