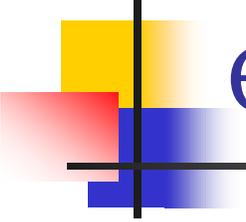


# Ethics in troubled times...

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Business Ethics in Project Delivery

April 16, 2009



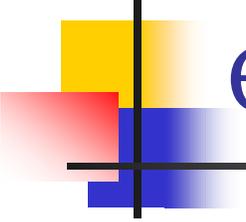
# What does it take to make ethical decisions?

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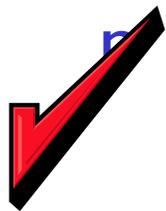
n *One must:*

1. Want to behave ethically (all other things being equal)
2. Recognize when an ethical issue is presented
3. Know how to make an ethical decision (process) or what the ethical decision is (substance)
4. Not be distracted from making the ethical choice
5. Have the courage to make ethical choice even in the face of potentially adverse consequences

# What does it take to make ethical decisions?



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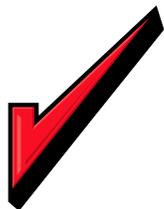
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# What does it take to make ethical decisions?

n *One must:*

2. Recognize when an
3. Know how to make or what the ethical
4. Not be distracted from making the ethical choice
5. Have the courage to make ethical choice even in the face of potentially adverse consequences (i.e. choose to behave ethically when all other things **are not equal**)

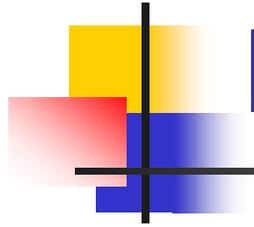


# What does it take to make ethical decisions?

n One must:

**ONLY  
BRIEFLY**

2. Recognize when an ethical issue is presented
3. Know how to make an ethical decision (process) or what the ethical decision is (substance)
4. Not be distracted from making the ethical choice



# First handout

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# What do we mean by ethical?



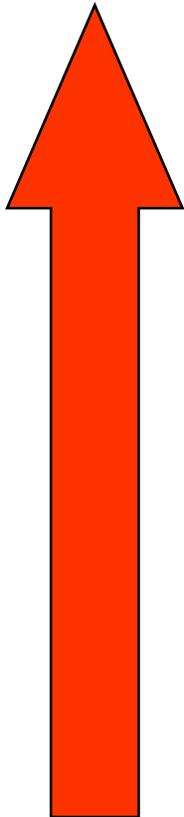
**“Business as service” standard**

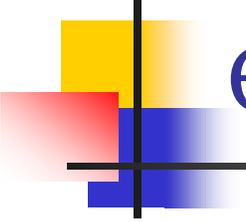


**Looks OK in the paper standard**



**Stay out of jail standard**





# What does it take to make ethical decisions?

---

n *One must:*

2. Recognize when an ethical issue is presented

4. Not be distracted from making the ethical choice

# Pressures...



**Individual  
factors**

**Recognize ethical  
questions when  
presented**

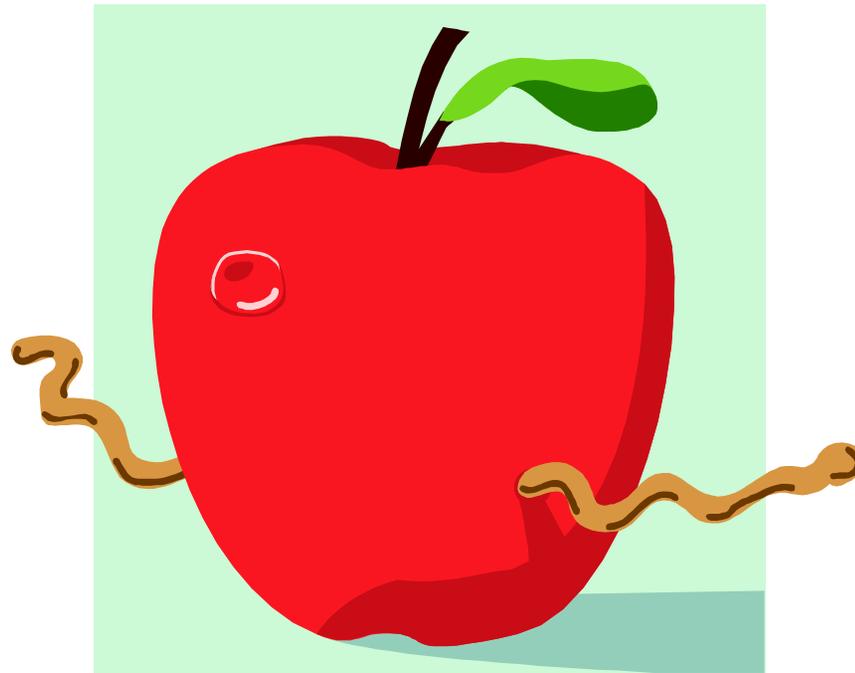
**Not be distracted  
from making the  
ethical choice**

