

CAN ORGANIZATIONS BE IN SIMULTANEOUS STATES OF STRATEGIC GROWTH AND ETHICAL DECLINE?

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ABSTRACT

This paper synthesizes the literature on strategic capabilities with the literature on ethics and organizational behavior studies that focus on the emergence of spirituality in the workplace. Each form of literature examines the collective actions of individuals in organizations. The perspectives from each area, however, imply different assumptions and measures of what constitutes organizational progress.

INTRODUCTION

Organizations can successfully respond to external environmental challenges over time by developing strategic capabilities. Correspondingly, organizations may also find that successful responses to environmental challenges brings about a series of internal challenges such as ethical misconduct or the decline in a culture that sustains ethics. Can organizations, though, simultaneously be positioned in responding to both external and internal challenges? If so, what constitutes the progress of organizations?

This paper describes two aggregate findings in the strategic management literature and the business ethics literature. First, within the strategic management literature focus is given to strategic capabilities which differentiate the organization from competitors and can thus be a criterion to organizational progress.

In the management and business ethics literature, following the aftermath of the corporate scandals over the last 7 years, a growing interest towards evaluating ethical progress in organizations has advanced as an area of research—especially in light of the increased level of compliance mandates. Additionally, spirituality in the workplace has emerged as a relevant topic of interest to both practitioners and researchers. Both areas in this literature arena question the authenticity of organizational ethics and the meaning employees can find through work in an organization.

Both views differ on what constitutes the progress of organizations: a view of continually developing strategic capabilities versus a view of ethics and spirituality as relevant to the fabric of organizational life. What both forms of literature have in common, though, is examining the aggregated actions of individuals within organizations. This paper proposes that both views of organizational progress are related based on examining the response of an organization to environmental (both external and internal) challenges.

To accomplish a means towards defining the characteristics of how organizations respond to challenges, we can draw from historian Arnold Toynbee. Using Toynbee's central thesis that civilizations grow and progress by responding to continual challenges, describing the characteristics of how organizations respond to challenges provides for two divergent views of the progressive advancement of organizations found in the capabilities literature and business ethics literature. The two views, however, are related and can be evaluated as a set where one is imperative over the other.