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CALL FOR ETHICAL LEADERSHIP – ORGANIZATIONAL MORAL VALUES AS A DISTINGUISHING ELEMENT OF SUCCESSFUL ORGANIZATIONS IN THE POST-CRISIS WORLD

Обґрунтовано значення етичного лідерства у післякризовий період. Зазначено, що йдеться не тільки про економічну природу цього явища, а й про моральну передумову, що відіграє значно більшу роль, аніж фінансова або економічна. Встановлено, що нинішня ситуація є прямим наслідком тенденції перманентного перегляду найбільш важливих принципів життя в організації чи суспільстві, а яскраві організаційні моральні якості є елементами успішної організації у після кризовийперіод.

The aim of this article is to emphasize the meaning of ethical leadership for the post-crisis world. We have all witnessed that the contemporary crisis has not been purely economical in character. We can name this crisis rather a moral crisis than an economic or financial one. The current situation is the consequence of a tendency to continuously overlook the most essential principle of the life in any institution, organization or society. We have all somehow forgotten that ethics is at the heart of every good thing, of every good act, of every good community, of every instance of good governance, every good business and everything that is morally good. We consider vivid organizational moral values as a distinguishing element of successful organizations in the post-crisis world.

Albert Einstein said that the world that we have made by the level of thinking we have been capable of thus far creates problems that we cannot solve at that same level of thinking. «Thus, leadership will increasingly require leaders to challenge people to think and act in new ways to reflect on and question their own deeply rooted assumptions, and ultimately confront the unexamined premises which have shaped the history of their enterprise. (Weber, 1998, p. 364) Finding new, economically, but also morally effective ways in which to lead our organizations will probably be one of the biggest challenges for the leadership of the new post-crisis era.

The winner of the Pulitzer Prize and National Book Award, James MacGregor Burns, said that the crisis of leadership today is the mediocrity or irresponsibility of so many of the men and women in power. Mediocrity, according to him, lies in the intellectual level. According to Burns, we know far too little about leadership. In his masterpiece of 1979 he asked the following questions: Is leadership simply innovation – cultural or political? Is it essentially inspiration? Mobilization of followers? Goal setting? Goal fulfillment? Is a leader the definer of values? Satisfier of needs? If leaders require followers, who leads whom from where to where, and why? How do leaders lead followers without being wholly led by followers? However, he asked these questions over three decades ago. The contemporary crisis shows that leadership is really one of the most observed and least understood phenomena on earth, requiring more attention than it garnered in the past. There are so many things about leadership that we have to explore. Much has been written about leadership, yet scholars trying to understand the phenomenon have paid little attention to its moral and ethical dimension. We will try to emphasize the importance of ethical congruence and the meaning of vivid organizational moral values for the creation of ethical organizational culture. Such culture will consequently create more responsible and more successful organizations in this post-crisis era.

If leaders set organizational moral development as one of their main goals they must commit to diagnosing their current organizational culture, concentrating on identification and clarification of their organizational moral values. The best way for leaders to demonstrate their effort to create morally responsible organizations is to make these values a vivid part of their organizations. This has a direct impact on creation of ethical organizational culture. Leaders become serious role models only when their followers witness that they act

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congruently with their organizational moral values. Ethical congruence is the key for any serious change in organization.

This is a big challenge for new leaders in the post-crisis era. Leaders have to realize the fact that «moral values are integral, intangible assets that influence the organization's core activities. Moral values are present when setting goals, developing strategies and in everyday decision-making» (Hoivik, 2002, p. 107). Thus, according to Heidi von Weltzien Hoivik, leaders today are responsible for creating organizational environments in which organizational moral values play a crucial role. Some may argue that all of this has already been seen. We argue that it was more on paper than an actual reality. Now, we have to pay more attention to the real organizational life, not only to the things that are written in organizational documents. Multiple stakeholders perceive vivid moral organizational values as an intangible, strategic key asset of the organization. The second challenge for leaders is to realize that organizations are moral subjects that represent and hold moral values. Organizations are responsible not only to their members, but also to all stakeholders.

