

The corporation as a good citizen: A case study of Lockheed Martin

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1. Introduction: Politicization of the firm and corporate citizenship

What is corporate citizenship? There are many theoretical points of view, but few authors look at the idea of the political firm in practice (Megone 2002). In this paper, I want to present the problems of the political firm by investigating how a particular firm deals with the issue of being a good corporate citizen. I have selected the US Defense industry corporation Martin Marietta that more recently became Lockheed Martin. This firm is political in the sense that it has worked deliberately on being a “good corporate citizen” (USSG, 1995 & 2005), which is the US notion for corporate citizenship as a requirement of legitimacy of corporations of the government and the general population. Accordingly, the topic of this article is to show some aspects of the problems and dilemmas of corporate citizenship in practice by studying the activities of one particular corporation in the US (Paine 1997). We can define corporate citizenship as “.. the process of identifying, analyzing, and responding to the company’s social political, and economic responsibilities as defined through law and public policy, stakeholder expectations, and corporate values and business strategy... [it] involves both actual results (*what corporations do*) and the process through which they are achieved (*how they do it*) (Tompson 2005).” With this definition we may say that corporate citizenship expresses the attempt of a company to be socially responsible and act ethically in relation to internal and external stakeholders in the corporation and in society. The problem is what it means to be a good corporate citizen and have ethics programs and how this is realized in the practical life of the corporation. The political firm is a corporation that wants to be a good corporate citizen and a company that searches to have political, ethical and social legitimacy in the political community (Driscoll & Hoffman 2000).

The theoretical framework for my study of Lockheed Martin as an example of a political corporation that searches to appear as a good citizen corporation is - in addition to this theory about business ethics and corporate citizenship - the theory of the political corporation as presented by Christian Frankel (Frankel 2008). Frankel can help to situate our definition of corporate citizenship within the framework of social theory. Frankel argues that emerging concepts like the corporate

social responsibility, values-driven management, business ethics and corporate citizenship indicate new forms of political activity where corporations act in political fields of influences that constitute a second order politics where firms define what is responsible influencing the first order politics of legislation and party politics (Frankel 2008).

The political function of corporations in society represent a kind of governance where corporations influence the conditions of making collectively binding decisions and in this way companies constitute their own political domains (Frankel 2008). Their increasing responsibility implies that companies are not only lobbyists but they make political decisions that shape political decision-making process.

This implies that politics is not only about affecting legislation. It is about branding and it is about how to make room for decisions and companies create room of domains for legitimate political actions. In this sense companies are becoming more responsible but at the same time we see a process of dissolution of responsibility (Frankel 2008). We can talk about the explosion of responsibility. The new forms of responsibility imply that corporations are made political. They assume responsibility not only in relation to themselves but in relation to society in general

From the point of view of institutional theory and economic sociology we can argue that markets fundamentally are political (Frankel 2008). We can say that a corporation act at a political market implying social and political relations between actors. In this sense the corporation searching to be good corporate citizen acts in a political field where it relates to political processes in society.

I have selected Lockheed Martin that is a fusion of the Lockheed Corporation and Martin Marietta because it as a large corporation with 130.000 employees is one of the companies in the United States that has been most efficient and influential in developing an ethics program as an illustration of an effort to act as a good business organization (Boyne 1998). Moreover, Lockheed Martin has really been a corporation that has been searching to propose itself as a major supporter of the US society and as such a good corporate citizen. Another reason for the choice of this corporation is that the air planes, missile and information technology producer as a major player in the US defense industry since the 1980s has been very active in the establishment of codes of conduct and compliance programs in order to overcome fraud and bad management.

