

From Yale to jail

Why Good Managers Make Bad Ethical Decisions

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We are living in VUCA times

Volatile

Uncertain

Complex

Ambiguous

War College, US Army

In transformation times

... ethics becomes a key element of decision making

... the risk of unethical behavior explodes

→ We have to better understand both, ethical and unethical decision making



Cavalry attack in the Franco-Prussian War of 1870-71



Machine Gun used in the Franco-Prussian War



Sir Douglas Haig (1861-1928)

"The machine gun is a much over rated weapon," Haig in 1915



German Uhlans in WW I



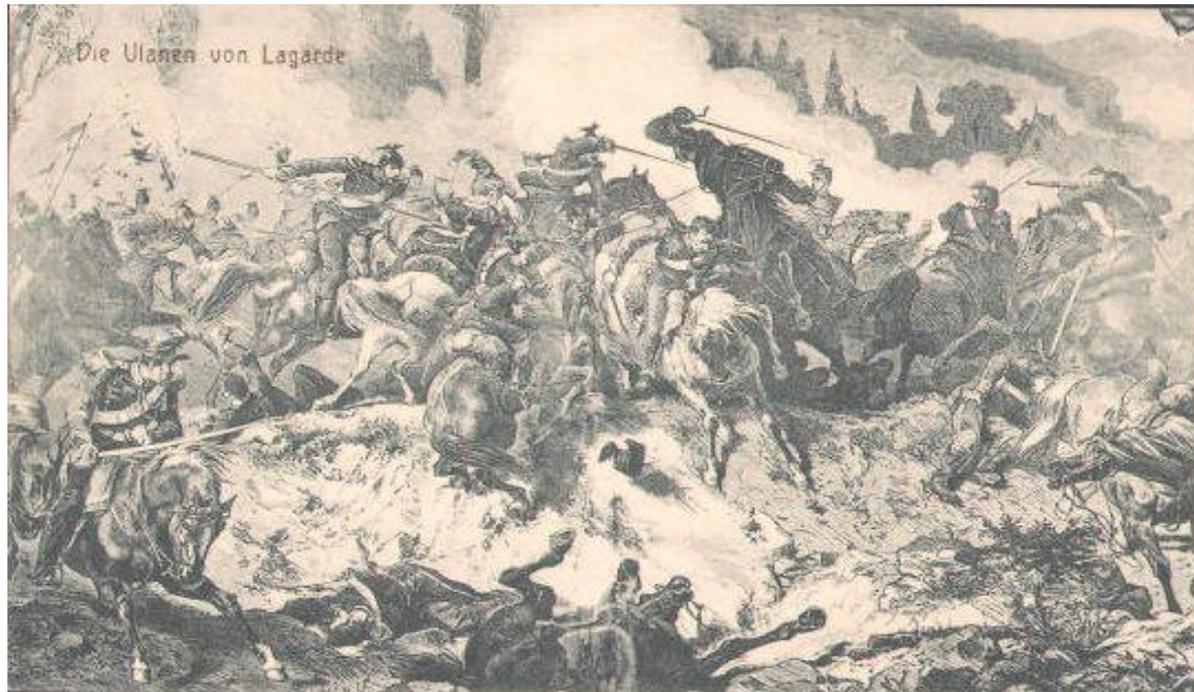
Bundesarchiv, Bild 136-C0178
Foto: o. Ang. | 1912 ca.

