

WORKING WITH VALUES FOR RESULTS
Beyond Quality to Total Ethical Management

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Biographical Note

Dr. Warren Kinston, Founder-Director of The SIGMA Centre, provides a unique and personal ethical design consultancy for large organizations. From 1980 to 1990, he directed research into organization, political management, and the use of the imagination at Brunel University where he remains an Associate Senior Lecturer in the Department of Government. He has consulted on numerous organizational change projects and has written over 100 publications. He lectures nationally and internationally on a wide variety of topics, most recently about his frameworks for management, ethics, culture change, and identity development.

WORKING WITH VALUES FOR RESULTS

Beyond Quality to Total Ethical Management

Proponents of management for results are fighting back against the gurus of quality. Part of the trouble is that total quality management seems to be so difficult to introduce. My consultancy projects reveal why this is so. They confirm that both approaches are necessary in large organizations, but suggest that something essential is missing – a third complementary approach. The missing guidance can be found within new and potentially revolutionary developments in the field of values and ethics. I call the new approach «total ethical management», and this is its story.

The reason why big Western companies ignored the early quality experts is not hard to find. It was a case of 'I'm all right Jack'. But in Japan in the 1950s things were not all right – 'Made in Japan' was synonymous with cheap and trashy. The idea of meeting customer needs, the use of statistical analyses, the view that employees intrinsically try hard to do well, the attitude of continuous improvement, and the notion that quality depended mainly on management systems, were all then as alien to the Japanese as to anyone else. People from the top of those firms to the bottom had to be indoctrinated in these ideas. Subsequently, Western experts studied Japanese companies, re-extracted the ideas, and packaged them as a value system called 'total quality management' or TQM.

Indoctrinated if we think of TQM as a doctrine or ideology, or educated if we think of TQM as a management theory. Whatever the label, the end result has to be belief. This is why the U.K. Chairman of Texaco recently described himself as a 'TQM disciple'. Many management consultants now refer to the 'quality movement' or the 'quality revolution' to emphasize the potential to wholly reshape organizational life.

Pragmatic thriving on chaos and seat-of-the-pants management may deliver results, but it will never deliver TQM. The systematization implied by TQM makes it unappealing, even incomprehensible, to many hands-on managers. So the introduction of TQM is not always successful.

Even in those successful firms that pride themselves on their ability to manage change, introducing a new value system is far more problematic than introducing new methods, policies, initiatives or posts. An extensive quality training program may be instituted, but are the new values really in place in the form of automatically used attitudes and beliefs? Rarely.

The point is that values are currently being handled in the typical firm about as effectively as quality was in the 1950s. As one senior executive said to me: "I've never made an ethical decision – of course, I've never made an unethical decision either." In other words, despite (or perhaps because of) all the talk of self-regulation, of codes of practice, of social responsibility and such like, the language of values and ethics remains alien. For the average manager, working explicitly with values seems too personal, too

risky, too difficult, too mysterious, too fraught with acrimony – above all too distracting from the real business.

The time has now come for those who lead organizations to give more attention to the way values affect results. This means explicitly working with values. All managers already do so to a degree. If this work can be better understood, firms will be more able to make TQM a reality and to handle future challenges.

TQM is good in principle, and if it can be introduced, good in practice. But alone it is just not enough – because TQM does not explain its own implementation! A new approach is required to place TQM in context within the firm and within society. I call this new approach: total ethical management – TEM. It builds on the notion that ethics in business is far more than business ethics.¹ TEM is the context of TQM, just as TQM is (or should be) the context for a 'managing-for-results' approach. TQM is needed to enhance a results focus so as to make competitive success more likely. TEM is needed to enhance TQM, again to make short- and long-term success more likely. (These three ideologies are summarized in the Table on p. 16. which is laid out to display their complementary nature.)

My consulting projects have revealed a variety of problems with TQM. For example, top managers often expect their staff to treat internal or external customers better than they are treated themselves within their own department. As a result, people view the programme with cynicism and implementation founders.