With this activity Lockheed Martin is a corporation that goes beyond first order politics - understood as traditional politics where representatively elected political bodies are setting the rules for neutral and silently obedient economic actors – towards second order politics where the

corporation contributes actively towards formulating its own ethical and political field in society. This is because this corporation does not only seek to obey legislation but makes its own value strategies and develops ethics programs for corporate citizenship in order to be a good citizen corporation. The distinction between compliance programs and ethics and values programs is very important for understanding the increased political involvement of a corporation from passive acceptance of legislation towards active engagement of good corporate citizenship. Compliance approaches are about preventing and detecting and punishing violations of the while value and ethics-based approach is about values and inner motivation to comply with laws and regulations. A value-based approach seems to be more effective because it defines the shared values of the corporation rather than external measures of rules. Values-driven management contributes to self-governance and self-regulation of the corporation and this expresses the effort to acquire legitimacy in society.

To move from compliance programs or legal programs to obey the law towards values-driven management (proactive values for active political activities) as a new approach to compliance illustrates how the corporation is acting within the domain of a field of second order politics where it seeks to influence its environments by creating the brand value of being a good citizen corporation. We can say that the effort to realize good corporate citizenship the corporation makes a close link between ethics and compliance and this model of business ethics may indicate the possibilities and limits of the political firm as based on business ethics issues. Moreover, it illustrates the difficulties and necessities of ethics in large industries with products (defense industry articles) that sometimes may be controversial from the political perspective.

In this sense, this paper aims at showing how the effort to become a good citizen corporation illustrates how the corporation is politicized in modern complex society. However, I also want to show ambiguities and paradoxes of the use of values-driven management and ethics programs as an instrument of corporations to manifest themselves as political actors in society. In the end of the article we will discuss the usefulness of ethics and values in order to promote good corporate citizenship in the corporation.

My methodology and framework for this analysis of corporate citizenship is a case-study approach based on the Harvard case-method that can conceived as a hermeneutical reading (Gadamer 1960; Jonsen 1989) and reconstruction of the context of a specific corporation (Richman 1989; Damle 1989; Megone 2002, 2). The empirical basis for this reading is the text about their ethics programs produced by Lockheed Martin and other written material of the corporation, in

particular annual reports. In addition to this I have used secondary sources of literature about business ethics. What is at issue in the perspective is the identification of particular political ethical problems and issues of corporate practice and the organizational and institutional response to these problems. So the analysis is based on hermeneutical understanding and reconstruction of the way a corporation faces ethical and political dilemmas and problems (Damle 1989; Richman 1989; Megone 2002).

2. Martin Marietta: Corporate citizenship as good business ethics

Martin Marietta was in the 1980s an important contractor to the US government and in this sense had a close relation with the state and the need to appear as an attractive business partner for the state may be one of the reason for the focus on corporate citizenship (Boyne 1998; Badaracco et al. 1991). With these initiatives to develop a written code of ethics and conduct and install a set of measures to ensure implementation of ethics programs in different organizations systems of ethics offices Martin Marietta was very important for the *US Defense Industry Initiative on Business Ethics and Conduct* from 1986. This initiative was an effort to make the defense industry corporations appear as good corporate citizens and in this sense the corporations was given a space for self-regulation and development of their own ethical policies. The Reagan administration had been critical to the defense industry in the 1980s while this administration wanted to use money on defense. In order to ensure better products the administration asked the defense industry corporations to set up ethics codes for the entire industry. This led to an agreement where 18 and shortly after 32 and in 1990 55 defense industry contractors gathered together in order to formulate a code of conduct for the defense industry (*Defense Industry Initiative*) (Paine 1997, 194). In this context Martin Marietta also took initiative to coordinated audit planning and a contractor risk assessment guide in order to be more collaborative with regard to worries of government auditors. Martin Marietta shows itself as a leading company in trying to make the industry have stronger and better compliance programs.

In the *Defense Industry Initiative* the corporations agreed to possess a written code of conduct, train their employees in the codes requirements, encourage employees to report violations of the code without fear of retribution, monitor compliance with the federal procurement laws and adopt procedures for voluntary disclosure of violations to the appropriate authorities, participate annually in an industry wide Best Practices Forum in which ideas were freely exchanged, provide for public accountability by outside review of company programs (Paine 1997). This code of

conduct is a very good illustration of a second order politics where corporations are becoming self-regulating with regard to the norms and practices for their industry.