Machine gun in the first world war, French soldiers with a machine gun in 1914

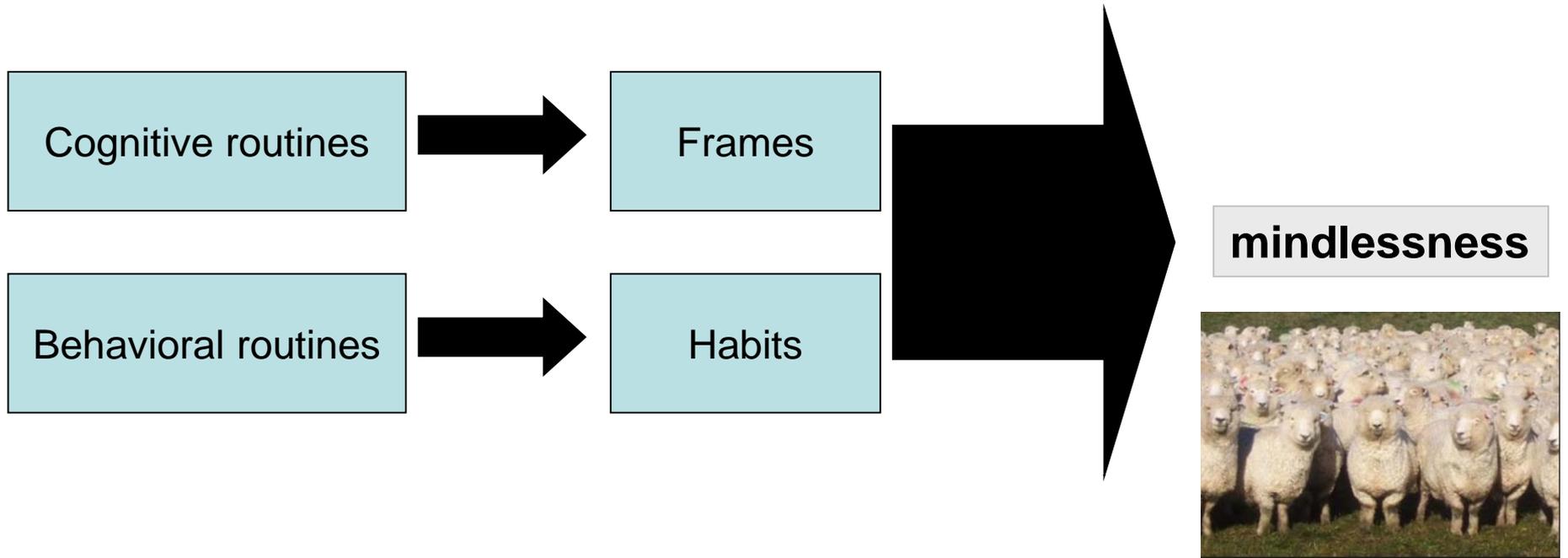


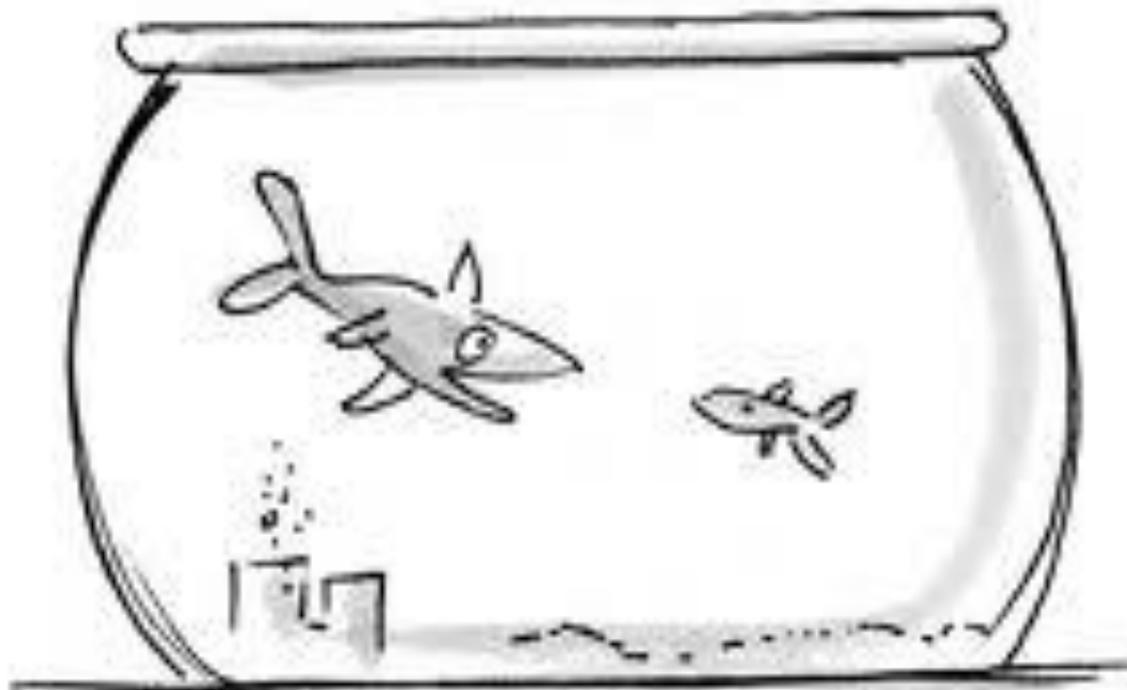
Gaumont Pathé Archives

The Battle of Lagarde, August 11, 1914: The last great cavalry attack of modern warfare



We are cruising on autopilot most of the time





P. Steiner

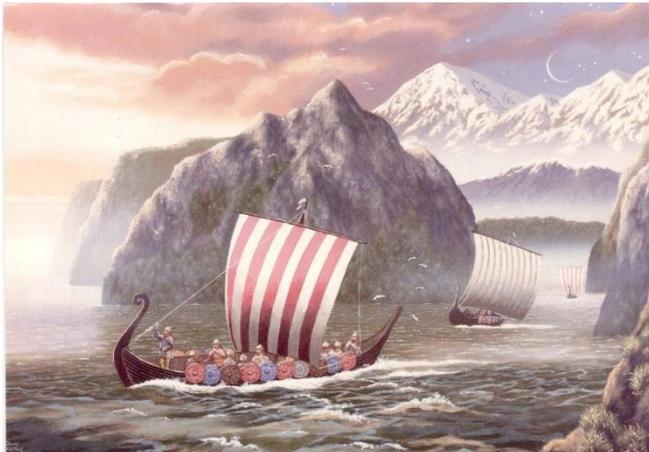
«You can be anything you want to be – no limits»

Peter Steiner, The New Yorker

Misleading common sense: When experience and routines become a trap

Success creates routines.

In times of ambivalence and crisis, routines get intensified



... like for the Vikings on Greenland

The story of the bad apple



Ken Lay



Andy Fastow



Jeff Skilling



The banality of evil



Adolf Eichmann

A face of evil?

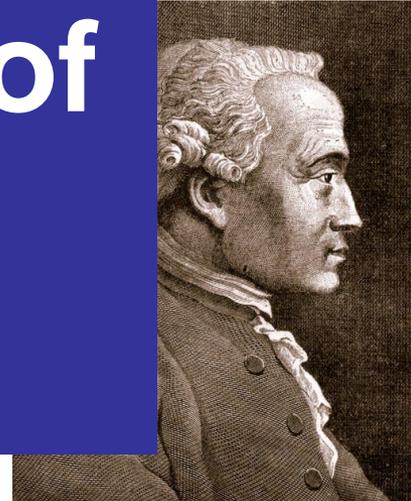


Kweku Adoboli, UBS trader

How to act morally? What we expect from managers

The categorical imperative of Kant

Universalize = leave one's context, take an objective position (the so-called moral point of view), and decide