In this article we will focus our attention on the new mission of leaders in contemporary organizations. Leaders make it possible for others to do the right things and make good decisions. «They know that those who are expected to produce the results must feel a sense of personal power and ownership. Leaders understand that the command-and-control techniques of the Industrial Revolution no longer apply. Instead, leaders work to make people feel strong, capable, and committed. Leaders enable others to act not by hoarding the power they have but by giving it away. Exemplary leaders strengthen everyone's capacity to deliver on the promises they make» (Kouzes-Posner, 2002, p. 18). We agree that leaders have to pay attention to the creation of an ethical organizational culture that aims to foster the moral development of organizations as well as the moral development of their members.

We are defenders of the methodological position, in accordance with Edwin Hartman's idea which emphasizes that every good community and every good organization needs not only good rules, but also people with civic virtues. E. Hartman claims that «As one's desires and one's view of the nature of the good life may be affected by one's community, and as it is possible that the good life for some person has something to do with the happiness of another, there might be a community whose influence is such that the good life for an individual in it will depend on others enjoying the good life as well» (Hartman, 1996, p. 8). In this idea we see the main contribution of organizational ethics, as well as the ethics of leadership for good life in our organizations in the post-crisis era.

We emphasize that for discovering the full potential of organizational moral values for all stakeholders, it is not sufficient just to know which values the organization formally declares. Leaders should also identify their primary and secondary stakeholders' needs and expectations while simultaneously giving employees ethical training. The aim of this ethical training is to explain to all employees the purpose of their organizational moral values in relationship to their primary and secondary stakeholders. It will then be much easier for all employees to digest and adopt organizational values, because they will understand their purpose. We claim that employees need to know the purpose of ethics initiatives; when they understand the purpose they will be more likely to accept them and adopt these initiatives. According to Aristotle, to reach the highest good, and to lead the good life, means to lead the moral life at the same time.

In the following part of this article we will explain why it is crucial in the post-crisis world to have ethical leader(ship) that pays attention to the creation of ethical organizational culture, at the heart of which are moral organizational values.

What makes organization ethical? It is very hard to answer this simple question in a complex way. We believe that leaders set the moral tone in organizations. However, we agree with J. Ciulla (2003), who argues that leaders, as humans, are subject to the same flaws and weaknesses as everyone else. She writes that we want our leaders to live up to higher moral standards than other employees. «Some people turn wistfully to the past and wonder where all the leaders and heroes have gone. But when you think about it, ordinary people did not know as much about the personal behavior of their leaders in the past as we do today. It is difficult to have heroes in the information age where every wart and wrinkle of a leader's life can and often is made public» (Ciulla, 2003, p. 53). J. Ciulla writes that the increase in information that we have about leaders has also increased our concern about their ethics. We will try to reason our assumption that leaders play an important role in instilling ethics into every day practices in organization and in creation of organizational culture. Here arise several important questions about leadership ethics and its effectiveness

in the post-crisis world. What is ethical leadership? What constitutes an ethical leader? What are the roles of these leaders in contemporary societies and organizations?

There do not exist any simple answers to these questions. Instead of some strict definitions we will try to provide some insights gained from practical experience from consulting in Slovakia. We will try to propose some suggestions that would enable improvement of the current situation in Slovak organizations.