Another problem stems from a misconception that TQM is about activities rather than about beliefs and attitudes. TQM really says: get the quality mentality right and a person will generate whatever activities are appropriate to produce even better results. Nevertheless, staff in head-quarter organizations, distant from the reality of the firm's work, and unused to working with values, too easily succumb to generating activities or specifying quality measures, supposedly to produce TQM.

Such bureaucratization of TQM is often worsened by its association with official or quasi-official standards like BS5750 (UK) or the Baldrige Award (USA). TQM then becomes an enforced demand, over-focused on extraneous activities, and again generating cost without necessarily adding real quality or improving performance.

The approach presented here insists that no structures, no information systems, and no strategic plans should be developed which are specific to TQM. TQM is about how the structures, systems and strategies which are required for producing results are to be developed and used.

TQM naturally focuses on improving operations, and so involves first-line and middle managers deep within the organization. These are the people responsible for the systems and work processes which determine not just quality, but results in general.

To complement this, TEM focuses on work which can only be done at the top of the organization. This is where prime responsibility falls for the firm's values, management

¹Kinston, W. *Ethics: The Only Win-Win Strategy for Business. Introducing a New Approach Based on Ethical Design*. London, The SIGMA Centre, 1991.

ideologies, overall strategy, identity and public relations. TEM is most evidently needed in large organizations with Group or Holding Headquarters which are explicitly separated from operational subsidiaries.

Many leading firms, generally the best, endorse some or even many of the features of TEM listed below. But the approach as a whole is not widely appreciated. TEM is built on a systematic validated theory of purpose, value and ethical choice.² TEM is an approach to running organizations built on this framework. Its features can be intuitively understood, but its consistent application demands discipline and determination. Here we will summarize TEM in the form of ten core principles. Because such principles can only guide, they need to be adapted to suit the particular industry and firm.

TEN PRINCIPLES OF TEM

1. Ethics is not a cost

It was a shock for managers to learn that 'quality is not a cost' and that better quality was often associated with economies and greater efficiency because of fewer complaints, work not having to be done twice &c. In the same way, it is necessary to sever the association of ethics with red tape, work-interference, and distraction from the real task – all of which add up to increased costs.

Ethics is not a cost when balanced against the massive costs generated by ethical failure. These costs come in a myriad ways: from litigation, from adverse publicity, from loss of customers, from bad relations with suppliers and creditors, from public protests, from time-consuming complaints and official inquiries, and from weakening of staff loyalty and morale.

Too many businesses ask: can we afford to be ethical? The real question is: can we afford not to be?

Bending the rules or illegality may be tempting when the pressure is on to improve performance. But getting away with it once or twice creates a sense of false security and an increasingly corrupt culture. The reality is one of high risk and eventual disaster. It was surely only a matter of time before Salomon Brothers, for example, was caught manipulating the U.S. Treasury auctions.

Businesses and businessmen ought to be hard-headed about risk, even inclined towards playing it safe. But ethical risk is invariably high risk. For a person, a single breach can blight a career. In an institution like Lloyds, the London insurers, the very foundations have come under threat. For British Rail, safety failures have led to the deaths of trusting people. If, like British Rail or British Gas, the firm has a near monopoly, then this privilege will certainly be put at risk.

²Kinston, W. *Working with Values: Software of the Mind*. London: The SIGMA Centre, 1992 (book in preparation).

It is cheaper and safer for firms to tolerate honest failure in one of its divisions, than to push for success at all costs. The point is that no person or group can completely control outcomes. A proportion of failures and disappointing results is only to be expected. A person can only act responsibly, sensibly and diligently. External factors then determine success. Accepting occasional failure is a sign of personal maturity.

Failure of the firm is another matter entirely. Avoiding organizational collapse is an ethical imperative because of the harm and costs to employees, suppliers, creditors, shareholders and others.