The Ford Pinto case



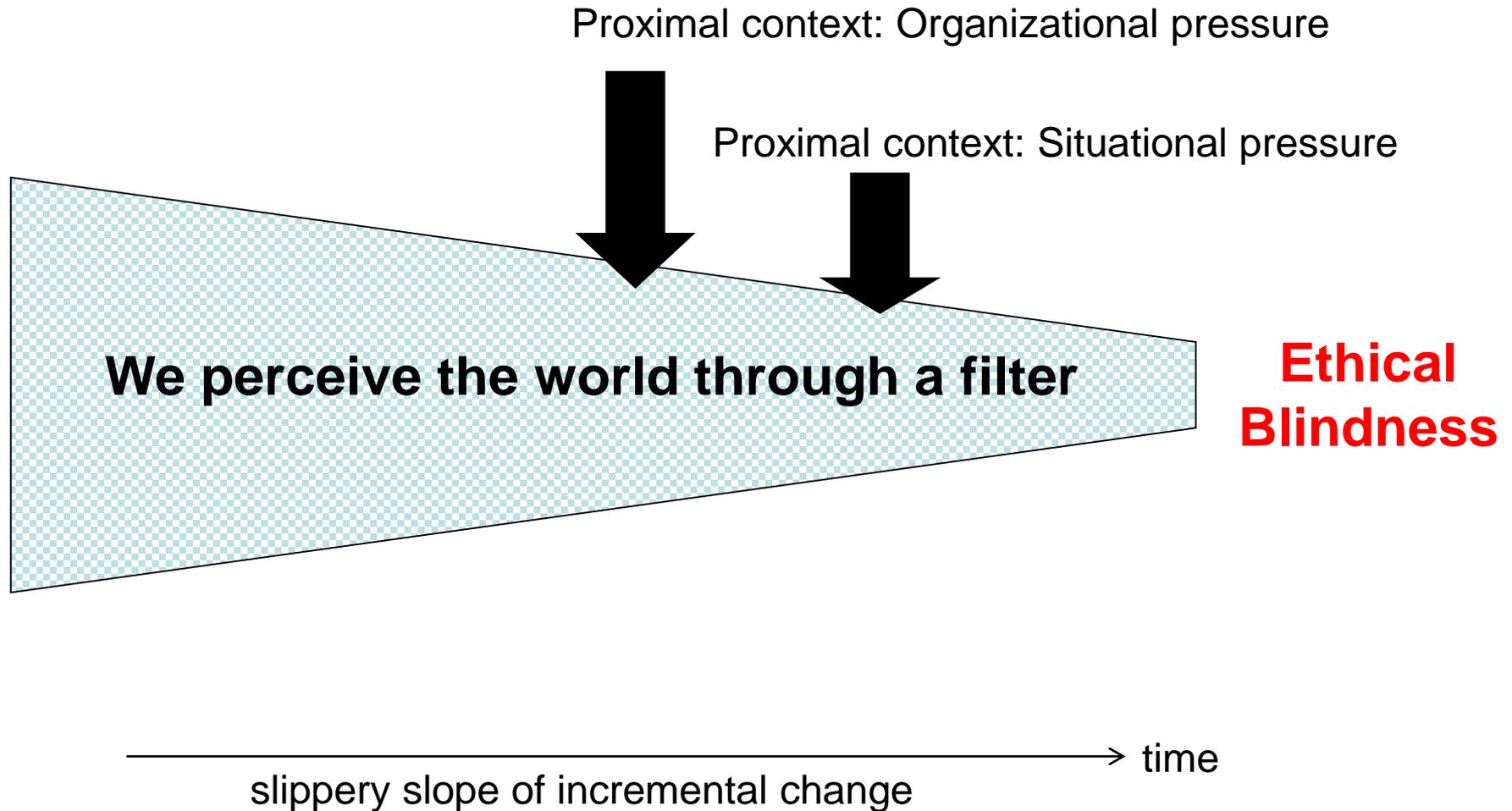
Ethical blindness: We might all become Lehman Brothers!

“Why didn’t I see the gravity of the problem and its ethical overtones?” [Denis Gioia, engineer at Ford]