According to The Business Roundtable Institute for Corporate Ethics the reality of ethical leadership is far more complex and the stakes are much higher than having «the right values» or being a person of "strong character». However, this is still considered one of the most important aspects of leadership, because the ethical leader can set the example for others. The reality is far more complex. Our view of ethical leadership takes into account not only the leaders and their followers but also all stakeholders and organizational culture. We agree with E. Freeman and L. Stewart who argue that leaders are first and foremost members of their own organizations and stakeholder groups. As such, their purpose, vision, and values are for the benefit of the entire organization and its key stakeholders. «Ethical leaders embody the purpose, vision, and values of the organization and of the constituents, within an understanding of ethical ideals. They connect the goals of the organization with that of the internal employees and external stakeholders. Leaders work to create an open, two way conversation, thereby maintaining a charitable understanding of different views, values, and constituents' opinions. They are open to others' opinions and ideas because they know those ideas make the organization they are leading better» (Freeman-Stewart, 2006, p. 3). Perhaps more than at any previous time, leaders today must know the current state of their organizational culture, and what their organization stands for. They need to practice their values, not only know and have them on paper. They have to internalize them and learn how to use them in their everyday practice. «No longer is values-based organizational behavior an interesting philosophical choice – it is a requisite for survival» (Blanchard – O'Connor, 2003, p. 3). We believe that once an organization has a clear picture of its mission and values, it has a strong basis for evaluating not only its leadership practices, but also all employees behavior and actions, bringing them into alignment with the articulated mission and values. The question is how to create such a mission and how to identify morally good organizational values? We find diagnosing organizational culture as one of the possible ways how to start. According to our opinion, diagnosing organizational culture should be a key responsibility of leaders. Without this important step it will be very hard for leaders to start any serious ethics initiatives and processes.

Organizational theorists are often concerned about the definition of organizational culture. «It was not until the beginning of the 1980s that organizational scholars began paying attention to the concept of culture» (Cameron – Quinn, 2006, p. 16). This idea of culture has been particularly useful for understanding and differentiating between work organizations and behavior of people in them.

«It's a way of differentiating one organization's «personality» from another. The organizational culture expresses shared assumptions, values, and beliefs and is manifested in many ways, including formal rules and policies, norms of daily behavior, physical settings, modes of dress, special language, myths, rituals, heroes and stories. To assess and understand an organization's culture requires knowledge of the organization's history and values, along with a systematic analysis of multiple formal and informal organizational systems» (Trevino – Nelson, 2011, p. 151).

L. Trevino and K. Nelson's (2011) definition of organizational culture partly answers an important question. Why was organizational culture ignored as an important factor in accounting for organizational performance? Most people in Slovak organizations are unaware of their culture. However, their understanding of organizational culture will help them to know why the things in their organizations are as they are.

Therefore, we consider creating ethical organizational culture as one of the key roles of organizational leaders. We further consider managing organizational culture toward ethical organizational culture by the use of organizational moral values as another of the most important leadership roles. K. Cameron and R. Quinn (2006) write that most of the scholarly literature argues that successful companies – those with sustained profitability and above-normal financial returns – are characterized by certain well-defined values.

We suggest that before leaders will decide to take the first step toward creating ethical organizational culture they need to understand the current state of their organizational culture. «Most organizational leaders and observers now recognize that organizational culture has a powerful effect on the performance and long-term effectiveness of organizations. Empirical research has produced an impressive array of findings demonstrating the importance of culture to enhancing organizational performance» (Cameron – Quinn,

2006, p. 5). Change in organizations is pervasive because of the degree and rapidity of change in the external environment. «The conditions in which organizations operate demand a response without which organizational demise is a frequent result» (Cameron – Quinn, 2006, p. 7). K. Cameron and R. Quinn write that the rate of technological change associated with this informational explosion has created an environment intolerant of the status quo. In spite of the fact that change has become the only constant in organizational life, organizational leaders must be careful when setting new directions. As we suggested above, leaders need to know what the current state of their organizational culture is before they start with serious change.

There are many tools and methods that have been used to diagnose organizational culture. We argue for the competing values framework in the process of diagnosing and changing organizational culture. We have practical experience with this organizational culture assessment instrument and we find it very effective and reliable.

Competing Values Framework – The Organizational Culture Assessment Instrument.

«It has been used in more than a thousand organizations that we know of, and it has been found to predict organizational performance. Its intent is to help identify the organization's current culture. That's step 1. The same instrument helps to identify the culture that organization members think should be developed to match the future demands of the environment and to opportunities to be faced by the company. That's step 2» (Cameron – Quinn, 2006, p. 23).