In this sense the ethics programs initiatives of the defense industry corporation may be seen as a reaction to potential government action. Due to certain scandals and in order to avoid government involvement in company affairs the corporations took initiatives for corporate citizenship with self-regulation through compliance programs (Boyne 1998). These programs can be considered as effort of the corporations to show themselves as good corporate citizens and honest businesses in order to avoid scandals and prevent illegal behavior. This approach is oriented towards values-driven management as going beyond compliance as a necessary action to stay in business rather than a strong desire to be prudent and virtuous. Accordingly, in compliance outside pressure is stronger than inner motivation.

The implantation process of the ethics and values-driven management in order to go beyond compliance programs in Martin Marietta and other defense industry corporations in order to make them good corporate citizens soon faced important problems. The one was the effectiveness of employee reporting of violations and wrongdoings. How could the corporation avoid that employees would fear retaliation and retribution if they reported other employee's wrongdoing to management? How could ethics officers and their offices help to facilitate this process? Another problem was how to measure the effectiveness of the program with regard to the prevention of wrongdoing.

The ethics program was evaluated in an annual report and a hotline to the ethics office was established so that employees could have easy contact with ethics officers. The corporation emphasized that every request for the ethics office should be taken seriously (Terris 2005, 107). All high level managers should be informed about the ethics programs and the ethical policies of the organization. Also the firm established a voluntary program where employees could disclose freely eventual misconduct. The ethics program of Martin Marietta is an example of the use of US compliance programs for large industries in order to promote corporate citizenship. In the years following the ethics program Martin Marietta experienced an increase in economic growth. Martin Marietta was ranked among the best of government contractor companies in 1990 and it was considered as one of the most profitable companies in the industry (Paine 1997; Boyer 1998).

If we apply the concept of the politicization of the corporation (Frankel 2008) to the *US Defense Industry Ethics Initiative* we can argue that it represents an external and internal effort to make defense industry corporations appear as good corporate citizens. With the ethics programs we

see an effort to make second order politics of self-regulation by endorsing employees to follow values that are promoted by the corporation. The corporation seeks not only to improve internal values but externally it seeks to appear with a societal brand of being a politically responsible corporation taking seriously its role as a good citizen. We can argue that this represents an extension of the sphere of legitimate responsibility where the firm takes responsibility in relation to society. Moreover, it represents an effort to build a brand of the corporation as an actor that is institutionally legitimate in US society.

However, critical voices say that these efforts do not really lead to good corporate citizenship but made the organization turn into a bureaucratically controlled surveillance firm where employees became more cautious rather than a firm with a free spirit of collaboration and entrepreneurial spirit (Paine 1997, 169; Boyne 1998). Other critics argue that the efforts to do self-regulation of citizenship are not efficient because they are too close to traditional compliance programs rather than being genuinely based on ethics and values (Driscoll & Hoffman 2000). According to this criticism the *Defense Industry Ethics Initiative* was not radical enough because it stayed within the framework of traditional compliance programs. In order to contribute to corporate citizenship ethics programs should create motivation and personal engagement than mere compliance with legal regulations (Paine 1994; Paine 2003). According to this criticism an ethics program should be more than compliance, monitoring and supervision, but include experience and training in ethical judgment so that employees are capable of making the right decisions in difficult situations.

