

The Individual's Role in Shaping Organizational Ethics.

I can't do anything. I'm just a...

by Frank J. Navran

Introduction

In any article on organizational ethics it is first helpful to agree on how certain key words are being used. In this case:

Values refers to a person's or organization's system of beliefs. That is how the individual or organization defines what is *right, good* and *fair*.

Ethics refers to how those values are acted out.

It is also appropriate to point out that this article will be set in an organizational context since that is my professional venue. It is my belief, however, that my observations, while rooted in organizational systems are equally applicable to other systems; political, academic, social.

Can an individual make a difference?

This title begs the question of whether or not an individual can *make a difference*. The question appears to refer to the anonymous individual: the little person in the big organization.

Some would assume that the ability to make a difference is a function of one's level or organizational position. For example many believe that a CEO, President, Vice President or other senior executive can always make a difference.

While the casual observer might believe that rank brings power, it is not necessarily so. Many people presumed to have power in organizations are powerless. The corollary is also true. Many people presumed to be powerless have the power to either create change or stop it.

I can't do anything. I'm just a Vice President. These words were said by Mr. J., a Vice President of a Fortune 50 company. Here was an individual who oversaw 9,000 employees and had financial responsibilities for \$30+ million annually. He was complaining that he could not change the organization to make it stop doing *the wrong thing* and start making it do *the right thing* because he did not have enough power. Mr. J. wanted to reshape the organizational ethics of his department.

He wanted to create a more egalitarian working environment. He wanted employees to have the freedom to do what they thought was right as they worked towards helping the organization reach its goals.

Here was a Vice President who sought to empower his employees, yet felt powerless to bring that change about. He believed that his hands were tied by union contracts, headquarters staffs, and tradition. He feared that any change would adversely affect financial performance in the short run. Giving employees more authority and freedom would threaten the other officers and they would resist and eventually stop any effort he began.

Mr. J. made an attempt at changing the ethical climate of his organization, despite his sense of powerlessness, but failed. He retired recently, five years after the conversation alluded to above, relinquishing control of an organization not that different from the one he inherited more than 9 years ago.

The point of this story is to reframe the underlying question. *Can an individual, regardless of title, power or position make a difference?*

Since this is not a paperback thriller, I can tell you the answer now and not worry about spoiling the suspense. I believe that every individual can make a small difference. Some individuals can make a large difference. The surprise is that the size of the difference is not a function of title, position or presumed influence. It is a function of *real power*.

Let us proceed by first identifying what unethical behavior looks like and then discussing the sources of power and the strategies that individuals can use to make *their* ethical difference.

Can ethical behavior be defined?

This is where many of my colleagues become philosophical. Some believe that *right, good* and *fair* are readily defined. I am less confident. I am troubled by any person assuming the high moral ground and pronouncing *this* is ethical and *that* is unethical in describing universal truths as they apply to organizational ethics.

Yet I am equally troubled by the position that ethics is a function of situations. That position just feels too convenient. It is too easy to use *situational ethics* to rationalize that what is best for me, now, in these particular circumstances, is ethical. Situational ethics is too easily abused.

I define ethical behavior as acting in ways which are consistent with one's personal values *and* the commonly held values of the *systems* in which one functions (organizational, political, societal, religious, et. al.).

Yes, the philosophers are sure to have a field day with this position. They are likely to ask if I would say Hitler was ethical because his actions were consistent with *his* values? Or are cannibals ethical because *their society* approves of eating other human beings?

My answer is to refocus the discussion to my limited venue... the business world. I know many hard-nosed competitors, some who would celebrate the failure of another's efforts, but none who eat the remains of their competition. I know many petty dictators, supervisors who abuse their power and make their employees' lives miserable, but none who have those employees systematically murdered.

The chauvinists and racists exist in business and are to be despised. But my definition encompasses the individual, the organization and the various systems within which both function. By this definition, these aberrants are unethical, as was Hitler, because they violate various values of the society in which they are functioning.

Let's leave the philosophical arguments to the philosophers and focus on a concern we all share, organizational effectiveness. I see individual employees at all levels feeling expected and/or required to act in ways that violate their personal values (are unethical). The result of these actions is harmful to the individual (the natural consequence of violating one's own standards for behavior) and often harmful to the organization, its stakeholders and society at large.

