

## Why Good People and Organizations do Bad Things

David Schultz  
Hamline University  
dschultz@hamline.edu

**Description:** Why do good people and organizations act unethically? The session will begin with a discussion of the classic Stanley Milgram punishment experiments, seeking to understand how they help explain unethical behavior. The class then uses specific case studies to provide a foundation for an analysis regarding how the fostering of ethical diversity within organizations can prevent the slippery slopes that lead to administrative evil or unethical behavior.

### Goals

- \* Understand how and why individuals do ethically bad things
- \* Analyze why organizations do bad things
- \* Examine how unquestioned deference to superiors and authority may cause unethical behavior
- \* Discuss the concept of administrative evil
- \* Explore moral diversity and how it addresses the problems of unethical behavior

### I. Introduction

- A. Course overview
- B. Basic questions
  - 1. Why do good people do bad things?
  - 2. Why do good firms do bad things?
- C. Possible answers
  - 1. We are really bad people
  - 2. Bad hiring
  - 3. Unclear rules
  - 4. The problem of authority and leadership
- D. Stanley Milgram experiment

### II. Context of the Milgram Experiments

- A. Began in July 1961 at Yale University
- B. Three months after beginning of Eichmann trial in Jerusalem
- C. The original bet
- D. Post-World War II and Cold War

### III. The Experiment

- A. Participants
  - 1. Learner
  - 2. Teacher

- 3. Researcher
  - B. Instructions
    - 1. Teacher to shock learner for failure to learn words
  - C. Real experiment
    - 1. How many teachers would go on to administer the 450 maximum shock (fake)?
  - D. The script if teachers objected
    - 1. Please continue.
    - 2. The experiment requires that you continue.
    - 3. It is absolutely essential that you continue.
    - 4. You have no other choice, you *must* go on
  - E. Results
    - 1. 26/40 or 65% went to the end
  - F. Similar results obtained in replicated experiments elsewhere
- IV. Interpreting the Miligram Experiment
- A. Why did teachers go all the way despite reservations about the health/safety or ethics of the experiment?
  - B. Were the teachers compelled to act or proceed?
  - C. Were the teachers evil?
    - 1. Is there something in human nature that compels us to do evil things?
    - 2. Do we all have a dark side capable of doing bad things?
  - D. Is this a study in social conformity and peer pressure?
  - E. The problem of authority?
  - F. The problem of leadership?
- V. The Ethical Issues
- A. The ethics of the experiment
    - 1. What are the ethical issues raised by this experiment?
  - B. What do we learn about individuals when acting under the control or authority of leaders?
- VI. The Miligram Experiments Today
- A. If we did the experiment again today, we would obtain the same results?
    - 1. Are we better people now than we were before
  - B. Are the experiments an isolated event?
- VII. Applying the Miligram Experiments to the World of Work
- A. Are the Miligram experiments relevant to the world of work?
    - 1. The pressures of conformism
    - 2. Leadership and authority: Blind allegiance
    - 3. Fear of alienation, being labeled a fink
      - a. Take one for the team
    - 4. The profit motive

- 5. We can all do evil we pressured
- B. Are we all potential “teachers?”
- C. How often do we see unethical/illegal things but fail to speak up?
  - 1. Why?
    - a. Fear of being fired
    - b. Petty events
    - c. Boss takes responsibility
- D. Are work sites Miligram settings?
- E. Why did good people in all these places do bad things?

#### VIII. Administrative Evil

- A. What is administrative evil?
  - 1. NASA and the 1986 Challenger launch
- B. Administrative evil as deferring to authority without questioning it
  - 1. Letting superiors take moral responsibility
    - a. “I am not responsible”
  - 2. The Nuremberg defense
- C. Should we let people off the hook for following orders?
- D. How does administrative evil cause unethical behavior?
  - 1. We defer to above
  - 2. We stop thinking about ethics
  - 3. We absolve ourselves of moral responsibility

#### IX. Slippery Slopes

- A. How and why do people lose their moral bearings?
- B. “People don’t wake up and say, “I think I’ll become a criminal today.” Instead, it’s often a slippery slope and we lose our footing one step at a time.” *Extraordinary Circumstances*, Cynthia Cooper, Former Vice-President, Auditor WorldCom
- C. Are we gyroscopes or radar dishes?
- D. Is unethical behavior simply one small step at a time?
  - 1. “No one will miss this notepad”
  - 2. “No one will be hurt by this”
  - 3. “The shareholders will like this”
  - 4. “We all profit by this and no one is hurt”
- E. Bernie Madoff and Tom Petters as two who slipped on the slope
- F. How to prevent slippery slopes?

#### X. How to Keep your Moral Bearings

- A. Ten rules from *Extraordinary Circumstances*, Cynthia Cooper
  - 1. Know what you believe is right and wrong
  - 2. When making decisions, apply the golden rule.
  - 3. Guard against being lulled into thinking your’re not capable of making bad decisions.

4. Would I be comfortable with my decision landing on the front page of a newspaper?
5. Practice ethical decision making every day.
6. Discuss tough ethical dilemma with other you respect.
7. Find your courage.
8. Apply the same code of ethics whether at home, work, school, or in a house of worship.
9. Pay attention to your superiors.
10. Above being loyal to your superiors, be loyal to your principles.

#### XI. Creating Ethically Healthy Organizations

- A. Government regulation v. free market
  1. Can we trust free market morality (profit and competition) to produce ethical organizations?
  2. Can we rely on superiors and elected officials to produce ethical agencies?
- B. Governance
  1. Evidence suggests good governance (strong boards) more profitable than those with weak boards
  2. Ethics codes
  3. Ethics training
  4. Administrative structure?
- C. Social values
  1. What do we demand of companies?
- D. Leadership and setting the example
- E. Training
- F. Personal ethics?
  1. Where do your values fit in?
  2. Should you leave personal ethics behind?
  3. Can a junior person make ethical choices?
- G. Making it possible to disagree?

#### XII. Conclusions

- A. How do slippery slopes and administrative evil challenge compliance with ethical conduct?
- B. What can we do to prevent slipping into evil?

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## Stumbling Blocks on the Path of Righteousness

By BENEDICT CAREY

Most people are adamant: They would never do it. Ever. Never deliberately inflict pain on another person, just to obtain information. Ever artificially inflate the value of some financial product, just to take advantage of others' ignorance. Certainly never, ever become a deadbeat and accept a government bailout.

They speak only for themselves, of course. As for others, well, turn on the news: shady bankers, savage interrogators and deadbeats are everywhere.

"I remember thinking that I was just better than other people, that I would never compromise my principles," said Jordan LaBouff, 25, a graduate student in Texas, recalling a public standoff that he and other students had with university administrators several years ago.

"Well, they gave me this award — the administration did — and I'd sworn I would never take anything from them. But of course there I was, up on stage accepting it."

In recent years, social psychologists have begun to study what they call the holier-than-thou effect. They have long known that people tend to be overly optimistic about their own abilities and fortunes — to overestimate their standing in class, their discipline, their sincerity.

But this self-inflating bias may be even stronger when it comes to moral judgment, and it can greatly influence how people judge others' actions, and ultimately their own. Culture, religious belief and experience all help

But in the mundane ebb and flow of life, an inflated sense of personal virtue can also be a minefield. “Overconfident stock traders tend to do worse; people buy too many gym memberships,” said Dr. Dunning, of Cornell. “In the economic realm, the outcomes are not so good.”

Not to mention that walking around in a pair of moral platform shoes does make it harder to get up when you fall.