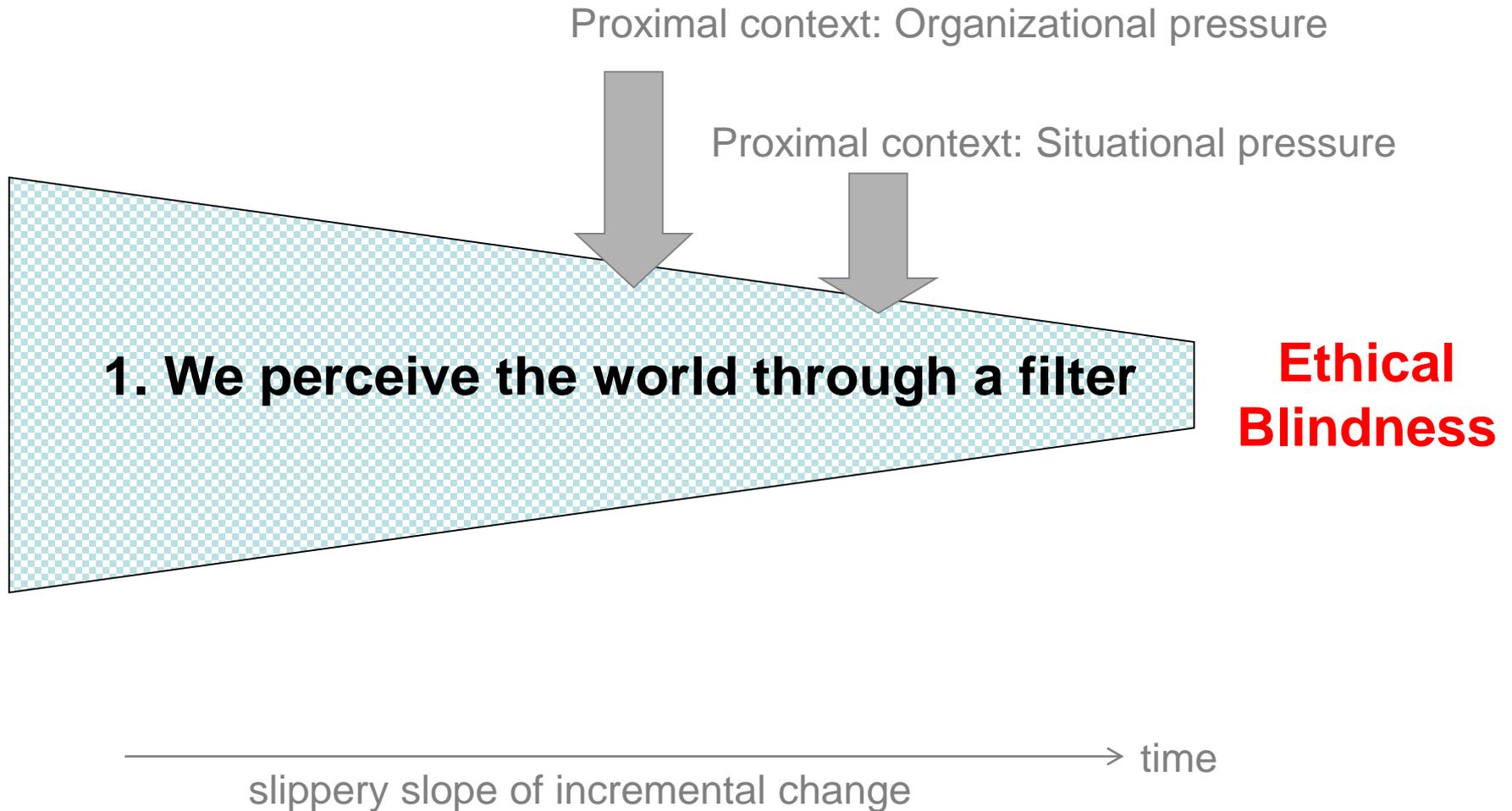
“While I was doing it, I didn’t feel any regret, I didn’t feel any guilt. It was only afterwards, when I began to reflect on what I had done, that this behavior began to dawn on me” (Zimbardo, 2007: 158) [prison guard, Stanford experiments]

“In my twisted brain, the Mafia helped the weak“ [Giovanni Brusca, killer of the Corleonesi Clan who killed “more than 100 but less than 200 people”]

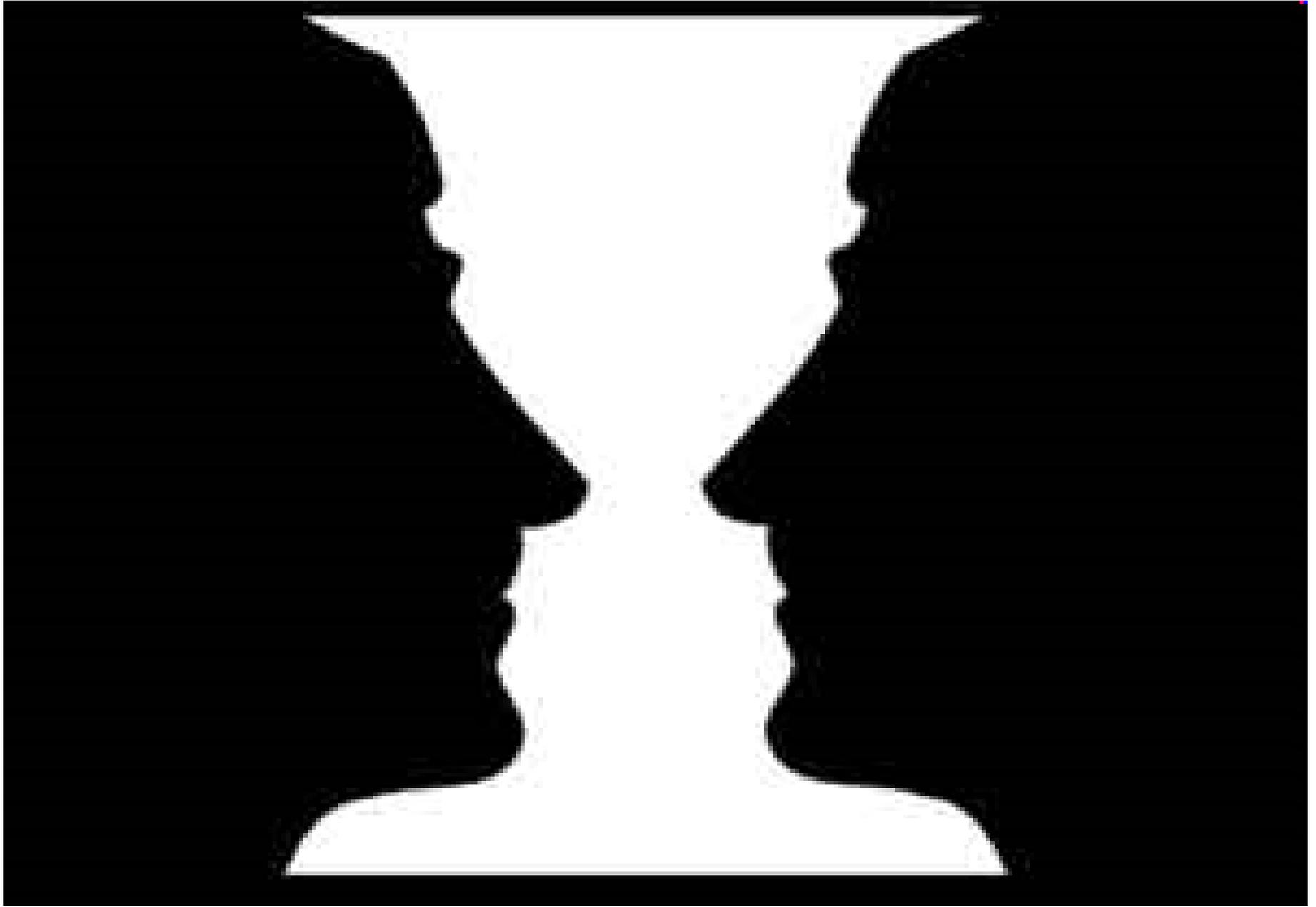
Not seeing the dilemma – becoming ethically blind



Becoming ethically blind – step 1



What do you see?



