

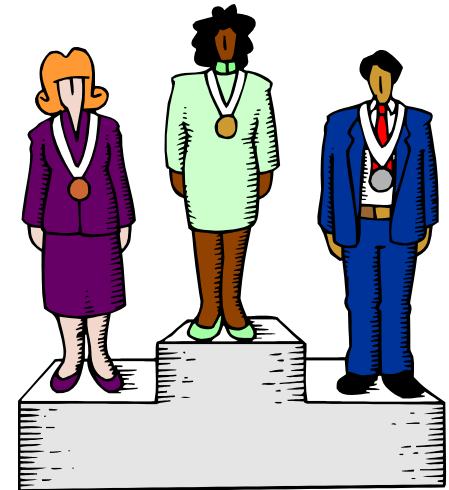
Organizational Factors Impacting Ethical Decision Making



**What you do “inside the box” impacts decision making.
Understanding what happens to people when working in the box.**

What the organization (box) does that impacts decision making

- Stated Rules or Beliefs about Ethics
- Creates a culture
 - Rules
 - Rewards/Punishment
- Leaders
- Relationships within the box
- Group Dynamics
- Opportunity



Corporate Culture -- the GLUE



Organizational Culture is

a system of shared meanings and common beliefs
held by organizational members that determines
(in a large degree)
how organizational members act towards each other

"The way we do things around here"

**Culture is reflected in the values, rituals,
symbols, myths, and practices
of the organization.**



More on Culture

It is perceived.

It is shared.

It is descriptive.

We describe the attributes of culture, by looking at dimensions. We can pick the ones we want to study.

We talk about culture in terms of its strength.

Strong v. weak cultures.



Super Glue



Glue Stick

Strong v. Weak Cultures

STRONG

- The “key” parts of the culture are held deeply by members.
- Culture has a strong influence over members.
- Benefits from Strong Culture:
 - Employees are committed to the organization
 - People are drawn to the organization (want to work there)
 - Easier to socialize new members to the organization
 - Can result in higher organizational performance
- Drawbacks from Strong Culture:
 - Resistant to change
 - If culture is counter to organizational goals, then getting undesired outcomes

WEAK

- Hard to identify “key” parts of culture – when you identify them, they not held deeply by members.
- Culture does not have a strong hold on members.

How do the following impact the strength of culture?

- Large v. Small Organizations?
- Age of organization?
- Rate of employee turnover?
- Strength of culture at birth?
- How clear are the cultural values & beliefs?

Birth, Growth, Death of Culture

Where does culture come from?