My definition of ethical and unethical behavior is imperfect, granted. But it is useful and will have to suffice until the philosophers can agree on what is right for all peoples in ways which do not sacrifice one legitimate set of beliefs for another.

What do employees view as unethical?

More relevant than a discussion of ethics as philosophy is the question of what employees view as ethical and the impact of that definition on themselves and the organization employing them.

Employees judge ethics from a personal frame of reference. They judge an action to be unethical if it violates their (uniquely personal) perceptions of what is *right, good* or *fair*. While they may rarely articulate it, the position of many is that organizational expectations/requirements to act unethically can "legitimately" be ignored or thwarted.

A good deal of creative energy is spent in most organizations "beating" unfair organizational systems and then protecting oneself from the consequences of *ethical disobedience* (doing what one believes is *right, good* or *fair* contrary to stated or implied organizational direction). This CYA (Cover Your Anatomy) behavior consumes vast amounts of organizational resources.

Employees are in an interesting position. They have to balance multiple sets of values. They bring their *personal* values to the job. They are subjected to their *supervisors'* values. They are taught the *company's* values and they

have to consider their (internal or external) *customers'* values. Simply stated, employees define unethical behavior as those actions which *violate whichever of these various values the employee embraces*.

And it is always reasonable to expect that the employee's greatest allegiance will be to his/her personal values.

The unethical imperative

Consider an employee who believes that the organization's customer service policy is unfair. This employee believes that "Customer First" is *right, good* and *fair*. He/she might choose to act in the *customer's* best interests and against the organization's instructions. The unethical imperative says it is *more ethical* to bend a rule for a customer, or tell a customer how to escalate a complaint to get a fairer settlement than it is to violate one's personal ethical standards.

The choice is made to serve the customer rather than following the company's rules since it is *right* to violate an organizational policy or practice that one deems *unfair*.

But there is a price to be paid. Externally, the employee must face the wrath of a hostile organization if his/her actions are discovered. Internally, the employee pays a *stress premium* for breaking a rule, even an unfair rule.

How employees cope when expected/required to be unethical?

Our research, suggests that the typical organization in this country is losing \$3,000—5,000 per employee per year to the unethical retaliatory and self-protective actions of employees who have to choose between conflicting definitions of *right, fair* and *good*.

Their coping mechanism is to *sabotage* what they judge to be unethical practices in order to maintain the integrity of their personal values, acts which they must rationalize as the *lesser evil*. Both they and the organizations pay dearly.

Yet the sabotage (and associated self-protection, CYA) remain covert. These individuals cannot make a difference, in the larger sense of influencing long-term change in the ethical systems of the organization, by remaining underground.

What is the connection between ethics and power?

It takes power to create change. Consider the physical sciences. Simply understood, a body in motion tends to stay in motion. To alter its speed or direction takes the application of force. The amount of force is proportional to the velocity and mass of the object and the desired degree of change.

The same is true in organizations. To make a difference requires power. The bigger the difference you want to make, the more power it requires. Organizational power comes from at least ten sources:

- authority (position)
- coercion
- **expertise**
- identification (association)
- **information**
- **obligation**
- personality
- **reputation**
- resources
- rewards

Four of these sources (*expertise, information, obligation* and *reputation*) are within the individual's control, irrespective of their title or position. It may sound oversimplified, but the easiest way to become more powerful in an organization is to be more expert (be able to solve more problems), have and share more information (help others by knowing and sharing more) increase the obligations you are owed (be more helpful/do more favors for others) and reputation (earn trust and respect by demonstrating expertise, sharing information, being helpful and keeping promises).

It is also important to remember that organizational power is a perception. It is a self-fulfilling prophesy. If you think you have power, you are correct. If you think you do not have power, you are also correct.

Consider Mr. J. He had authority by virtue of his position as a Vice President. He was well intentioned but lacked *information power*. Had he documented the costs/benefits of participative management and employee empowerment he could have made a persuasive argument. He also lacked *reputation power*. He was seen as a follower among his peers. Had he earned the trust of one of the *leaders*, and been able to apply that person's reputation power as a leader/innovator to champion his cause, he could have succeeded.