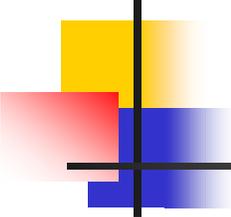


**Organizational  
factors**

# Bad apples?

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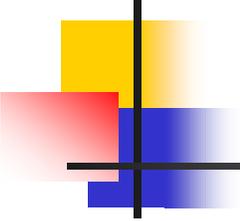




Or bad apple barrels?

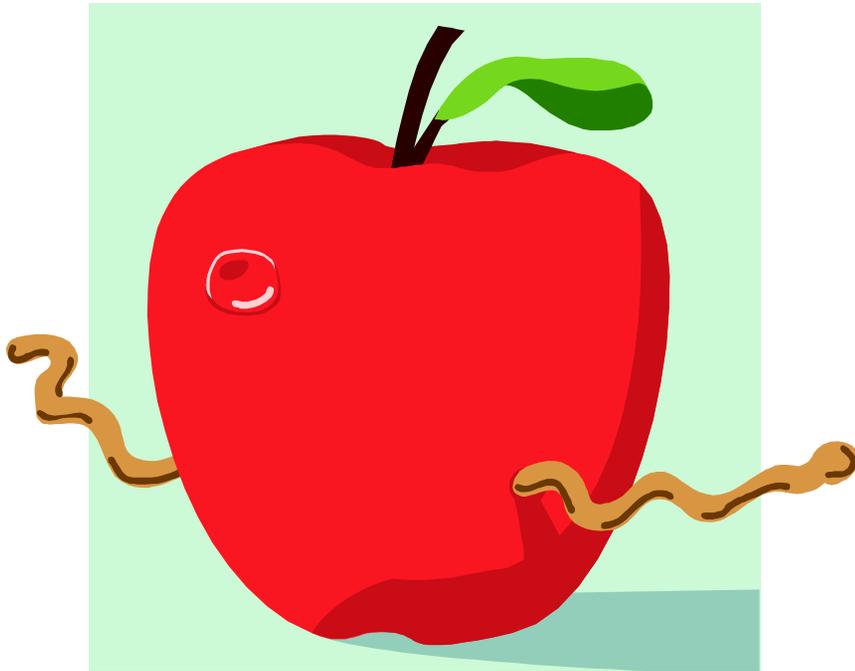
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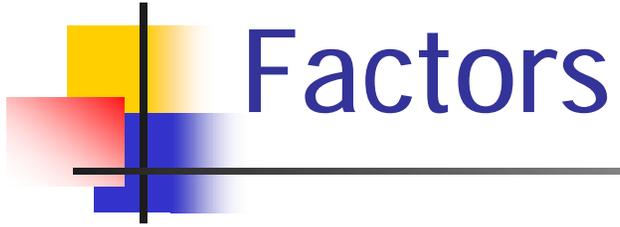




# Focus on individual pressures

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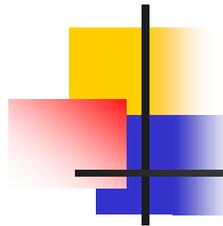
# Factors