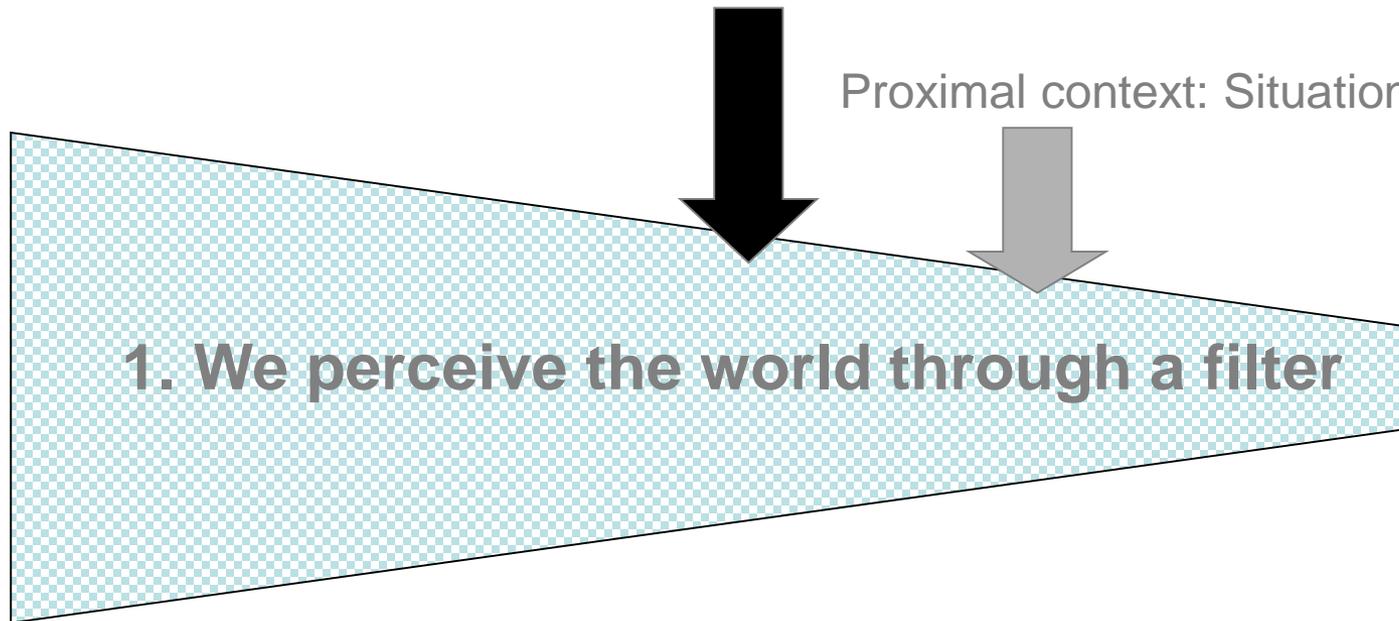
Why does our brain filter what we can see?



Becoming ethically blind – step 2

2. Proximal context: Organizational pressure

Proximal context: Situational pressure



slippery slope of incremental change → time

Creating the corporate tunnel vision – some ingredients

unrealistic targets

+

FEAR

one-dimensional highly individualized incentives

+

aggressive language and competition

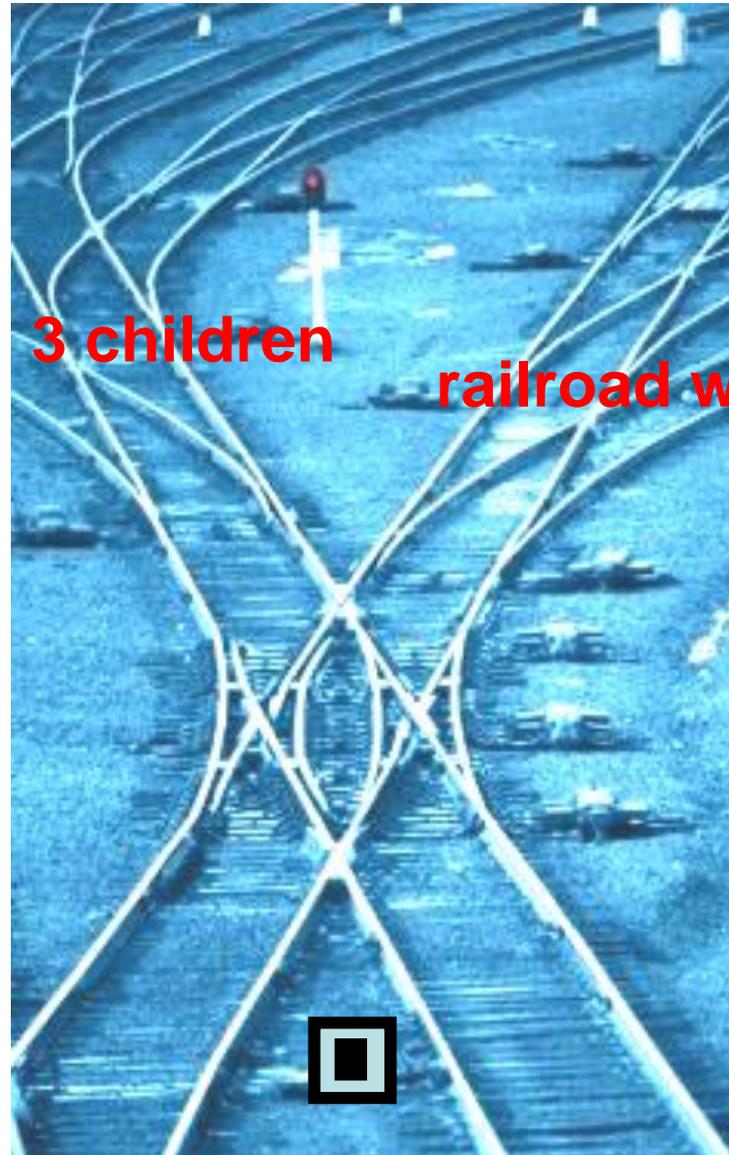
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humiliating performance evaluation