The purpose of this instrument is to assess six key dimensions (see Figure 1) of organizational culture:

1. Dominant characteristics,
2. Organizational leadership,
3. Management of employees,
4. Organizational glue,
5. Strategic emphases,
6. Criteria of success.

Figure 1

The Organizational Culture Assessment Instrument

1.	**Dominant Characteristics**	**Now**	Preferred
A	The organization is a very personal place. It is like an extended family. People seem to share a lot of themselves.		
B	The organization is a very dynamic entrepreneurial place. People are willing to stick their necks out and take risks.		
C	The organization is very results oriented. A major concern is with getting the job done. People are very competitive and achievement oriented.		
D	The organization is a very controlled and structured place. Formal procedures generally govern what people do.		
	Total	**100**	**100**
2	**Organizational Leadership**	**Now**	Preferred
A	The leadership in the organization is generally considered to exemplify mentoring, facilitating, or nurturing.		
B	The leadership in the organization is generally considered to exemplify entrepreneurship, innovating, or risk taking.		
C	The leadership in the organization is generally considered to exemplify a no-nonsense, aggressive, results-oriented focus.		
D	The leadership in the organization is generally considered to exemplify coordinating, organizing, or smooth-running efficiency.		
	Total	**100**	**100**
3	**Management of Employees**	**Now**	Preferred

A	The management style in the organization is characterized by teamwork, consensus, and participation.		
B	The management style in the organization is characterized by individual risk-taking, innovation, freedom, and uniqueness.		
C	The management style in the organization is characterized by hard driving competitiveness, high demands, and achievement.		
D	The management style in the organization is characterized by security of employment, conformity, predictability, and stability in relationships.		
	Total	**100**	**100**
4	**Organization Glue**	**Now**	Preferred
A	The glue that holds the organization together is loyalty and mutual trust. Commitment to this organization runs high.		
B	The glue that holds the organization together is commitment to innovation and development. There is an emphasis on being on the cutting edge.		
C	The glue that holds the organization together is the emphasis on achievement and goal accomplishment. Aggressiveness and winning are common themes.		
D	The glue that holds the organization together is formal rules and policies. Maintaining a smooth-running organization is important.		
	Total	**100**	**100**
5	**Strategic Emphases**	**Now**	Preferred
A	The organization emphasizes human development. High trust, openness, and participation persist.		
B	The organization emphasizes acquiring new resources and creating new challenges. Trying new things and prospecting for opportunities are valued.		
C	The organization emphasizes competitive actions and achievement. Hitting stretch targets and winning in the marketplace are dominant.		
D	The organization emphasizes permanence and stability. Efficiency, control and smooth operations are important.		
	Total	**100**	**100**
6	**Criteria of Success**	**Now**	Preferred
A	The organization defines success on the basis of the development of human resources, teamwork, employee commitment, and concern for people.		
B	The organization defines success on the basis of having the most unique or newest products. It is a product leader and innovator.		
C	The organization defines success on the basis of winning in the marketplace and outpacing the competition. Competitive market leadership is key.		
D	The organization defines success on the basis of efficiency. Dependable delivery, smooth scheduling and low-cost production are critical.		
	Total	**100**	**100**

In the Figure 1, the left-hand response column for the instrument is labeled «Now». That means that respondents are rating their organization as it is currently. After these responses are finished respondents complete the «Preferred» column. Respondents' responses will provide two independent ratings of their organizational culture – current one and one as they wish it to be in five years.

Scoring the Organizational Culture Assessment Instrument (OCAI)

From our practical experience we can say that scoring the OCAI is very easy. «It requires simple arithmetic calculations. The first step is to add together all A respones in the «Now» column and divide by 6. That is, compute an average score for the A alternatives in the «Now» column. Next, add together all B responses and divide by 6. Repeat this computation for the C and D alternatives».

(Cameron – Quinn, 2006, p. 7). Figure 2 illustrates the worksheet that leaders can use for evaluation.