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$nS$

$nS$

$nS$



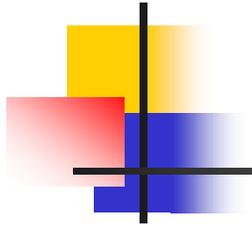
# Factors

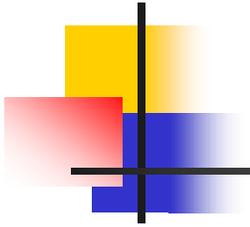
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**n** Speed

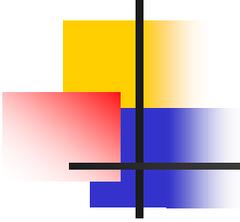
**n** Spin

**n** Stuff



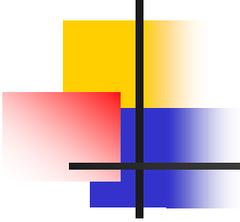


Spin



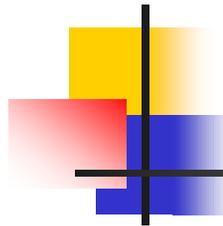
# Stuff

Q1 Toys Investments  
Why not get it? Need more  
Travel St 123  
Things Luxuries  
Money Cx  
Want more  
Gadgets  
PR Buy now  
D



# Stuff

Q1 Toys Investments  
Why not get it? Need more  
Travel St 123  
Things Luxuries  
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Want more  
Gadgets



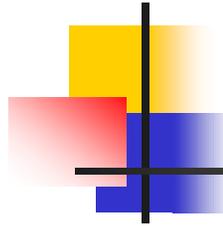
# Factors

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n Speed

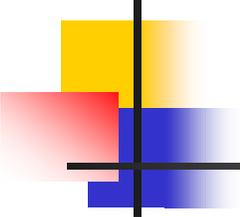
n Spin

n Stuff



# Second handout

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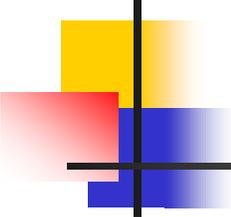
Let's focus on bad barrels...

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**Organizational  
pressures to  
behave  
unethically**

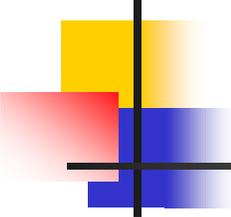
Detailed



# Organizational pressures

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- n Tie indices of success to conformity
- n Communicate company acceptance of unethical behavior
- n Create ethically vulnerable settings

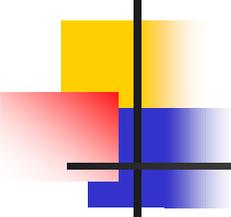


# Organizational pressures

---

- n Tie indices of success to conformity
- n Communicate company acceptance of unethical behavior
- n Create ethically vulnerable settings
- n Stress lack of responsibility and certainty-for-loyalty exchange
- n Discourage questions

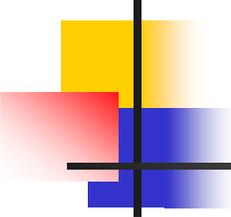




# Structural pressures

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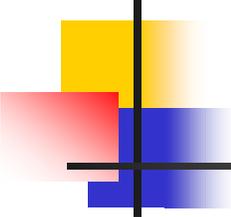
- n Tie indices of success to conformity
  - n Emphasize achieving results
  - n Stress loyalty, shared values, vision
  - n Inflate the need for conformity to permit proper functioning of team spirit
  - n Train to and audit for “legal” compliance only



# Structural pressures

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- n Communicate company acceptance of unethical behavior
  - n Mentor and model company values
  - n Require “shading” rather than wholesale abandonment of ethical principles
  - n Reward activity that “doesn’t rock the boat” and punish non-conforming behavior



# Structural pressures

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- n Create ethically vulnerable settings
  - n Create situations where unethical behavior is unlikely to be detected and will work in the company's favor
  - n Reduce time for reflection
  - n Isolate decision-maker
  - n Use personal appeal of powerful organizational person

# The Perils of Obedience

## n Basic experiment



# The Perils of Obedience

- n Basic experiment
- n Basic conclusions
  - n Psychological factors encouraging obedience
  - n Structural factors encouraging obedience