My rule of thumb for ethical decisions

**How would I decide
if I had no fear?**

The locus of control and moral disengagement



3 children

railroad worker



The locus of control and moral disengagement

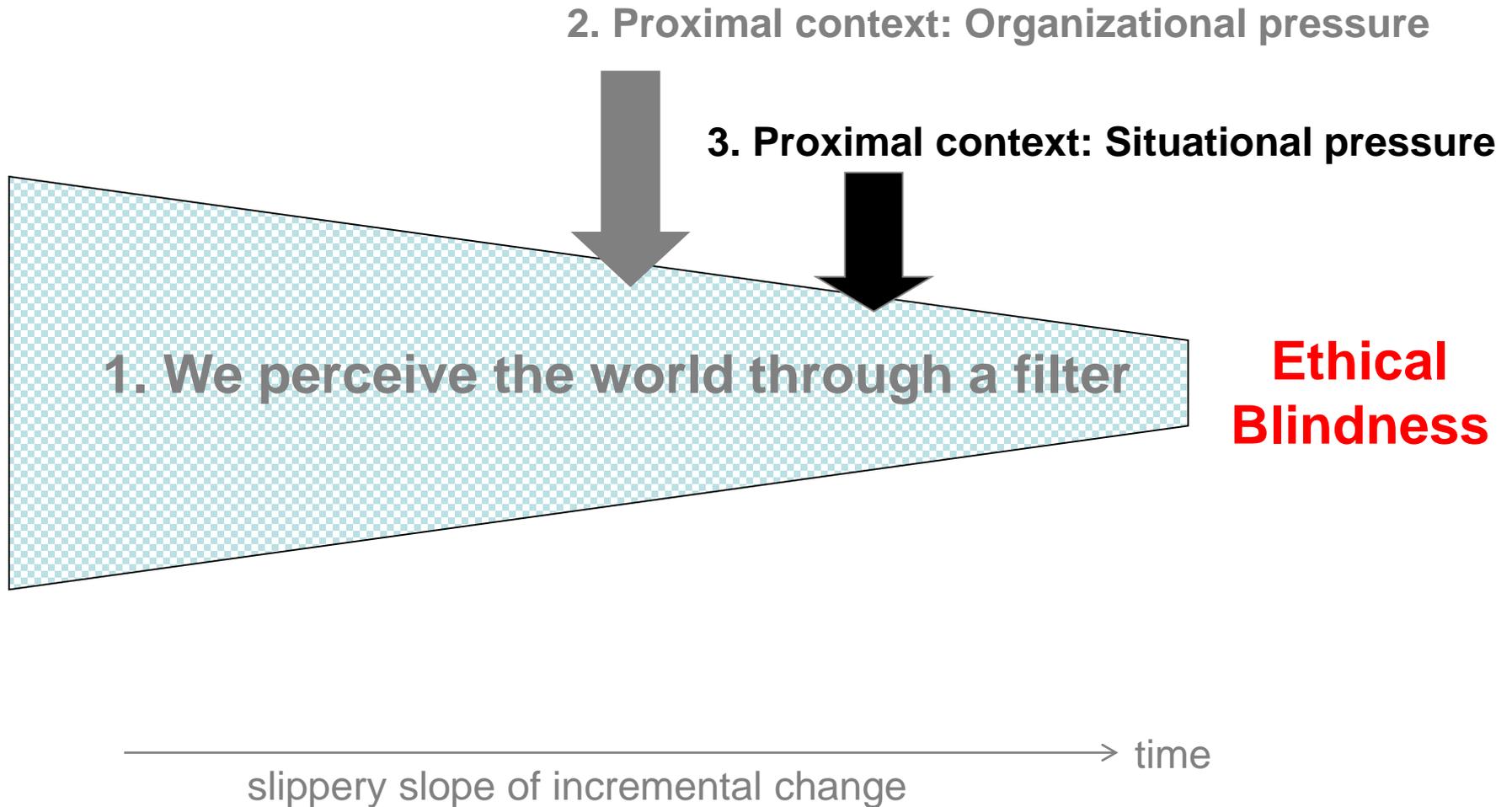


3 children

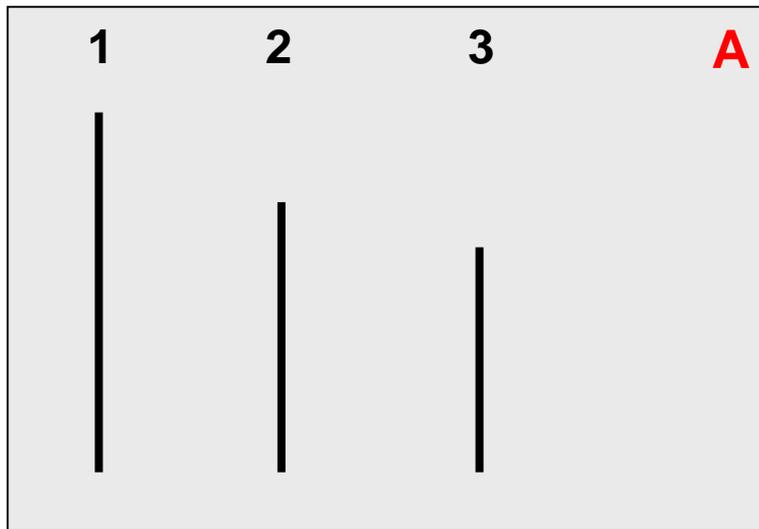
railroad worker



Becoming ethically blind – step 3

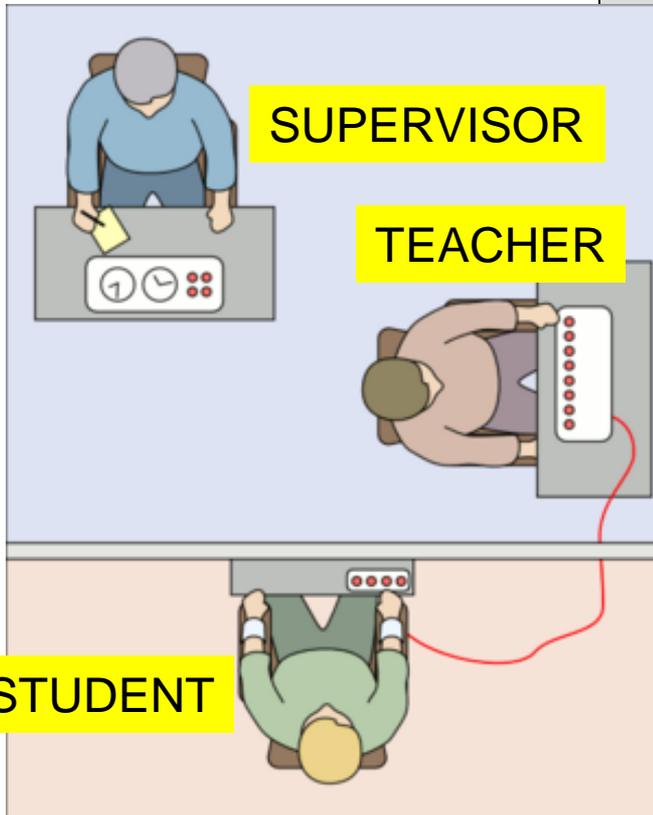


Context over Reason – The Ash experiments



Which of the lines on the left (A) corresponds to the line on the right (B)?

Context over reason: The Milgram experiments



- Inscription of the machine: « SHOCK GENERATOR, TYPE ZLB, DYSON INSTRUMENT COMPANY, WALTHAM, MASS., OUTPUT 15 VOLTS-450 VOLTS »