3. Lockheed Martin: improvement of the ethics program

The company is to day known as Lockheed Martin Corporation and was formed in 1995 when two of the world's premier technology companies Lockheed Corporation and Martin Marietta merged (Lockheed Martin 2001). In contrast to Martin Marietta it is not conceived only as a defense industry corporation, but also as a corporation developing many products for civil purposes. For many years the corporation had a turnover of more than 25 Billion US dollars and in 2007 the turnover was 41 Billion US Dollars. Due to the changed security situation in the world the company's sale have increased rapidly after September 11. As a leader in the defense industry the corporation produces weapons and materials for the armed forces (Lockheed Martin 2005). In 2001 the corporation expresses its willingness to be a good corporate citizen and fight and help "serving those who fight for freedom" (Lockheed Martin 2001, 11). Lockheed Martin Corporation developed

and refined the model of ethics and corporate citizenship that was proposed by Martin Marietta. The idea is that ethics is straight-forward thing about helping people to “do the right thing” (Terris 2005a, 2). This approach that should be the basis for the good citizen corporation can be characterized as a values-driven approach with a strong focus on corporate ethics. We can document this by a short description of the dimensions of the ethics program at Lockheed Martin.

Elements of the ethics program at Lockheed Martin:

What are the elements of the ethics program at Lockheed Martin? This is indicated by the values that we find in the value declarations, ethics programs and annual reports of the corporation: “Ethics, Excellence, “Can-Do”, Integrity, People, Teamwork” (Lockheed Martin 2005b). Lockheed Martin defines the value of ethics as very important for its concept of corporate citizenship. Ethics is integrated in the values of the corporation in the following statements that illustrate the effort of the corporation to be a responsible economic and political actor in society: “We will be well-informed in the regulations, rules and compliance issues that apply to our businesses around the world. We will apply this knowledge to our conduct as responsible employees of Lockheed Martin, and will adhere to the highest standards of ethical conduct in all that we do” In this sense, ethics is closely to follow the law and comply with the standards of the state. Excellence is considered as a value of high business performance: “The pursuit of superior performance infuses every Lockheed Martin activity. We excel at meeting challenging commitments even as we achieve total customer satisfaction...” (Lockheed Martin 2005b).

In this context the value of Can-do is about individual leadership and the commitment of employees to the opportunities and challenges of the organization. Integrity as a basic value is related to commitment, respect for dignity, truthfulness and trust (Lockheed Martin 2005b). The value of people indicates that the corporation regards employees as very important and that the corporation works for life-long personal and professional development. Finally, the value of teamwork relates to the collective accountability and team spirit of the organization, which however should not oppress individual talent and creativity (Lockheed Martin 2005b). These values are defined as fundamental to all kinds of policies and strategies of the firm. They are considered to define the accountability of the employees and of the organization as a whole.

The ethical principles that we find in the value statements are regarded as central to the vision of corporate citizenship in the ethics programs of the organization are: “Honesty (to be truthful in all our endeavors; to be honest and forthright with one another and with our customers, communities, suppliers, and shareholders), Integrity (To say what we mean, to deliver what we promise, to fulfill our commitments, and to stand for what is right), Respect (To treat one another with dignity and fairness, appreciating the diversity of our workforce and the uniqueness of each employee), Trust (To build confidence through teamwork and open, candid communication), Responsibility (to take responsibility for our actions, and to speak up – without fear of retribution – and report concerns in the workplace, including violations of the laws, regulations and company policies, and seek clarification and guidance whenever there is doubt), Citizenship (To obey all the laws of the countries in which we do business, and to do our part to make the communities in which we live and work better” (Lockheed Martin 2005b).

In addition to these values and ethical principles the corporation proposes a decision-making model in its material for ethics education with the following components: “1. evaluate information 2. Consider how your decision might affect all involved 3. Consider what company values and ethics principles are relevant 4. Determine the best course of action” (Lockheed Martin 2005b). This code of ethics and conduct is said to apply to all employees, managers, executive officers and corporate board members of the corporation.

The code of ethics and business conduct that should express the intention of the corporation to be a good corporate citizen was adopted by the board of directors as universal principles to guide the actions of the enterprise everywhere in the world. The corporation emphasizes personal integrity as ethical commitment as an important part of its way to do business and here can see that the corporation develops what Lynn Sharp-Paine call an “integrity strategy for corporate citizenship” (Paine 1994). The code of ethics seems to apply to external corporate actions but indeed mostly also to internal actions of employees. The code is formulated as an instrument to ensure sound individual ethical judgment and common sense of employees and their capacity to confront ethical dilemmas in their professional activities (Lockheed Martin 2005b). It is characteristic that citizenship and the concept of the good citizen corporation are considered as an important ethical principle of the corporation and that the technology and defense system producer wants to ensure its commitment to serve the political community. Employees, customers, community, shareholders,

suppliers and partners are mentioned as fundamental stakeholders that determine the commitments of the enterprise (Lockheed Martin 2005b, 8).