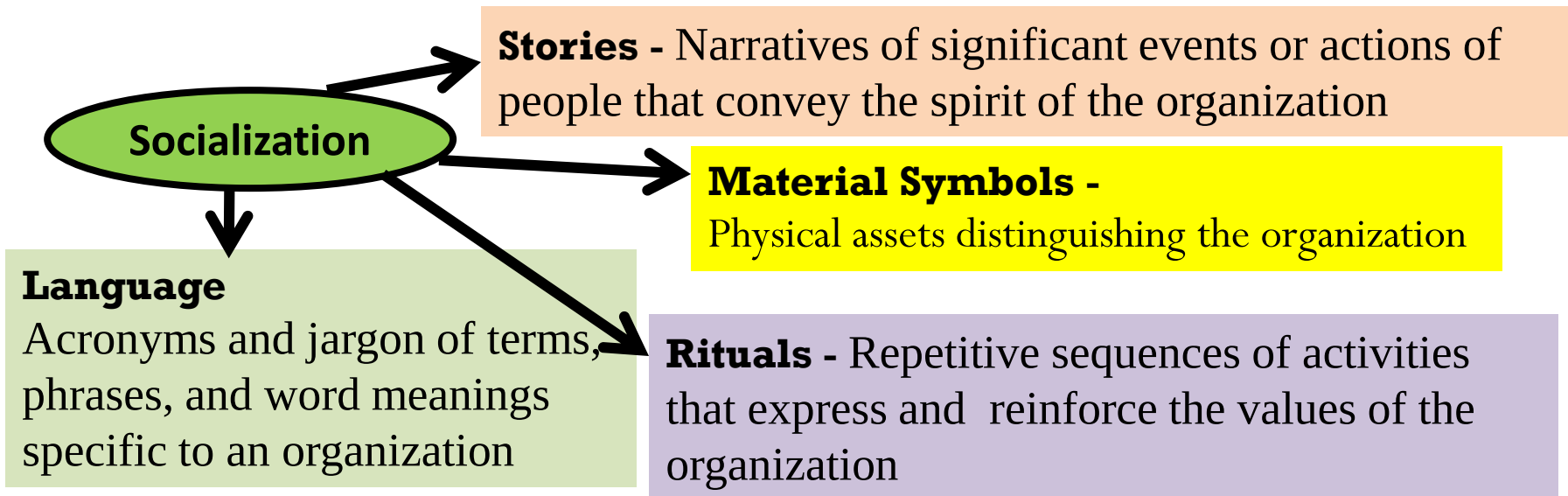


- Organization's founder (vision & mission)
- Past practices of organization
- Top Management (behavior/rewards)



Through the years how does it continue or grow?

- hire like minded people who “fit” into the culture
- socialization of new employees to help them adapt to the culture





What weakens or kills a culture?

- High employee turnover
- Change in leadership
- Slow, steady weakening overtime
- Poor job with socialization of new employees
- Major change to the organization
- Mergers/ Acquisitions (Pixar & Disney)

Want an Ethical Culture?

- Manager should be a visible role model
- Communicate ethical expectations
- Provide ethics training
- Reward ethical acts and punish unethical ones
- Make it safe for employees to discuss ethical dilemmas and report unethical behavior without fear.
- Culture needs to tolerate risk taking
- Focus on the means as well as the outcomes
- Hard to be ethical if culture is highly aggressive



Obedience to Authority

- We differ in how much we follow what a person in authority says. Some of us are very obedient.
- 1960s Milgram experiment explored this issue.
- Watch the video clip in the Video links folder showing the experiment as repeated in 2000.

What does this mean for organizations?

What should they do if they want ethical decisions by their employees?

Relationships within the Box

How people work together within the box greatly impacts their behavior and the decisions they make.



Companies are responsible for the conduct of their employees including the decisions they make.

Companies must understand the interpersonal dynamics within the organization in an effort to get the desired behavior.



- Socialization (how people learn behavior)
- Roles
- Differential Association (Significant Others)
- Group Think & Reluctance to Act
- Obedience to Authority



Socialization & Roles

- Socialization is one way people learn values, practices, behavior in an organization. It occurs from watching how others behave.
- Role are a set of expectations and responsibilities that come with a particular position.
 - A person may have multiple roles
 - The expectations and responsibilities that belong to one role may be in conflict with an other role that person holds

Differential Association

- One of the greatest influences on a worker's ethical decision making is from his/her interaction with others in the workplace
- Differential association is “the idea that people learn ethical or unethical behavior while interacting with others who are part of their role-sets or belong to other intimate personal groups.”
- These around us (work group, coworkers, subordinates, boss) have more influence on our daily decisions **MORE THAN** anything else.



Conformity and Group Think

Conformity

- Individuals conform in order to be accepted by groups.
- Group pressures can have an effect on an individual member's judgment and attitudes.
- The effect of conformity is not as strong as it once was, although still a powerful force.

Groupthink- The extensive pressure of others in a strongly cohesive or threatened group that causes individual members to change their opinions to conform to that of the group.

Groupthink is a type of thought exhibited by group members who try to minimize conflict and reach consensus without [critically testing, analyzing, and evaluating](#) ideas. Wikipedia

Symptoms of Groupthink

- Illusions of invulnerability where the group thinks it is invincible and can do no wrong.
- Collective efforts to rationalize or discount warnings.
- Unquestioned belief in the moral correctness of the group
- Stereotyped views of the out-group, often as too evil, weak or stupid to be worth bothering with
- Self-censorship as people decide not to rock the boat.
- Pressure to conform
- A shared illusion of unanimity (everyone always agrees with everyone else)
- Protecting the group from contrary viewpoints, by
- self-appointed 'mind-guards'