The TEM firm recognizes the importance of personal responsibility and corporate responsibility. It not only seeks top performance but also a good reputation. Its board believes that performance and reputation are synergistic and knows that it will protect and enhance both by acting ethically. Overall risks and costs will be reduced, and the likelihood of enduring success enhanced. The ethical firm gains free publicity, real loyalty from customers and suppliers, top quality senior executives, well-motivated middle managers and staff, and goodwill from wider society. All this counts if things do, unfortunately, go wrong.

2. Working with values at the top

All TEM principles are about working with values.

To introduce TEM in any firm, it is necessary to appreciate a very simple idea: the process of making something important is what needs more attention. It is hardly new to say that top managers must be continually thinking about what is important now and in the long-term. But it is new to recognize this for what it is: 'working with values'. And it is new to recognize that working with values is not simply restricted to issues of direction and priority where values are largely given, but extends to developing and introducing new values and beliefs. So it touches on things like the firm's identity, culture, social role, and driving energies.

TQM is primarily about operational improvements and working with tangible processes. TEM complements this approach by emphasizing effective and deliberate working with values. The firm that goes bankrupt is no good to anyone, so managing-for-results must be valued. The firm's mission specifies its essential and enduring values that clarify which results count. But other values to be considered by those responsible for firms must include technological things (like up-to-date equipment or computerization) and financial things (like cost control or share price) as well as social and ethical ideas.

In the HQs of large firms, top managers no longer deal with processes. All their work concerns ideas—about operations and staffing, about markets and competitors, about future developments and community pressures. These ideas are values because they are given importance. But the rules that govern working with values are not well-known to managers, and little is taught explicitly in business schools.

In my experience, few people seem to be aware that much of the work of top officers in HQs is about converting values into values. In this process values in the form of external

political, disciplinary, technological and other pressures are modified and transformed into organizational values in the form of policies, rules, campaigns, initiatives &c. This work contrasts with that required in subsidiaries where values must be converted into action.

The organizational entity which has the primary responsibility for gripping value issues, mediating conflicts of interest, and monitoring ethical performance is the governing body.³ But corporate governance is widely recognized as being profoundly unsatisfactory.

Practices like combining Chairman and Chief Executive roles, rubber-stamping executive papers, minimizing the number of non-executives, and over-involvement in operational issues are rife. Many boards of directors acquiesce to being deliberately shielded from tricky value questions, although taking responsibility for these is their core function. In short, the commonest cause of business failure and business scandal is malfunction of the board.

If values are to be handled in an effective and sensitive way, boards must start working properly.

3. Creating individuality

Ensuring interchangeability of equipment, suppliers and other resources, including staff and even customers, must be a concern of any business. Without this, the firm runs the risk of over-dependence. But, under the influence of TQM, firms sometimes seem interchangeable as they all strive to meet the same customer needs and imitate each other's tactics.

But interchangeability has potential dangers. If competing firms are similar why should staff, let alone customers, stay with any of them other than through inertia or expedience? UK banks had a solution for this: an agreement not to poach staff and suspicion of customers who switched. The net result was an acceptance of the status quo and an intense pressure for conformity. Such values were never really healthy and are now unambiguously counter-productive.

Loyalty needs to be based on a positive identification with the firm, not on inertia, fear or dependency. When staff and customers do identify with the firm and recognize its uniqueness, they will protect and support it spontaneously and beyond the call of duty.

TEM supports the view of public relations specialists that every firm has (or needs) a personality of its own which permits (or inhibits) identification. When you open a newspaper, you immediately know which it is. The same cannot be said of walking into most banks, hospitals, or supermarkets: but it could be. The BBC, for one, is currently trying to brand some of its programmes.

I prefer terms like 'identity' and 'individuality'. Personality carries a sense of the superficial and artificial which is not too far from the hype and gloss so often associated

³Kinston, W. Designing the four compartments of organizations: constituting, governing, top officer and executant bodies. *Journal of Applied Systems Analysis*, **18**: 3-24, 1991.

with PR. Identity is a deep definable persistent reality which confers uniqueness. Individuality based on corporate identity is deeper than the logo and livery so beloved of identity designers. It is far more significant than image so expensively promoted by advertising publicists. These things do have an importance, but image without substance is cynical manipulation.