Figure 2

A Worksheet for Scoring the OCAI

A Worksheet for Scoring the OCAI		
NOW Scores		**PREFERRED Scores**
	1 A	
	2 A	
	3 A	
	4 A	
	5 A	
	6 A	
	Sum (total of A responses)	
	Average (sum divided by 6)	
	1 B	
	2 B	
	3 B	
	4 B	
	5 B	
	6 B	
	Sum (total of B responses)	
	Average (sum divided by 6)	
	1 C	
	2 C	
	3 C	
	4 C	
	5 C	
	6 C	
	Sum (total of C responses)	
	Average (sum divided by 6)	
	1 D	
	2 D	
	3 D	
	4 D	
	5 D	
	6 D	
	Sum (total of D responses)	
	Average (sum divided by 6)	

Source: K. Cameron and R. Quinn.

Organizational researchers discovered that most organizations develop a dominant cultural style. «More than 80 percent of the several thousand organizations we have studied have been characterized by one or more of the culture types identified by the framework. Those that do not have a dominant culture type either tend to be unclear about their culture or emphasize the four different cultural types nearly equally» (Cameron – Quinn, 2006, p. 46). Cameron and Quinn state that particular types of cultures form certain values, assumptions, and priorities which become dominant when organizations address challenges and adjust to changes. These dominant cultures help the organization remain consistent and stable as well as adaptable and flexible in dealing with the rapidly changing environment. Figure 3 illustrates the competing values of leadership effectiveness, and organizational theory.

Figure 3

The competing values of leadership effectiveness, and organizational theory

Internal Focus and Integration	**Flexibility and Discretion**		**External Focus and Differentiation**
	Culture Type: CLAN Orientation: COLLABORATIVE Leader Type: Facilitator Mentor Team builder Values Drivers: Commitment Communication Development Theory of Effectiveness: Human development and participation produce effectiveness	Culture Type: ADHOCRACY Orientation: CREATIVE Leader Type: Innovator Entrepreneur Visionary Value Drivers: Innovative outputs Transformation Agility Theory of Effectiveness: Innovativeness, vision, and new resources produce effectiveness	
	Culture Type: HIERARCHY Orientation: CONTROLING Leader Type: Coordinator Monitor Organizer Value Drivers: Efficiency Timeliness Consistency and uniformity Theory of effectiveness: Control and efficiency with capable	Culture Type: MARKET Orientation: COMPETING Leader Type: Hard driver Competitor Producer Values Drivers: Market share Goal achievement Profitability Theory of Effectiveness: Aggressively competing and customer focus produce effectiveness.	
	Stability and Control		