# The Perils of Obedience - Psychological Factors



## n Lack resources to resist authority

*Even when the destructive effects of their work become patently clear, and they are asked to carry out actions incompatible with fundamental standards of morality, relatively few people have the resources needed to resist authority.*

# The Perils of Obedience - Psychological Factors



- n Minimize wrongness by reference to internal objections

*Some were totally convinced of the wrongness of their actions but could not bring themselves to make an open break with authority. They often derived satisfaction from their thoughts and felt that - within themselves, at least - they had been on the side of the angels.*

# The Perils of Obedience - Psychological Factors



## n Desire to please

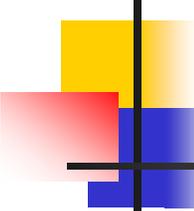
*The subject fears that he will appear arrogant, untoward, and rude if he breaks it off.... It is a curious thing that a measure of compassion on the part of the subject – an unwillingness to “hurt” the experimenter’s feelings – is part of those binding forces inhibiting his disobedience...*

# The Perils of Obedience - Psychological Factors



## n Loss of self

*The essence of obedience is that a person comes to view himself as the instrument for carrying out another person's wishes and he therefore no longer regards himself as responsible for his actions.*



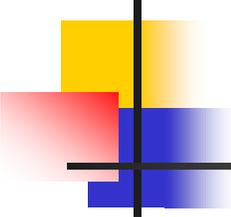
# The Perils of Obedience - Effects of Hierarchy

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- n Fragmentation of work – alienation of worker

*Thus there is a fragmentation of the total human act: no one is confronted with the consequences of his decision to carry out the evil act. The person who assumes responsibility has evaporated.*

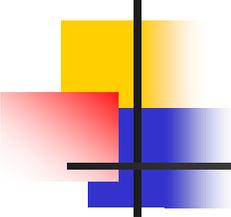
- n Note lack of conventional methods of enforcing obedience



# Organizational pressures

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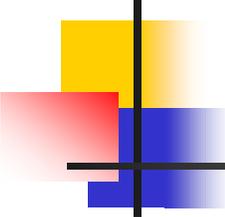
- n So far...
  - n Tie indices of success to conformity
  - n Communicate company acceptance of unethical behavior
  - n Create ethically vulnerable settings



# Organizational pressures

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- n Stress lack of responsibility and offer “certainty-for-loyalty” exchange:
  - n “If you don’t do it, someone else will”
  - n “If you knew the whole picture, you would see how the behavior is ethical after all”
  - n “Even if the whole is unethical, there is nothing wrong with your piece of the puzzle”

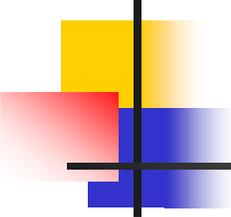


# Organizational pressures

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W Stress lack of responsibility and offer “certainty-for-loyalty” exchange:

- n “You are only following orders”
- n “Those with far greater expertise on these issues feel differently; perhaps you are wrong”