An important part of citizenship proposed in ethics statements and declarations is to comply with law and regulations, but this is only considered as a minimum to a much more uncompromising ethical responsibility (Lockheed Martin 2005c). Among others the corporation emphasizes its willingness to obey anti-trust laws and respect the rules of fair competition at free markets. The corporation regards it important to comply with the US International Traffic in Arms Regulation (ITAR) and the US Foreign Corrupt Practices Act (FCPA), which prohibits any kind of bribery (Lockheed Martin 2005a). We can also mention the US Federal Sentencing Guidelines for Organizations (1991) where government emphasizes the need for corporate self-regulation with ethics programs and the Sarbanes-Oxley regulation that puts emphasis on the need for increased control with corporate accounting. This effort to follow the law implies careful relations with foreign officials and representatives from corporations. It also emphasizes its obligation to follow national laws of the countries in which it operates (Lockheed Martin 2000). All employees are encouraged to involve in civic affairs in their free time even to the corporation does not give any money to political parties and organizations.

The ethical principles fundamental to citizenship are regarded as essential to create a workplace that respect and honor diversity and cultural difference and exclude harassments or discrimination of any kind. The code of ethics promotes the principles of honesty, integrity, respect, trust and responsibility as integrated part of daily activities of the corporation (Lockheed Martin 2005a). The virtues of a health and drug free work environment with safety are also promoted. Any kind of misrepresentation or falsification of data or lying to stealing or doing theft is sharply condemned by the code of conduct. Employees and supervisors are responsible for keeping honest and true records of their activities (Lockheed Martin 2005a, 16). The ethical principles are used as instruments to ensure a better and more conscious performance at work. It is considered important that employees run, negotiate and perform contracts very carefully (Lockheed Martin 2005a, 22).

Bribery and gifts are stressed as very controversial and employees should not accept improper gifts of a very high value, because these gifts may be used as pressure or instruments of corruption. Lockheed Martin goes far as to say that employees are not required to give gifts to government business connections for more than 20 dollars (reflection of government ethics regulations). The same is the case of restaurants meals and refreshments (Lockheed Martin 2005a, 24). In case of doubt or exceptions to this rule employees are encouraged to consult laws and regulations and to contact superior managers and the ethics office of the corporation. Indeed, employees of Lockheed Martin are not allowed to receive gift by other persons or companies for more than 100 dollars. In some cases of doubt they would have to ask ethics officers if it may be appropriate to accept the suggested gifts

Another important issue that plays a large role in the code of ethics of Lockheed Martin is the question of conflict of interests (Lockheed Martin, 2005a, 34). Individuals should work to avoid that they are placed in situations where they are in conflicts of interests and they should make fair decisions with regard to the people involved. This implies when family relations, ownership relations or personal interests are involved in the situation. In particular, employees should be aware of the problems of conflicts of interests when they work with government officials or former government officials, due to the position of the company as a major government contractor.