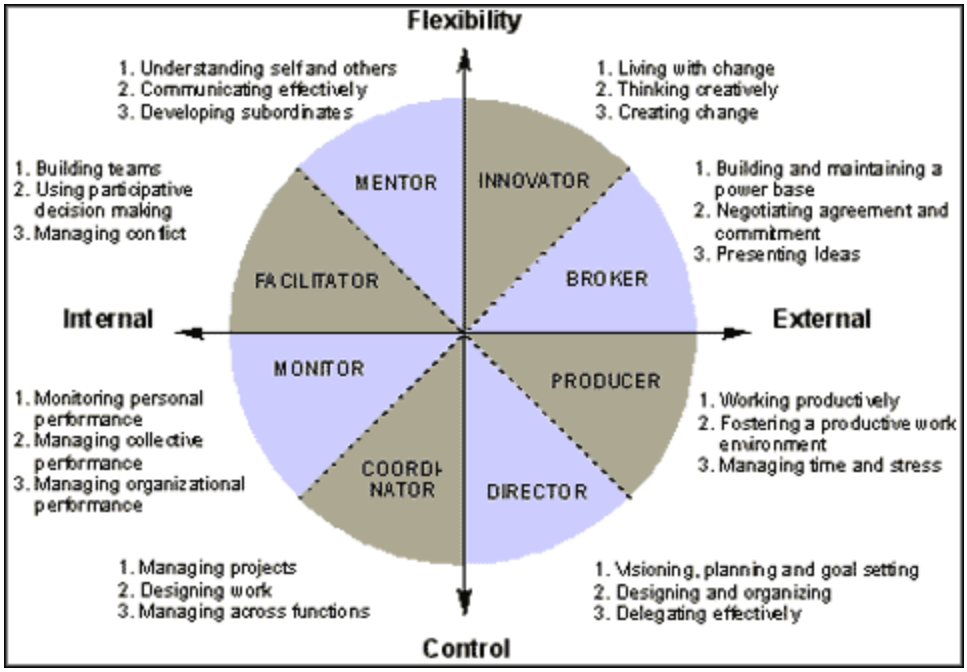
Source: K. Cameron and R. Quinn

Each quadrant in Figure 3 was named to distinguish its most notable characteristics (clan, adhocracy, market and hierarchy). K. Cameron and R. Quinn emphasize that these quadrant names were not randomly selected, but they were derived from the scholarly literature that explains how, over time, different organizational values have become associated with different forms of organizations. Figure 4 illustrates the competencies and the leadership roles in the competing values framework.

K. Cameron and R. Quinn (2006) did several research studies on Competing Values Framework and the results show that the new or small organizations tend to progress through a predictable pattern of organizational culture changes. They argue that in the earliest stages of the organizational life cycle, organizations tend to be dominated by the adhocracy quadrant – without formal structure and characterized by entrepreneurship. «They are largely devoid of formal policies and structures, and they are often led by a single, powerful, visionary leader. As they develop over time, they supplement that orientation with a clan culture – a family feeling, a strong sense of belonging, and personal identification with the organization» (Cameron – Quinn, 2006, p. 53)ю In this early phase employees follow their leader and tend to act in accordance with the model behavior they observe. K. Cameron and R. Quinn came to the conclusion that in this phase of organizational development the leader is considered to be a role model, who sets the moral tone of the organization. K. Cameron and R. Quinn emphasize that potential moral problems and dilemmas in an

Figure 4

The competencies and the leadership roles in the competing values framework



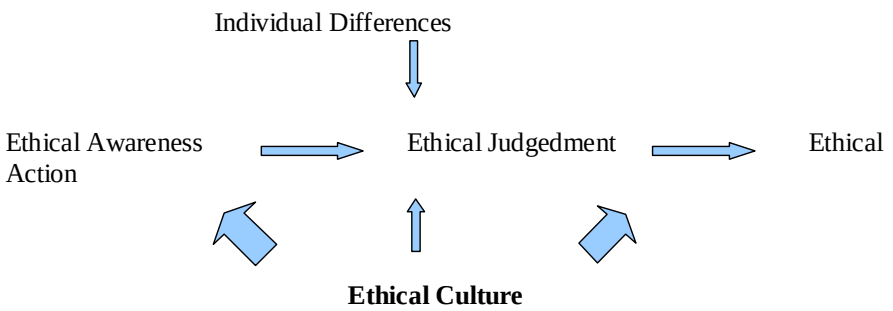
Source: National Institute for Public Education in Hungary.

organization frequently arise, as the organization grows. «It eventually finds itself faced with the need to emphasize structure and standard procedures in order to control the expanding responsibilities» (Cameron – Quinn, 2006, p. 54). We suggest that organizations supplement this statement with such standards and procedures that will enable organizational moral development.

We agree with L. Trevino (2011) who writes that we can think about the ethical culture of an organization as a «slice» of the larger organizational culture that represents the aspects of organizational culture that affect the way employees think and act in ethics- related situations. «In terms of how we've been thinking about ethical decision making, you can consider ethical culture to be a significant organizational influence on individuals' ethical awareness, judgment, and action, along with the individual differences and other influences» (Trevino, 2011, p. 150). According to L. Trevino, most employees are at the conventional level of cognitive moral development, meaning that they are looking outside themselves for guidance about how to think and act. «Ethical culture is a source of a good bit of that guidance and can influence employees to do either the right thing or the wrong thing» (Trevino, 2011, p. 150). For better understanding we use L. Trevino's illustration of ethical organizational culture (see Figure 5). It visualizes the purpose and role of the ethical culture which is crucial for the creation of effective organizations in this post-crisis world. The word effective has two meanings here. Not only economically effective, but also morally effective.