It is rapidly apparent to employees how much truth there is in a projected image. Top managers must recognize that the image is genuine only if insiders share the perceptions being projected.

The reason for this is simple. From the customers' or suppliers' point of view, each employee is a representative of the firm, and the firm's identity is revealed in their attitudes, their beliefs, and the minimal standards they automatically operate. Identity in this sense will only match image if each employee is viewed as an equal member of a quasi-community.

To establish an identity for the quasi- community of a firm, a sustained and well-organized effort is required. I call this endeavour an 'individuation programme'. It must systematically and positively develop, communicate and demonstrate the firm's unique nature – primarily to insiders. It does this by clarifying exactly what values and principles guide all operations. If the programme is successful, insiders will validate the desired identity and outsiders will recognize it and respond to the individuality.

An interesting corollary of the requirement for individuality is the notion that firms should develop an exclusive mission or niche. Put more bluntly, ethical companies must strive to gain a monopoly! This monopoly is precisely the counterpart of the TQM notion that every customer is unique. The firm must strive to be unique. If this can be achieved, the firm will feel and be irreplaceable.

4. Resolving value differences

Value differences in firms are good not bad. They are good because they are an expression of humanity and individuality. They are good because, when resolved in accord with the firm's mission, they generate the best possible result in uncertain situations.

TQM advocates generally create an image of everybody working in harmony, striving to serve each other and ultimately the customer. This seems a mixture of wish-fulfilment and moonshine. Perhaps it is partly a product of Japanese culture which is based on seeking social harmony whatever the cost. The price paid in Japan seems to be corruption as revealed in the tolerance of criminal organizations and political bribery.

Western culture, with its emphasis on individualism, deals with conflict differently. Too often value clashes become subtly undermining or inappropriately glorified. When conflict is covert, smouldering disagreement and resentment permeate management activities and impede progress. When conflict is overt, hostile battles produce a victor at excessive cost to all parties.

There must be another better Western way. There is.

Where choice is uncertain and different valid views coexist, the best result is likely to emerge from open exploration of the situation and the strongest possible debate. This should not be seen as an emergency response to a crisis or as a deflection from proper discussion, but rather seen as an inherent and routine part of the management process.

Factions that develop around an issue need to be prepared to marshal their arguments in informal but orchestrated meetings. At such meetings, each faction needs to be pushed to address facts, value assumptions and arguments presented by the others. Strong argument is desirable but negativity is not, because both sides invariably have something positive to contribute. Hostility is not just uncivil but positively harmful. Even while coming down on one side of any issue it is normally necessary and sensible to adopt a strategy which recognizes the validity of values inherent in the other sides.

There are two good reasons why top managers must start dealing with conflicts more openly. First, more and more organizations are becoming big enough to require a separate HQ organization fully apart from operations. Here the work is nothing but dealing with value differences. Those at the top of HQ organizations are highly capable, strong-willed and independent-minded people. They cannot be swayed as easily as operational managers. Nor can their differences be submerged in the hurly-burly of daily activities. Persisting unresolved value differences become corrosive and undermining.

These differences were less likely in the past when voluntary conformity was eased by professional homogeneity. In 1985, when the first top personnel expert arrived at the Midland Bank, 200 'bankers' ran the personnel department without a specialist in sight. Today, more and more types of professionalized staff are being recruited in all firms. Legal, marketing, public relations, economics, information, personnel, and other specialists jostle at the top with the general managers and industry experts. All tend to be individualistic, enterprising, loyal to their discipline and with unique work-styles and beliefs. Chief executives find this unsettling.

What the most conventional and adaptable managers need to recognize is that value differences are the norm in any enterprise. It is true that consensus on a socially-valued goal, like customer service, can go a long way. But, in the face of complex challenges and tricky social issues, it is folly to imagine that disagreements can or should be removed altogether.