Mr. J.'s biggest failing was *his belief* that he could not bring this change about. "I can't do anything. I'm just a Vice President." For all intents and purposes he chose to be powerless. Mr. J. is representative of the many employees in organizations that I know. They choose to forfeit the power they have rather than accept the responsibility to use that power to effect ethical change.

Is power enough to bridge the "ethics gap"?

We call the difference between what people believe is *right, fair* and *good* and what they believe is required for survival/success in the organization the *ethics gap*. The ethics gap is responsible for the sabotage and self-protective behaviors described above.

Power alone is not the answer. It has to be intelligently and ethically used to enable the individual to make a difference. We have identified seven steps that we think are required to bridge the ethics gap.

Step 1 - The individual has to be aware of the ethics gap.

Many employees (at all levels of the organization) choose to ignore what is going on around them. They view their own acts of sabotage and the associated self-protective behaviors as well as those of the people around them as *business as usual*. "That's just the way things are. Its always been that way. I can't do anything about that. I'm just a...." This view of *business as usual* is so ingrained in many organizations that even when confronted with objective evidence of unethical employee behavior people deny or dismiss it. Some claim the evidence is inaccurate "That can't be true. We really are ethical."

Others may claim that the unethical behavior is not representative. "Well maybe some of our people do that, but most of the people here are good people." Or they may choose to shrug it all off because nobody cares. "After all, if management really cared, they would have done something about this problem long ago. If they don't care why should I?" Nothing is going to change until someone acknowledges that *business as usual* is unethical and needs to be changed.

Step 2 - Accepting the responsibility

Awareness is a necessary but insufficient precondition for making a difference in organizational ethics. The next step is to accept responsibility for making ethical change happen. This may be the hardest, since, increasingly, we observe that people are reluctant to accept responsibility. Society has moved towards a culture of blame. We are all victims. Nothing is our fault. Blame is all about being powerless. If it is not my fault, then I do not have to do anything to change it. If it my responsibility, then only I have that obligation.

Step 3 - Having admitted that there is an ethics gap and accepting the responsibility to bridge it, the individual must define it.

Identify the values that are being compromised. Articulate which individual and organizational values are in conflict with each other. Describe which routine decisions and behaviors, which expectations and requirements, are in conflict with the critical values of both the organization and its employees. That is one reason why it is so valuable to have a detailed and subtle ethics vocabulary. It is useful to be able to differentiate on a fine scale than "Right v Wrong". It is useful to be able to differentiate between different "rights" and different "wrongs". For example, if we are partly responsible for an undesired outcome because we failed to notice a problem that is different than if we noticed it but failed to bring it to the attention of those who would be affected, or who had the ability to act to correct it.

Step 4 - Having defined the problem, the individual must develop ethically congruent alternatives.

This is a creativity exercise. It is your responsibility to do more than recognize, or even point out the problem. To be a catalyst for ethical change you have to accept the responsibility for thinking the problem through to conclusion. First consider alternatives that are congruent with your values and those held by the organization. Then do a rudimentary cause/effect analysis on the more feasible/pragmatic alternatives. (If we do “X” what will likely happen? If we do “Y”, then what?) What are the benefits to the organization, its employees and stakeholders? What are the resources required – the costs? What would you recommend the organization do as a first step?

Step 5 - Develop a values based argument in support of the most effective and pragmatic alternatives.

Consider the decision makers. What arguments would most likely appeal to them (to their values)? If they are bottom-line oriented, what is the positive impact on bottom-line from ethical change? (For example, would they be moved to support your ethical initiative if it saved the company \$3,000—\$5,000 per employee per year from reduced sabotage and self-preservation costs?) If they are people oriented, what benefits would the people in the organization realize? If idealists, how does this change move the organization closer to living its/their/society's ideals?

Step 6 - Join your power with others.

Take your ideas and conclusions to someone who has more (or different) power within the organization. Win the support of a champion. In many organizations the logical first person is your immediate superior. Sometimes that person is part of the problem and you cannot safely seek their assistance. If there is an ombudsman, or ethics committee, that is a great place to get more power. If not, use your network of associates, and their networks, until you have secured at least one powerful ally.

Step 7 - Escalate.