Figure 5

Ethical organizational culture



Source: L. Trevino.

In this section of the article we will focus on ten facets of ethical leaders which offer a way to understand ethical leadership in more complex way. We argue that ethics is at the heart of leadership. In our effort to support this statement we will use E. Freeman and L. Stewart's argumentation about what constitutes ethical leaders; those who play a crucial role in organizational moral development and long-term effectiveness of organizations. Ethical leaders do:

1. Articulate and embody the purpose and values of the organization.
2. Focus on organizational success rather than on personal ego.
3. Find the best people and develop them.
4. Create a living conversation about ethics, values and the creation of value for stakeholders.
5. Create mechanisms of dissent.
6. Take a charitable understanding of others' values.
7. Make tough calls while being imaginative.
8. Know the limits of the values and ethical principles they live.
9. Frame actions in ethical terms.
10. Connect the basic value proposition to stakeholder support and societal legitimacy.

E. Freeman suggests organizational leaders answer the following simple question that will help them establish whether they really follow what they formally declare:

What are my most important values and principles?

Does my calendar–how I spend my time and attention–reflect these values?

What would my subordinates and peers say my values are?

What mechanisms and processes have I designed to be sure that the people who work for me can push back against my authority?

What could this organization do or ask me to do that would cause me to resign for ethical reasons?

What do I want to accomplish with my leadership?

What do I want people to say about my leadership when I am gone?

Can I go home at the end of the day and tell my children (or a loved one) about my leadership, and use my day's work to teach them to be ethical leaders?

«The best way for organizations to develop ethical leaders is to engage in some of these questions. Viewing business simultaneously in economic and ethical terms helps to send the message that ethics isn't just an important set of rules not to violate, but that it is an integral part of what it means to work at your organization» (Freeman – Stewart, 2006, p. 9).

The most renowned leadership scholars, like James MacGregor Burns, Joanne B. Ciulla, Edward R. Freeman, Patricia Werhane, Craig E. Johnson, Heidi von Weltzien Hoivik and many others all agree that one of the most important steps is to bring life to a conversation about how the organization benefits its stakeholders and about understanding the organization's values.

The Center for Ethical Business Cultures at the University of St.Thomas Opus College of Business published a document named «Assessing the ethical company» in which authors proposed «The Ethical Organization Model». It describes five characteristics of an ethical organization: Values, Leadership Effectiveness, Stakeholder Balance, Process Integrity, Long Term Perspective.

Values. At the heart of ethical organization are its values. The Center for Ethical Business Cultures uses an organic analogy – an organization's values are its lifeblood. «For the organization to be healthy, they must flow vigorously through every cell» (Jondle-Shoemake-Kowske, 2009, p. 57).

Leadership Effectiveness. Leaders must embody the organization's values in their own behavior and must articulate those values in a way that is compelling not only for employees but for key (primary) stakeholders. «Leaders set the tone that permeates the organization's culture. If employees perceive top leaders to care more about results than about how those results are achieved, this perception can encourage the bending or even the breaking of rules» (Jondle-Shoemake-Kowske, 2009, p. 57). We have emphasized the meaning of ethical leadership at several places in this article. Leaders set a moral tone in any organization.

Stakeholder Balance. Proposed Ethical Organizational Model, with which we agree, recognizes that stakeholder needs and demands frequently exist in tension with one another. «Customers want higher quality at a lower price; employees want higher wages and increased benefits; owners/investors want a greater return; suppliers want to be paid more; communities want companies to invest more in them; and competitors want fair competition» (Jondle-Shoemake-Kowske, 2009, p. 57). The authors of this model do not suggest that these tensions will disappear for the ethical organization. They argue that the ethical

organization recognizes these tensions and works to maintain a balance between them. «Focusing too much on any one stakeholder, whether owners/investors, customers or employees, will create a distortion that can lead to ethical lapses» (Jondle-Shoemake-Kowske, 2009, p. 57).