5. Individual responsibility is paramount

To get results, it is essential that anyone needed for a particular task should be involved. TQM seeks to enable any employee to contribute even if this means crossing departmental boundaries. TEM is about properly distributing responsibility and authority for such activities.

At the beginning, middle and end of ethics is the notion of responsibility. In a firm, responsibilities (or duties) must cover the totality of the work to be done – or results will suffer.

Yet firms assign responsibility in haphazard and inconsistent ways. Posts are too often vaguely defined, needed roles are omitted, essential duties are forgotten, work is duplicated, job specifications are grossly unrealistic, and authority does not match responsibility. Reducing mindless hierarchies to form flatter structures has not gone anywhere near far enough, except here and there where it has sometimes gone too far. Restructuring is generally reactive to crisis rather than systematic and pro-active (like planning).

In addition, too often people ignore or neglect duties that feel stressful—like dealing with performance failures—and nothing is done about this.

Responsibility gives a person legitimacy in the organization, a place to stand, a territory to defend, a limit to what can be reasonably expected. It is only on the basis of clear responsibilities that collaboration, within or without the firm, is possible. So responsibility is the basis for consensus-producing dialogue and for conflict-resolving debates.

If individual responsibility is not clear, group work is handicapped. People then use groups to diffuse responsibility and to enable difficult issues to be avoided. Cooperation as advocated in TQM is essential, but the vague notion that this can be achieved by everyone mucking in is a recipe for disaster and confusion. TQM emphasizes clarity of role. TEM emphasizes clarity of the responsibilities and boundaries of the role. TQM empowers. TEM ensures that power is legitimately used.

6. Matching the person to the job

Conventional management wisdom suggests that everybody wants the same things: achievement, recognition, self-fulfilment, personal growth, responsibility, advancement. The ethical point is that these terms mean quite different things for each person.

The firm will get the best results if it can tap into the unique qualities of each person and so maximize their contribution. Because the assessment of potential is not easy, such appraisal is not only a matter for the immediate manager, but also for the manager-once-removed and relevant specialist managers.

TEM emphasises the neglected truism that best results will emerge if the work requirements in a job suit a person's identity. Advancement, for example, cannot be an unalloyed good. Too rapid advancement can easily lead to persistent work failure and physical illness. At senior levels, it may take two or three years to recognize and correct such an error.

Whether a person will suit a job depends on many matches. Does the level of responsibility match the person's capability to handle it? Are the interpersonal or social characteristics required congenial? Is the needed work-style one that the person uses intuitively? Are the demands compatible with the person's family needs? TEM assessment demands a multi-dimensional view of each person and each job.

If this seems onerous, the painful reality is that no amount of training or so-called support will compensate for a mis-match. And simply throwing people into jobs to make what they can of them is usually wasteful and counter-productive.

Notice that matching has no relation to the Herzberg's hygiene factors, like salary and working conditions. Attempting to produce satisfaction through things like salary or job-security is positively harmful for the individual and the firm because it encourages tolerance of mismatches.

Incentive systems too often damage the individual, the firm and society. Given that the job is paid fairly and at the market rate, people should not and do not (unless indoctrinated otherwise) need extra incentives to do a job to which they are well-matched. The moment special incentives are introduced the intrinsic value of the job is devalued, attention to the full range of duties is distorted, and self-interest is given a greater value than responsibility and the needs of the firm.

Consulting experience suggests that when an organization suffers from a person's failure in their post, the finger usually needs to be pointed at a responsible manager. That manager should have seen signs of a mismatch and acted to improve matters, at the extreme by directing them to more congenial work within or outside the firm.

7. Usable documentation

The emphasis on quality measurement and statistical analyses in TQM has led some sceptics to argue that if more effort were put into producing quality rather than assessing quality, then many firms would be far better off. Nevertheless the value of feedback and empirical analyses of quality cannot be denied.

The equivalent problematic area in TEM is documentation. It is easy to argue that acting well is more important than writing fine words. Words become debased when they become used to establish token compliance or to sell an image rather than to produce real improvements.