The folder with the code of conduct of Lockheed Martin contains an indication of “warning flags” and a “quick quiz” based on the ethical principles to tell people whether an action is ethical. The warning flags indicated are ““Well, may be just this once”, “No one will ever know”, “It doesn’t matter how it gets done as long as it gets done”, “Everyone does it”, “Shred that document”, “We can hide it”, “No one will get hurt”, “What’ in it for me?”, “This will destroy the competition”, “We didn’t have that conversation”, “This is a ‘non meeting’”” (Lockheed Martin 2005a, 45). The quick quiz “When in doubt ask yourself” contains the following questions: “1. Are my actions legal? 2. Am I fair and Honest? 3. Will my action stand the test of time? 4. How will I feel about myself afterwards? 5. How will it look in the newspaper? 6. Will I sleep soundly to night? 7. “What would I tell my child to do? 8. How would I feel if my family, friends, and neighbors knew what I was doing?” (Lockheed Martin 2005a, 46). The warning flags and the quick quiz show how Lockheed Martin is trying to base its ethics program on personal responsibility and integrity of the employees. Their conscience and ability to make sound ethical judgment is the central aim of the ethics program.

Indeed, the code of ethics and conduct emphasize that people making a request to the ethics office will be treated with dignity and respect and their communications will be kept confidential and that people can be anonymous when they talk with the ethics office. Employees are encouraged to talk with the ethics office when they meet issues and problems of ethical character in their daily activities of the organization. With this focus on the behavior of the employees the corporation seeks to ensure that all sectors of the organization are contributing to the establishment of good corporate citizenship.

With these elements of corporate values and ethics at Lockheed Martin we see how proactive self-regulation of behavior is going far beyond a neutral compliance with regulation. Through corporate

policies, training programs of employees with concrete tests and focus on values and ethics in concrete work situations Lockheed Martin has continued the efforts of Martin Marietta to appear as a good corporate citizen (Lockheed Martin 2005e). We can say that the code of values and the ethics program opens for a broader field of ethical and political responsibilities of the corporation that it was traditionally presupposed in the economic concept of the market where economic action was totally separated from politics and ethics. With its ethics program Lockheed Martin commits to broader social responsibilities to a variety of stakeholders including customers, employees, suppliers and local and international community. We may say that the corporation wants to achieve legitimacy in society as being “more than just a defense corporation” (www.lockheedmartin.com). Lockheed Martin is forming its brand by giving it political and ideological significance as important for the common good of society.

4. Search for Legitimacy through good corporate citizenship

This presentation of the cases of Martin Marietta and Lockheed Martin as well as the *US Defense Industry Initiative* illustrates the move to integrity and value-based ethics programs in the vision of the good corporate citizen, which has been so evident in US developments of business ethics (Driscoll & Hoffman 2000; Paine 2003). We can see the emergence of the concept of “the good citizen corporation” as an attempt to give the corporation responsibilities and duties as a fellow citizen in society (Rendtorff 2006; Rendtorff 2007). The metaphor of corporate citizenship is used as an indication of the effort of the corporation to act with responsibilities in society that go beyond the pure economic responsibility to increase profit maximization. With its emphasis of ethics at all internal and external levels of the organization Lockheed Martin constructs its brand identity as a good corporate citizen that recognizes and takes seriously its social and political responsibility.

How should we characterize this definition of the political corporation? Daniel Terris contributes with a very important analysis of business ethics at Lockheed Martin in his book *Ethics at Work. Creating Virtue at an American Corporation* (2005) (Terris 2005). On the basis of his work we can make a distinction between five possible approaches to the concept of business ethics and corporate citizenship used by US corporations that can be applied to Lockheed Martin. These approaches are:

1. *The sins of the Tycoon*. This approach is mainly a critical approach that indicates that modern corporations has so much power and responsibility, but do not take their social

and political responsibility seriously. On this basis this approach argues that what is needed is that top management in large corporations become aware of their ethics and responsibility in order to make the corporation a good corporate citizen. We can evidently see an element of this approach in the policy of Lockheed Martin. Business ethics and values are used in order to get social legitimacy as a good citizen corporation.