Historical Examples of Group Think

Decision to Launch the Space Shuttle Challenger

Bay of Pigs Crisis

Jonestown

Asch Study

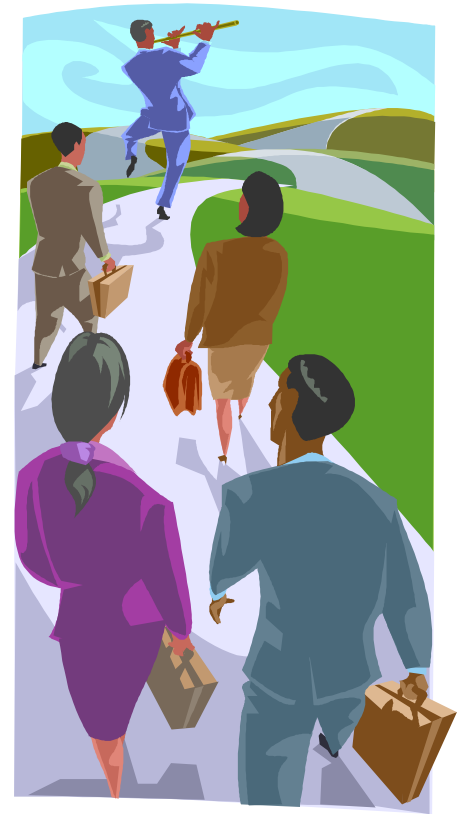
To Limit the Occurrence of Groupthink

- Ensure an open climate for discussion
- Avoid overcontrolling the group's decision
- Implement a specific decision-making or problem-solving process
- Actively seek dissenting voices not mistake silence for consent
- Get feedback from informed outsiders; and
- Provide group members with enough time to study the problem and solutions

Group Norms

Group Norm is a standard of behavior acceptable to the group.

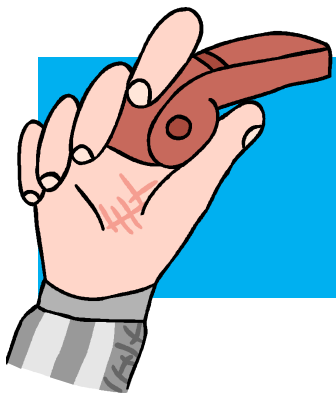
- norms define acceptable behavior
- foster conformity
- may conflict with the organizational culture
- very powerful





Opportunity

- Is the unethical behavior permitted? Will I be punished or get caught? Will my good behavior be rewarded?
- Recall the advice from White Collar criminals, now turned lecturers:
Mark Morze (watched video in Module 1)
Walter Pavlo (watched video in Module 1)
 - No one ever asked.
 - No one ever questioned what Enron said about its earnings.
 - No one checked to see if the amount ordered was reasonable.
 - Employers have a responsibility to limit the opportunity for unethical behavior. By not doing so, the employer sends a message of “I don’t care” or “the behavior doesn’t matter.”



Role of Whistleblowing

Whistleblower – an employee that tells others outside the organization about an employer's wrongdoing.

- Outsider may include media, government, or public (You Tube examples)

What makes an employee willing to be a whistleblower?

What happens to the employee who blows the whistle?

Why don't more of us blow the whistle?

- Reluctance to get involved
- Need a connection to the organization or person to get involved
- If one person acts, then we are more likely to act.
- Fear negative consequences if we get involved.

Efforts to Encourage Whistleblowing through Laws

Legal provisions of whistle-blowing

The Sarbanes-Oxley Act makes it illegal to discriminate against a whistle-blower.

Publicly traded companies are required to implement an anonymous reporting mechanism.

The Federal Sentencing Guidelines for Organizations provides rewards for companies that systematically detect and address unethical or illegal activities.

Reluctance to Get Involved

We as humans often do not like to render aid or get involved. In this module, you will watch some video clips that provide examples of this.

Why do people stand by without doing something about something they know is wrong or when they know someone needs help?

Part of the answer is provided in the video clip about the Bystander Effect.

This characteristic that many of us are reluctant to get involved works counter to the principal that we need people to come forward and tell us when something is going wrong.

What can we do to overcome this reluctance?