Nevertheless, a firm wishing to move down the TEM route will find that articulating values and developing documents to formalize them is essential. Without documentation, the necessary reflection, exploration and appreciation of social issues is simply postponed and avoided. In the absence of adequate formalization, individuality and an effective management ideology cannot be developed. As a result, new staff are socialized into a variety of evolved popular standards rather than those deliberately chosen by the governing body.

Attitudes, beliefs and rights operate in organizations in a silent fashion, often in direct contradiction to the values assumed to be in operation. Take patient-centredness in NHS hospitals. The reality is that current beliefs, conventions, and social pressures generally mean that illnesses are reasonably treated while the suffering patients – their comfort, preferences, and convenience – are neglected.

Producing necessary changes in culture is invariably difficult because people either do not see what is going on or turn a blind eye. A commitment to developing and using documents can set in train a focussed consultative and collaborative process in which needed values and existing discrepancies are made explicit. The work of getting a document right sensitizes people and eventually contributes to the production of a consensus.

A wide variety of documents are needed: e.g. a mission, codes of good practice, charters for staff and clients, a business philosophy, ethical policies, social policies, safety policies, complaints procedures, and positions in regard to areas of social controversy.

However, documentation will only do its job if it is targetted to real needs of people, if it is relevant to the business, if it is understandable, and if it is presented well. Further, it must be developed in a collaborative fashion, be introduced appropriately, be kept up to date and be locally relevant.

New attitudes, priorities and conduct will never be aided by documentation which is legalistic, primarily defensive, imposed by a small caucus, or utopian and utterly unrelated to business activities. As an example, one nursing standards project took months to complete and produced several hundred standards which were officially adopted, probably never read, and certainly never used.

Simply copying another firm's documents will not do. It is worse than dishonest, it is impractical. To work with values, managers need to become aware of the issues and the values intrinsic to their own firm. The firm is treated in law as a social being, with its own intentionality and identity. It must be treated by staff in the same way.

8. Social responsiveness

TQM pays little heed to the community on which every firm depends. For example, it gives no indication whatsoever as to how social pressures, say for equal opportunities or environmental protection, should be handled.

The managing-for-results doctrine is less bashful and condemns it all as intrusive, irritating, and distracting. If this way of thinking goes unchecked, the likely consequences are boycotts, targetting by action groups, and unflattering media portrayals. Even if these can be handled, it is foolish not to recognize that social pressures are relevant and, indeed, of potential value to the firm.

TEM recognizes explicitly that any business is embedded in one or more communities. From these communities come the employees, the customers, the suppliers and so on. So it can *never* be in the interest of the firm to be at serious odds with the values in its social environment.

But it is also never in the interest of the firm to lose sight of the business it is in. So TEM requires that social pressures be interpreted, adapted and incorporated in the service of the firm. In one firm, this might lead to a refocusing of its marketing, in another to redesign of certain products, in another to an improved recruitment strategy.

Without such an appreciation of the community, the only possibility is a token response to social pressures, and too often one that feels alien and is unrelated to basic performance.

The days of employer bosses, union bosses and government bosses getting together and telling the rest of us what to do are numbered. Now the three powers are the Community with its action groups and abetted by the media and judicial system, the

Government, and Business. This means that firms need to put far more effort into relating to communities apart from directly selling to them.

Social responsiveness implies a degree of social responsibility. But only a degree. For no firm can be fully responsible for the society within which it operates. Even so, TEM demands a positive response to difficult social and legal situations, rather than a defensive falling back on legalistic technicalities or an 'everybody does it' response. The proliferation of externally imposed codes at present will only be limited by firms developing a greater degree of social responsiveness.

Social responsiveness is not to be equated with keeping the law. It may be necessary to go beyond the written law and adhere to its spirit. And at other times, custom and practice actually permit breaches of the law. But there are many tricky or borderline situations. Counsels of perfection are rarely helpful. What is required is thoughtful analysis in the light of the values and ethical policies of the firm.