2. *Business conduct in the industry market.* This approach focuses on the need for political self-regulation of corporations on their economic market. In fact with the *US Defense Industry Ethics Initiative* we can argue that this approach also play an important role in the efforts of Lockheed Martin to appear as a good corporate citizen. By making a general ethics initiative for the industry it is proposed that the industry should establish certain general ethical rules that may be accepted by society so that industry acquire goodwill and legitimacy in society through its establishment of goodwill in particular political fields of action.
3. *Putting workers first.* This is an approach that focuses not only on the virtues of the employees and their ability to behave decently but also consider their social wellbeing and good working conditions as important for business ethics. This approach is less present in the ethics program of Lockheed Martin. Employee ethics is first and foremost an instrument to ensure good behavior of the corporation and not so much a tool to give the employees better working conditions. We can observe that Lockheed Martin only is interested in employee virtue as long as it ensures good ethical behavior in society.
4. *Corporate social responsibility.* This element of corporate citizenship emphasizes the need to be responsible towards society and assume responsibility for the community where the corporation acts. We can see that Lockheed Martin with its brand for corporate citizenship is eager to assume this task. However, this is still a lot to do of the corporation to really be socially responsible. Moreover, we can observe that Lockheed Martin needs to develop concrete CSR tasks in order to live up to the requirements of CSR. Presently, CSR is presented as being present in the activity of defense industry corporations as Indicated by their contribution to the defense of the country.
5. *Perils of profits.* This dimension of corporate citizenship relates to the legitimacy of the

way the corporation gets its profits and earns money. In the case of Lockheed Martin we should not forget core earnings come from selling weapons to the state. Some people might express skepticism to this way of earning money as being unethical (Lockheed Martin 2005d, 21-22). It is indeed a problem that this skepticism is not present in the way that Lockheed Martin presents its ethics program. The organization has done very little to take up the debate of the legitimacy of war and arms sales in society.

With these different approaches we can argue that the ethics program of Lockheed Martin has mainly been focused on avoiding the sins of the Tycoons and ensure good business conduct in the industry market. Good treatment of workers, corporate social responsibility and extensive discussion of the legitimacy of arms production has not played any significant role in the construction of corporate citizenship of Lockheed Martin. In this context it is characteristic that education of employees has been considered a key component of creating good business conduct in the industry without putting focus on better employee treatment. We can say that corporate citizenship has been conceived with efforts to build employee virtue so that the corporation was represented by good, honest employees with high integrity.

The system of ethics training represented by the ethical training of employees seems to be characterized as an effective and easy going, humoristic way to minimize misconduct among employees (Lyttle 2001). What have been important for Lockheed Martin have been the virtues of individual employees in order to ensure the morality of the corporation. When we look at the ethics program in practice we can see that it can handle individual “ethical lapses” among employees, but it is less apt to tackle issues of collective decision making and problems of corporate policies at higher levels. Moreover, the ethics program is very silent about the complexity decisions of high level managers and of the policy of the corporation with regard to the ethical issues of war and defense policy (Terris 2005, 17).

We can therefore argue that the focus on the individual worker in the ethics program leaves many important questions untouched and this is the basis for the potential vulnerabilities of the ethics program that are related to the different conceptions of business ethics in the US that are left untouched by Lockheed Martin. We can mention that there is little focus on corporate governance and the power, privileges and responsibilities of corporate leaders. In particular, in the defense industry, the dilemmas of their decision making must be very complex. Therefore, the ethics program should look more into power and leadership (Terris 2005, 123). Indeed, we can argue that

personal morality and integrity is insufficient and that involvement of the ethics office in developing structures and procedures for this field is important. In addition, it is characteristic that the focus on individual responsibility seems to imply a strange kind of “collective innocence” (Terris 2005, 130). Even though it has a strong ethics program the corporation is all the time involved in legal and ethical allegations and court cases where the corporation is charged with millions of dollars in fines. This is not only a question of size of the organization, but it indicates increased focus on the need for treatment of ethical issues at the collective and institutional level of the firm.

Therefore, critical voices may say that the effort to achieve corporate citizenship illustrates how ethics has become a bureaucratic instrument for forcing and disciplining the employees. “Open communication” is whistle-blowing to one’s superior in order to ensure compliance with company policy. Instead of being a program of visions of an ideal world this program is about how to govern employees and ensure that management gets knowledge of irregularities in the organization. The ethics program has become training in political correctness. There may be a conflict between personal values of employees and requested work norms – or more profoundly, a tension between values of the organization and the deeper values with regard to the conceptualization of more fundamental issues of work and society in relation to corporate citizenship.