Process Integrity. Process Integrity in proposed model represents a focus on the systems dimension of organizational life. «The ethical organization's values must be built into every operational process. All of its operational systems, e. g., recruiting, hiring, evaluating, compensating, promoting, demoting, firing, marketing, sales, production, etc. Need to be aligned with its values. At best, misaligned processes create confusion and poor decision making within the organization; at worst, they create ethical breaches and chaos» (Jondle-Shoemake-Kowske, 2009, p. 57).

Long Term Perspective. The fundamental characteristic of an ethical organization is the devotion of its leadership to strategically plan for the long-term. This characteristic, according to authors of this model, evokes the question, «what is the purpose of this business?». For some, the answer is to maximize shareholder value, but for others, the goal of business is found in balancing the interests of numerous stakeholders – owner/investors and employees, customers and suppliers, communities and as the authors present, also competitors. «Within the model, the linkage between Leadership Effectiveness and Stakeholder Balance represents a company's commitment to serving, and its ability to return value to all stakeholders» (Jondle–Shoemake–Kowske, 2009, p. 57).

Suggestions. In the last part of this article we propose some suggestions for the effective functioning of organizations which are based on our practical experience, from consulting as well as on the theoretical study of relevant literature from the field of organizational theory, organizational leadership, ethical leadership, organizational culture and organizational ethics.

We consider the commitment of business leaders to be ethical leaders in organizational improvement and moral development as crucial. There is no substitute for leaders' congruent behavior and actions. If all stakeholders see that leaders behave and act congruently with all principles and norms which they formally declare, they will serve as real role models. Such moral behavior will enhance and support all ethics initiatives which will consequently lead toward the creation of morally responsible and long term economically successful organizations.

If this precondition is fulfilled we suggest following these procedures:

1. Diagnosing current organizational culture.
2. Creation of a stakeholder map.
3. Careful identification of stakeholder's needs and expectations.
4. Creation of organizational long term vision.
5. Definition of organizational purpose and its introduction to all stakeholders.
6. Identification and clarification of organizational moral values, their interpretation to the real life actions in organizations so that the key stakeholders will understand their meaning in real organizational life. This is the basic precondition to make these organizational moral values vivid ones. We emphasize that it is not sufficient for an organization to have laminated «values cards». It is necessary to provide employees with ethical training in which they will face solving moral dilemmas. Through such training employees will develop and practice their ethical decision making processes by the use of organizational moral values.
7. Monitoring.
8. Evaluating.

We started this article with Albert Einstein's words that the world that we have made by the level of thinking we have been capable of thus far creates problems that we can't solve at that same level of thinking. His words are especially true in this post-crisis world. Organizational life before the crisis was characterized by moral cynicism and poor ethics. This crisis is rather a moral crisis of modern capitalism and crisis of moral values. In 1932 Томбљ Baea said following words on economic crisis in 1920's and 1930's: The reason for the crisis is moral poverty. The turning point of the economic crisis? I do not believe in any turning points that happen just by themselves. The term that we got used to call economic crisis is just a different name for moral poverty. Moral poverty is the reason, economic crisis is just consequence. There are many people that think it is possible to save the economical decline by money. I am threatened by the consequence of this mistake. In the situation where we are now, we do not need any brilliant twists or combinations. We need moral attitude towards people, work and public property. Not to support bankruptcy, not to make debts, not to waste values for nothing, not to discriminate workers… we need to do what helped

us to grow after the war period and that is to work hard and to save and to make work and saving more effective, demanding and more honest rather than laziness and wasting. You are right, it is necessary to overcome the crisis of trust, however with technical, financial or credit actions it will not happen. Trust is very personal and it can only be restored by moral perspective and personal examples.

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