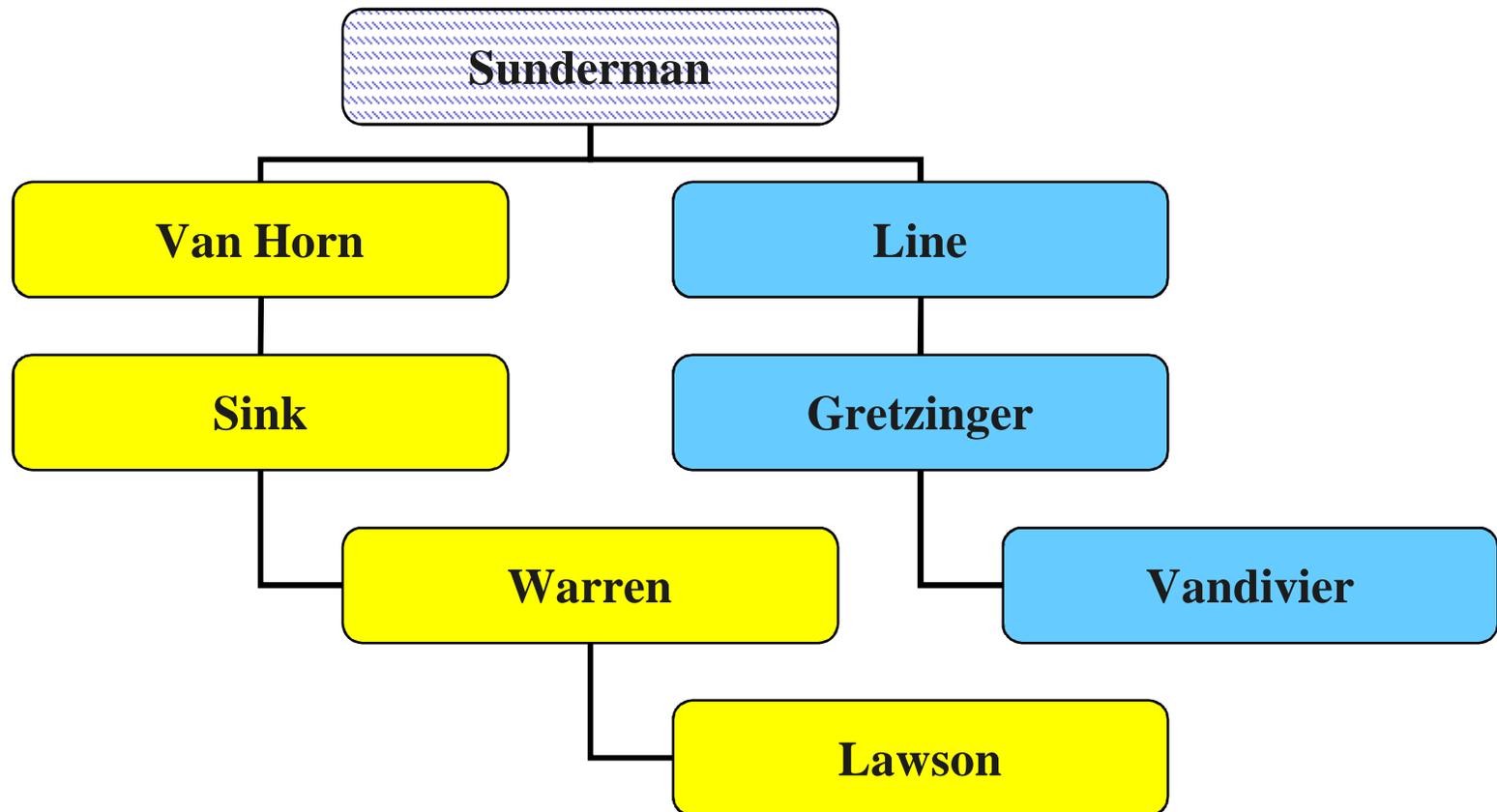
# Organizational pressures

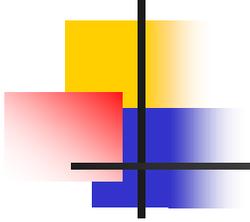
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## n Discourage questions by:

- n Hierarchy that funnels communications through a single channel
- n Condoning intemperate responses to criticism and suggestions
- n Excessive deference to expertise or position
- n Condone punitive or ostracizing behavior aimed at non-conforming behavior
- n Punishment of admissions of errors