This is documented by the strong focus on conflict of interests, corruption and bribery or the ethics of teamwork in the ethics program. Ethics and appeal to corporate citizenship are used as kind of sophisticated military weapon to ensure that employees are not opportunistic and that they are able to submit to the values and norms of the corporation. There is not much ethics in the Annual report that first of all focuses on financial results (Lockheed Martin 2004). Employees are suggested to follow a clear line of reasoning in accordance with company policy, but this conception of ethics awareness might sometimes hide fundamental structural issues of ethics.

A further critical comment would be that training of employees is based on description of ethical dilemmas of what they have to do. The employees are regarded as potential wrongdoers and the program is designed to show them how to behave in a decent way with high integrity (Lockheed Martin 2005a). By considering the employee highly responsible the corporation manages to move the responsibility from the institutional level of the organization towards the individual level of employee responsibility. To make employees responsible becomes a major instrument in creating an ethical image and political legitimacy of the organization. What is important is to ensure that employees are able to act with virtue in the work environment and give employees capacities to deal

with ethical dilemmas in the work environment in a civilized way. Ethics and citizenship are used as an instrument to give employees something like good scout virtues so that they can comply with the rules of regulations of society as representatives from the corporation.

5. Conclusion: Politicization without good corporate citizenship?

What is the conclusion? The abovementioned criticisms seem to be very severe and they challenge the idea of the possibility of good corporate citizenship. What we can learn from the analysis of Lockheed Martin is that it seems sufficiently documented that the corporation searches to build a political field of self-regulation where it assumes responsibility at a market that has political dimensions that has social dimensions that go beyond pure economic interaction. However, we can also learn that Lockheed Martin is very far from realizing ideal corporate citizenship. We can observe awareness of ethics and responsibility in relation to overcoming the “Sins of the Tycoons” and proposing ethical behavior of the defense industry. This is indeed a move towards corporate citizenship which is a condition for the corporate citizenship. However, there is also an important limitation to the approach to corporate citizenship of Lockheed Martin since the corporation has done very little to address the issues of employee wellbeing, corporate social responsibility and the legitimacy of its main product, namely weapons and missiles.

We can say that the corporation wants to create an image of being a good corporate citizen in compliance with the virtues and values of society (see annual reports of Lockheed Martin). Corporate citizenship is considered as a good ethics, but it is not considered as a progressive work for changing society, for example with regard to defense policy issues and political issues. The corporation does not directly confront issues about the legitimacy of defense policy and the ethics of war even though this may be implicit in the ethical values of integrity, responsibility, trust and honesty. There is a risk that Lockheed Martin may disregard fundamental issues of the mission of the corporation in community. There is in the ethics programs no room for the discussion of the dilemmas of defense business and therefore the corporation does not really address issues of social responsibility and legitimacy of profits.

In this sense, the case of Lockheed Martin makes us aware of the ambiguity of corporate ethics between increased responsibility and lack of responsibility (Frankel 2008), since the ethical corporation is producing controversial products with high ethics and great responsibility. Lockheed Martin is an ambiguous actor that has a very well developed ethics program, but produces military technology and defense products, which by some members of the population may be

considered as ethically doubtful objects. Ethics is important in the business of this corporation because it is a major government contractor. Ethics and values are as we have seen first of all related to the vision of doing good business. As a government contractor on sensible issues of security politics and defense policy Lockheed Martin is forced to have strict values and decent behavior if the corporation shall not lose legitimacy credibility and trust among business partners and in society at large. Therefore, the corporation is a good illustration of the politicization of the firm even though it is very far from having implemented corporate citizenship on the levels of treatment of employees, social responsibility and creation of a room for debate about the legitimacy of its core products and services.

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