TEM naturally upholds the usual ethical maxims—like civility, fairness, honesty, decency, keeping promises, confidentiality—which can be applied by anyone at any time. Top managers and directors must recognize that the firm and the communities which support it can only thrive if there is general respect for such maxims.

These maxims contribute to the setting of basic organizational standards—the conscience of the corporate identity. Such standards are affected by existing communal and societal standards, because firms cannot realistically be too far ahead of the wider social norms.

9. Enlightened awareness

People have potentials which are beyond a firm's control. Their effective release depends on awareness, and so fostering awareness is an intrinsic part of TEM. But TEM does not support awareness programmes in general—the last thing a firm needs is endless sensitivity groups. The firm needs its people to develop awareness to those values which make a significant impact on performance.

The crucial values must extend beyond the values associated with TQM and managing-for-results in order to justify and help implement these ideologies.

TEM emphasizes values like reputation, individuality, social responsiveness, and working with values. Such considerations inexorably lead to a concern for wider society, and to a humanity in functioning. Efforts by companies in this sphere have conventionally been termed enlightened self-interest, a phrase which somehow makes it sound as if enlightened self-neglect or unenlightened self-interest might be worthy alternatives!

Enlightenment is the right phrase and it is a powerful force to be tapped in the service of the business. Only enlightened awareness can maintain dignity, harness conscientiousness, release inspirational energies and create a climate of trust in which people can give of their best and handle unavoidable animosities.

Management gurus speak of visionary leadership and visionary organizations, but do not give a clear answer about what the attempt to be visionary depends on.⁴ The answer is simple. Being visionary means engaging with those ultimate values to which everybody subscribes—like freedom, truth, justice, compassion, personal dignity, harmony—but always in the context of each person's responsibility and the basic aims and objects of the firm.

These ultimate values are the most powerful modifiers of values and beliefs because they define how each person seeks to be treated. Their active presence in an organization prevents cynical manipulation or exploitation of staff or customers. Unenlightened operations subtly erode confidence, weaken loyalty, and alienate people.

Enlightenment is not about producing utopian perfection. But enlightened awareness does generate a persistent effort to reduce the gap between personal, corporate and societal standards. It effectively counteracts damaging legalistic and 'everybody does it' mentalities. Above all, it attracts the better people and brings out the best in them.

10. Seeing the big picture

TEM emphasizes respect for complexity and a recognition of completeness.

The principle of always keeping sight of the whole picture has been implicit in the preceding principles. For some managers it may all seem too much. Success so often seems to come from a single-minded approach. In one firm, it is business planning, in another it is process management, in another it is a 'pile 'em high and sell 'em cheap' philosophy, in another it is marketing expertise, in another it is individual commitment and autonomy.

The notion that a firm may have a favourite method of achieving is not incompatible with the realization that there are numerous ways of failing. TEM demands that failure be kept at bay. Firms fail for a disparate mix of reasons: confusion over authority, resistance to change, excessive rationality, absence of clear strategies, overlooking critical success factors, mindless growth. This means that all domains in an organization need to be managed, at least to a minimal degree.

I scan firms using a big picture derived from the ideas of purpose and value referred to earlier.² Using this frame-work, the domains to be managed at least minimally range from the most tangible and concrete to the most abstract and general. In order, the domains are: the operational, the strategic, the political, the social, the theoretical or ideological, and the ethical domains.

Seeing the big picture applies in very many situations. For a start, it means that neither profit nor any other single measure is adequate to represent the success of a firm. It also means that any TQM principle needs to be seen in the context of immediate priorities and not made an end in itself. Even hitting result targets should be placed in context:

⁴A leader with a vision may not be visionary. At least he knows where the firm should be going—that is to say, he has a clear and comprehensive set of strategic objectives relevant to the business. Visionary leadership, by contrast, is about what that business should be, and why.

pushing an unsuitable product on a trusting customer may enable a sales figure to be reached, but this hardly compensates for the loss of a long-term customer.