# BF Goodrich organization chart





**Thank-you**

# The Perils of Obedience

## n Basic experiment



# The Perils of Obedience

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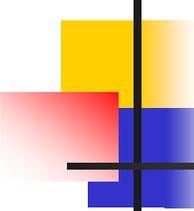
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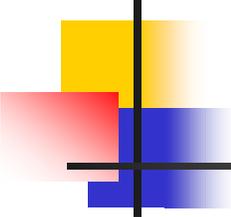
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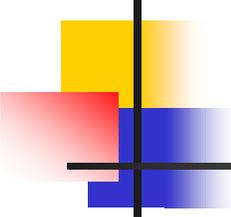
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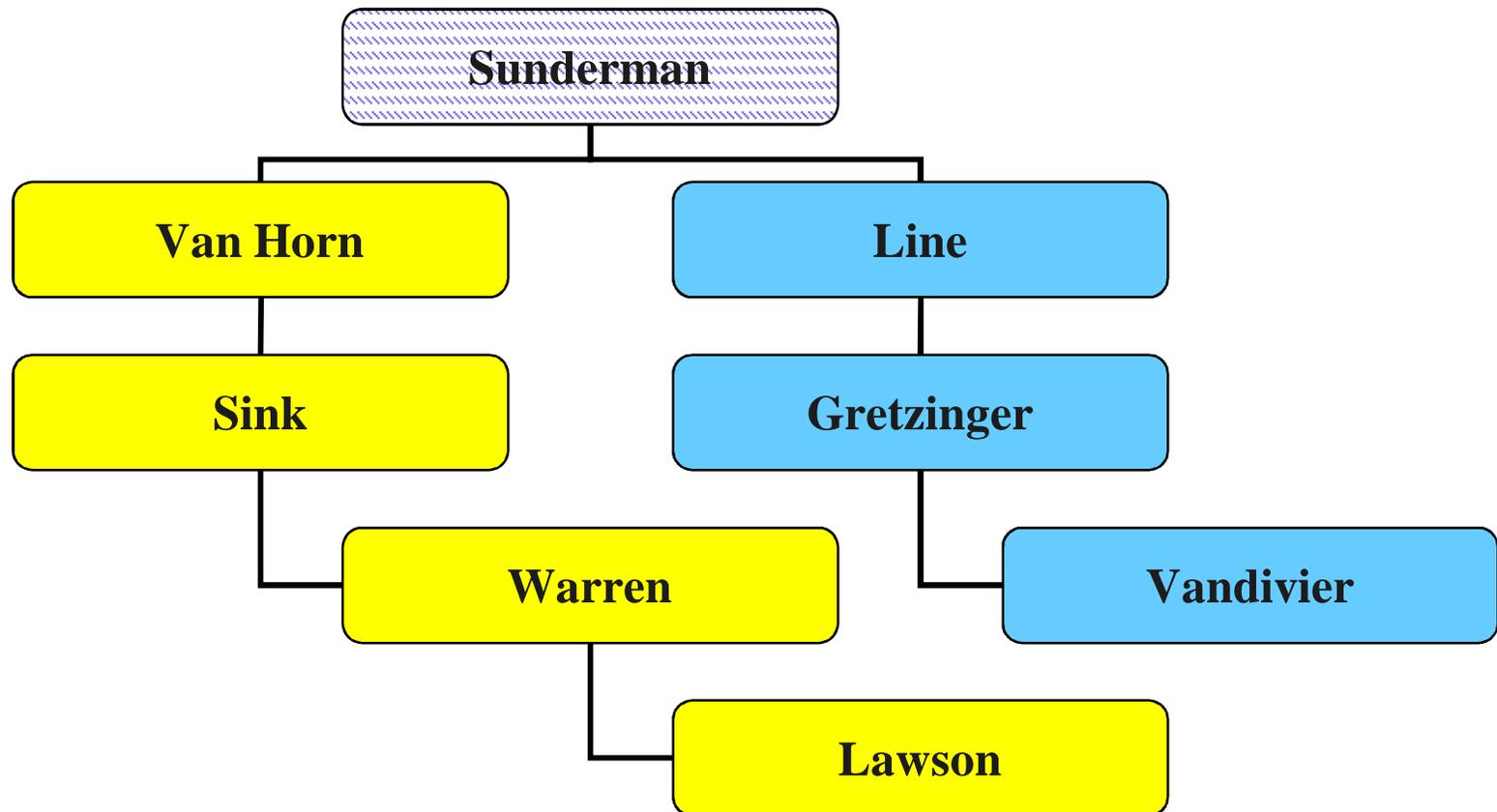


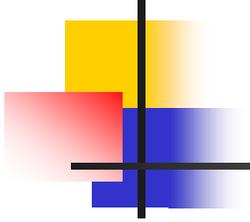
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# BF Goodrich organization chart





**Thank-you**