- Scale with information on amperage (15 to 450 Volts), additional information (depending on amperage): « weak shock », « moderate shock », « strong shock », « very strong shock », « dangerous shock », information on the last two buttons: « XXX »
- Research question: How many participants will continue the experiment until the final (and « lethal ») amperage?
- 65% of the participants continue to 450 Volts.

Variations of the experiment

1. The « teacher » can see the « student »

obedience rate: 40% (to XXX)

2. The « teacher » has to press the hand of the « student » on a plate

obedience rate : 30%

3. The « teacher » can observe how another participants refuses to continue before he/her own start of the experiment

obedience rate : < 50%

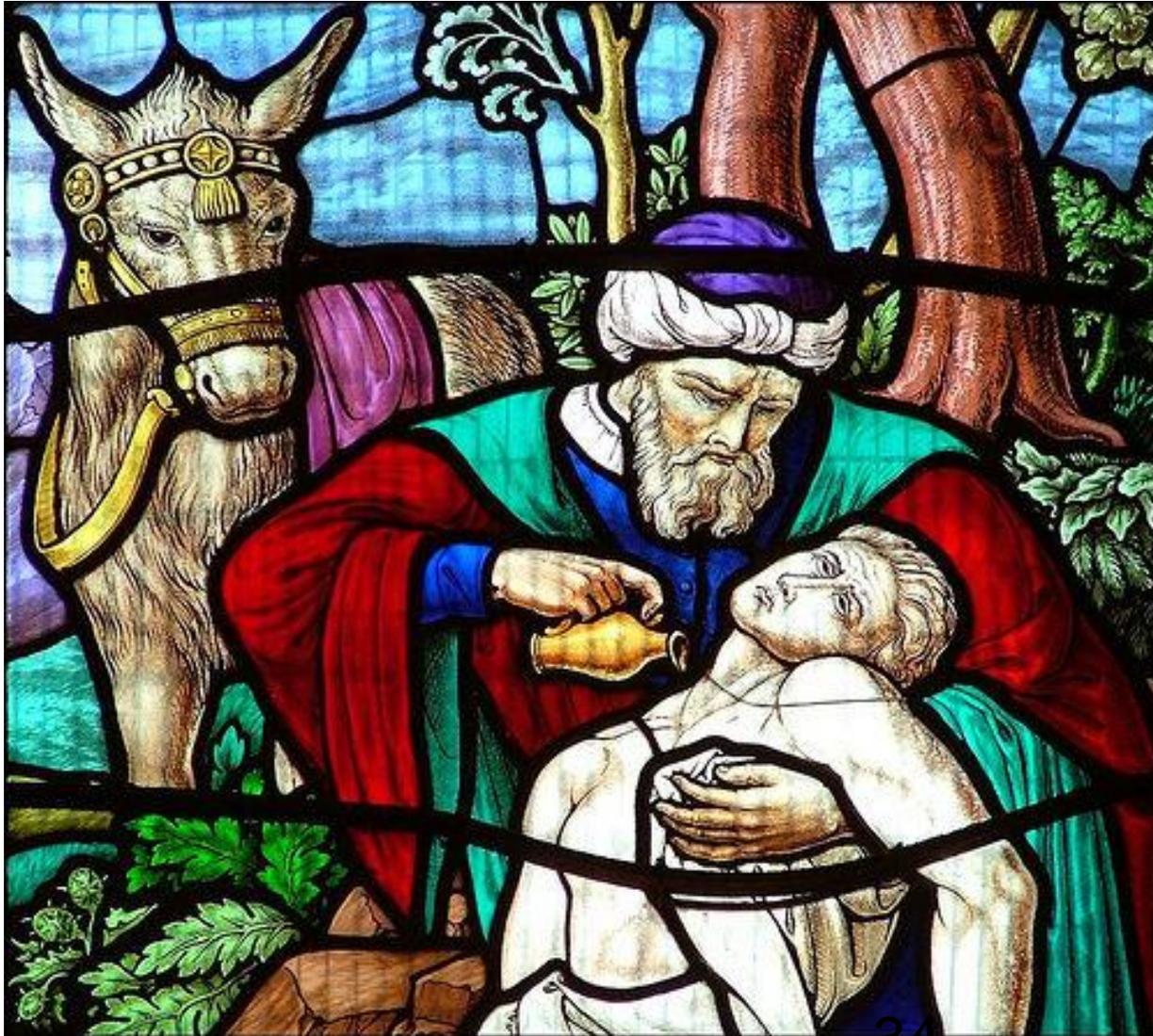
4. Two scientists lead the experiment and show inconsistent behavior