Move on to the next level. Continue to escalate the debate. Accrue more allies who bring their cumulative power and influence to the movement to reshape the organization's ethics. Rarely can individuals make a difference until they ally themselves with others and create the power of numbers.

Who are you kidding?

In reviewing these seven steps it may appear that this approach is simplistic and naive. That has not been my experience. I have seen this approach work. Most people acknowledge the existence of *informal leaders* in organizations. These informal leaders exist at all levels and are the people who shape how the organization functions. The process described here is essentially that used by informal leaders to secure their position of leadership and exercise their influence. It presumes a degree of personal power and reputation power, supplemented by information, expertise and obligation power.

While informal leaders do not always have an organizational ethics agenda, the process is the same. They recognize the opportunity, assume the responsibility, formulate their position and use collective power to influence outcomes.

What are the risks?

The worst case test asks three questions:

- What is the worst thing that could happen?
- How likely is it?
- How important is it?

It is expected that a rational person would consider these three questions and make a rational decision. Zealots are not expected to be rational, and sometimes it takes a zealot to start the change cycle when the issue is going to disrupt *business as usual* and effect ethical change.

The risks in becoming an agent for ethical organizational change are real. In every organization there are people whose success is vested in the *status quo*. These people's power and influence come from using the existing systems (even the unethical systems) to personal advantage.

They are apt to resist (or undermine) anything that they perceive as a threat to that power base (another example of organizational self-protection). They may even attack you, as the personification of that threat, seeking to discredit you and thereby discredit the change you are proposing. That is why you need to ally yourself with powerful champions.

- **Might you lose your job?** Yes.
- **Might you be demoted?** Yes.
- **Might you see your performance rating, income or potential for upward mobility decreased?** Yes.
- **What are the probabilities/likelihoods of those outcomes?**
- **Are you willing to risk it?** - Only you will know how to answer that question when the time comes.

So, yes, the risks are real. But there are also protections.

There is a reasonable argument that being fired for threatening an unethical status quo is a wrongful act on the part of the organization. You might be entitled to legal protections. It may be appropriate, if threatened, to seek professional counsel on what protections are afforded by the law. It is also important to acknowledge that these protections might be limited to actions you can seek only after being fired.

Many organizations have processes and structures that are intended to encourage employees to raise ethical questions for executive level consideration and review. These same processes are designed to protect the employee from inappropriate responses from those threatened by their actions. These organizations care about ethical congruence and helping their employees bridge the ethics gap.

But other organizations do not. And those that have not instituted specific ethics management processes might choose to punish the person who makes a case for *business as usual* being wrong.

The unethical organization

What about the situation where an employee is working in an organization that knowingly encourages unethical behavior and actively resists ethical change? An organization that is diligently working to maintain an unethical status quo? They may force the individual out if that person tries to reshape the organizational ethics.

These are situations where the only difference the individual can make is at the personal level. For example, a person can choose to operate ethically within an otherwise unethical system, creating an *ethical oasis*. But even that minimal change may be too threatening for the organization. It may seek to eliminate this abnormality for fear that it might contaminate an otherwise congruent (albeit unethical) system.

The rationale used to eliminate the "troublemaker" is often that this ethical person has failed to meet organizational objectives (that are only attainable by unethical means).

Or the person can elect to leave. For some, being forced to leave an organization that refuses to work towards ethical congruence with its employees is not entirely bad. It might be an *opportunity* disguised as a punishment for wanting to live according to your values. These are individual decisions. The point here is to recognize that there are risks, some of which are well worth taking, and that you can reduce the risk level by the effective use of organizational power.

Conclusion

We started with the question, "Can an individual make a difference?" The answer is "Yes, but..."

Yes, the individual can make a difference, *but* there are risks and the ultimate price can be high. But so can the price of not making a difference. Ultimately the reward of integrity, self-esteem and the worth of one's contribution to a

greater cause might be higher than the short-term costs imposed by an organization seeking to maintain an unethical stasis.

Would I encourage one to take such a risk? I cannot say with the certainty that many of my colleagues presume. I can only say that should you choose to make a difference, there are intelligent ways to use the power the system affords you to increase the likelihood of success and protect yourself from those who might perceive you as a threat.

To make that decision, first you must know what you care about deeply enough to make sacrifices, and then you must choose your path. God's speed along that path.