So although short-termism is rejected, short-term thinking in the context of the long-term is recommended. Immediate solutions to crises are essential, but only if the cure is not worse than the disease. The unique importance and self-sufficiency of the firm cannot be over-emphasized, but the community's contribution to making this possible must always be kept in mind.

Recognizing the dependence of operations on beliefs and attitudes is part of seeing the big picture. If the firm has certain values and beliefs, then no system should be devised which does not reflect or embody them in some way. Here we are in the theoretical domain where coherence and consistency are essential for success. Incentive systems, for example, frequently operate against the firm's espoused values. One business ethics consultant working in telecommunications and financial services firms over several years reported that not a single firm had ever agreed to examine its incentive system as part of its business ethics programme.⁵

As a final example, it is worth re-emphasizing that the big picture means recognizing and embracing pluralism. The complexity of the world must be met by variety within the firm. This means that the days of homogeneous boards and top officers who are clones of each other is past forever. Firms need distinctive and diverse value systems. The various disciplines have not evolved distinct value systems just to be awkward, but to guide their work and ensure their effectiveness. And, of course, any business must perforce engage with a plurality of value systems outside the firm.

Managing and harnessing pluralism positively, within and without the firm, is what much of this article has been about.

CONCLUSION

TQM and TEM define the context of attitudes and beliefs required to support managing-for-results. TQM is rooted principally in enhancing the value of the firm's products and services. TEM is rooted in enhancing the firm itself, the people inside and outside the firm, and the wider community.

Is it too much to ask firms to take on something new when they have hardly digested TQM, or perhaps not even partaken of it? The point is that TEM makes TQM more possible, just as TQM makes managing-for-results more possible.

TEM, like TQM or even information technology, represents an approach to work. As such, it cannot be introduced by fiat or quick-fix training techniques. Managing the introduction of new approaches to work requires that the new ideas be handled with dedication and determination. They must be carefully validated and skilfully adapted. Improvement should be convincingly instigated and rapidly demonstrated. Then widespread recognition of the value of the ideas will lead to a determination by all to preserve and use the approach, and to educate newcomers in it.

⁵Ciulla, J. Breathing new life into a corporate code of ethics. In: J. Mahoney (ed.) *Business Ethics in a New Europe*. Dordrecht: Kluwer, 1992.

Understanding and introducing ethical design and ethical management without losing a focus on results is the present challenge. TEM features are found in successful firms, so the challenge can be met. But the issue is not whether TEM guarantees success. Nothing does. The question is whether the absence of TEM increases the risk of failure and generates unacceptable social costs.

The logic of the case and the present social climate suggests that TEM is a necessity. Not just a necessity but an opportunity. Values are waiting to be harnessed by organizations for survival and for advantage. ■

Three Complementary Approaches to Management

The columns list principles which define distinct coherent approaches to management. The Table has been laid out so that any principle in any row depends partly on the other principles in the same row. In other words, TEM principles are not to be taken in isolation and treated as if they were in opposition to TQM or Managing-for-Results principles. Note that all approaches share the need for 'commitment from the top'.

Managing-for-Results	Total Quality Management	Total Ethical Management
Cost-consciousness	Quality focus reduces costs	Ethical focus reduces costs
Shareholder-responsiveness	Customer-responsiveness	Social responsiveness
Get the product/service right	Get the systems right	Get the right motivations
Work to deadlines and targets	Seek continuous improvements	Seek enlightened awareness
Focus on key priorities	Focus on problems/obstacles	See the big picture
Take positive action	Analyse process statistically	Document values formally
Shop floor productivity	Effective middle managers	Top officer leadership
Maximize interchangeability	Treat customers as unique.	Make the firm unique
Get consensus on tasks	Foster consensus on key values	Work with values
Get people working	Empower people	Match the person to the job
Involve whomever is needed	Let everyone contribute	Act via responsibilities
Line-management control	Cross-boundary working	Governing body control