obedience rate : 0%

5. The role of the « teacher » is split in two: Someone who asks the question and someone who presses the buttons

obedience rate > 65%

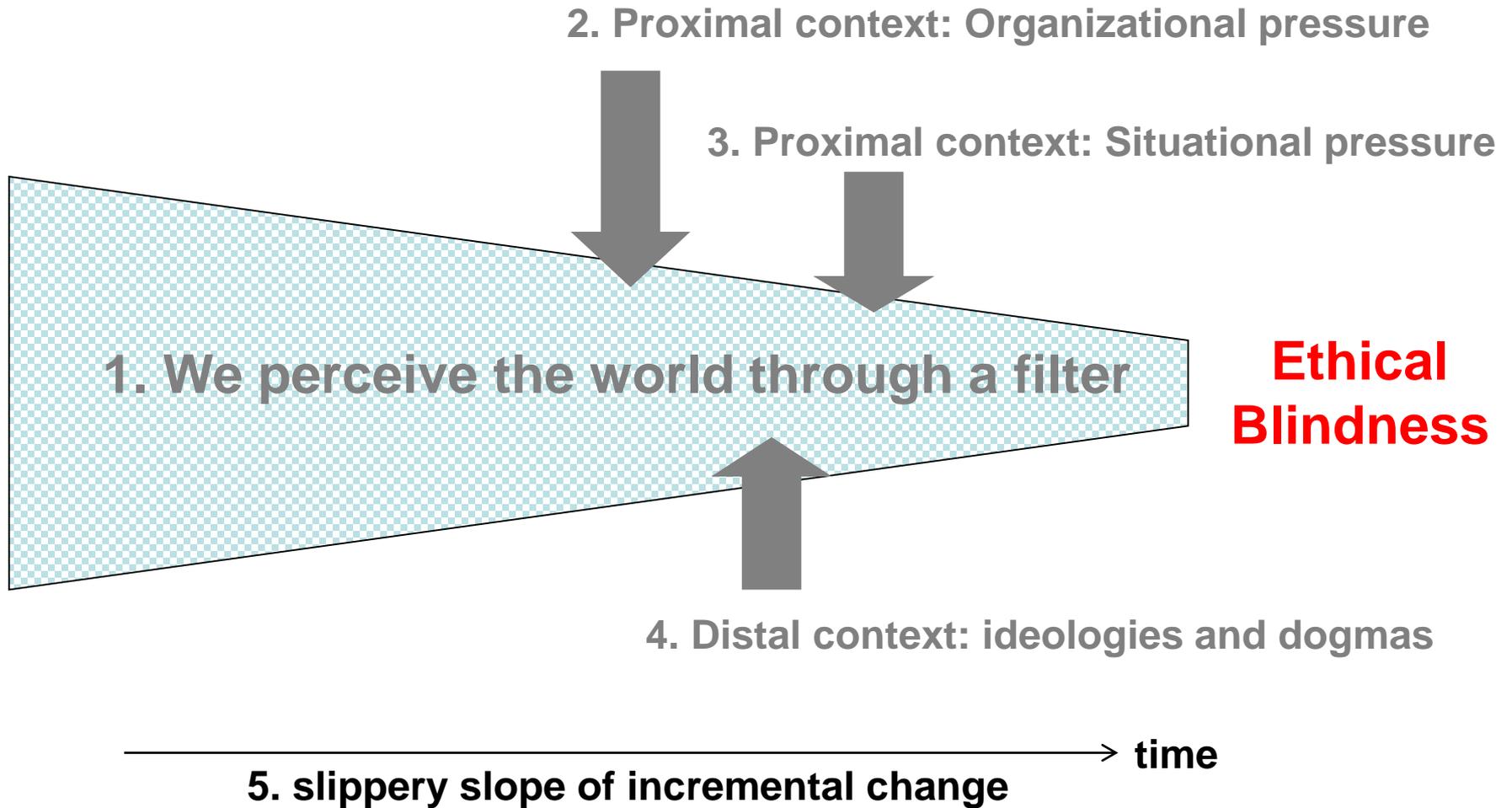
The Parable of the good Samaritan – an experiment with young priests



Quiet Rage – The Stanford Prison Experiments



Becoming ethically blind – step 4





SBB CFF FF

Boiling frog syndrome

**Principiis obsta!
Resist the beginning!**



**« You do it once it
smells, you do it
again, it smells less »
*Enron Manager***

The Ford Pinto case



Contexts can be stronger than reason

Leaders create contexts

Each manager is the chief integrity officer of the whole company

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