

STEPS TO STRENGTHEN ETHICS IN ORGANIZATIONS

Research Findings, Ethics Placebos, and What Works¹

Our work brings us into contact with a remarkable array of organizations. We may work for clinics or hospitals, collect fees from insurance companies or managed care organizations, join professional associations, provide forensic services at prisons, or provide employee assistance program (EAP) services to large corporations. Throughout this book we've highlighted the ethical issues that can arrive in organizational settings, and in Chapter 9: *Moral Distress and Moral Courage*, we focused on the intense ethical challenges that arise when organizations and other forces violate our professional or personal ethical values. In this chapter we provide suggestions for steps that can strengthen ethics in organizations.

We live in an age that is rich with opportunities to make organizational ethics stronger. Over the past decade striking betrayals of ethics and trust have grabbed the headlines:

- In late February 2020, *U.S. News* headlined news of "USC [University of Southern California] and the Education Department's Largest Sexual

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Violence Investigation Ever; Federal officials found that the university failed to investigate allegations of sexual misconduct or do anything to prevent future occurrences” (Camera, 2020). The Associated Press (2020) quoted the head of the Department of Education: “This total and complete failure to protect students is heartbreaking and inexcusable” (para. 2). A doctor who had been employed by USC for almost three decades, and had been subject to a number of allegations of sexual misconduct over a decade and a half, later became the focus of the largest sex abuse investigation ever undertaken by the Los Angeles Police Department. USC finally agreed to a \$215 million settlement for a class action suit involving tens of thousands of women treated by the doctor (Camera, 2020).

- In 2014, General Motors (GM) admitted that since 2001 it had hidden a potentially fatal design defect. GM engineers, investigators, and lawyers knew, but the company decided that recalling cars would cost too much. Instead, they kept the flaw secret for more than a decade. They kept selling risky cars while the deaths and injuries piled up (Bennett, 2014a, 2014b, 2014c; *Consumer Reports*, 2014; Ivory & Abrams, 2014; Plungis & Higgins, 2014; Viscusi, 2015; A. Young, 2014).
- Famous for its football program’s integrity, Penn State covered up child abuse by a football coach for years, allowing the abuser to continue committing crimes. The university-commissioned report stressed “the total and consistent disregard by the most senior leaders at Penn State for the safety and welfare of Sandusky’s child victims” (Freeh & Sullivan, 2012, p. 14). Penn State eventually paid \$109 million to Sandusky’s survivors (Jesse, 2020).
- California had repealed its “compulsory sterilization laws [that] targeted minorities, the poor, the disabled, the mentally ill and criminals” (Johnson, 2014, para. 8) that allowed the state to force sterilization on more than 20,000 citizens in state-run institutions (Stern, 2005; Wellerstein, 2011), but the California State Auditor (2014) reported that between 2005 and 2013 the state prison system had continued to sterilize some female prisoners, violating both the law and women’s right to informed consent. More recently, a whistleblower filed a complaint reporting an alleged high rate of unconsensual hysterectomies being performed on undocumented immigrant women in an immigration detention center in Georgia (Treisman, 2020).
- Many Veterans Administration (VA) executives pocketed hefty bonuses for making sure that sick veterans got prompt care, but it was a con. Hospitals reported that they were giving all veterans prompt care when needed but were shunting tens of thousands of veterans to secret waiting lists where they languished without care for months and some died

without care (Bronstein & Griffin, 2014; Daly & Tang, 2014; Hoyer & Zoroya, 2014; VA Office of the Inspector General, 2014; Oppel & Shear, 2014; Wagner, 2014a, 2014b).

Similarly, studies over the past decade suggest that many organizations have lost the public's trust and confidence, often by violating basic ethical standards and betraying that trust:

- A survey of 10,455 Millennials in 36 countries found a downward trend in confidence that businesses act ethically, with less than half endorsing the belief that businesses act ethically (Verschoor, 2018).
- Huberts (2014) noted that almost half of U.S. workers reported seeing one or more acts of wrongdoing (e.g., accepting kickbacks or bribes, offering bribes to public officials, lying to outside stakeholders, environmental violations) on the job within the past year.
- According to B. Stevens (2013), "Confidence in the ethics of the U.S. business executive remains fairly low on the Gallup Poll surveys and the U.S. has declined on the CPI (Consumer Price Index) and Edelman Trust Barometer" (p. 361).
- In the introduction to a special issue of the *Journal of Law, Medicine & Ethics*, Rodwin (2013) wrote that "today, the goals of pharmaceutical policy and medical practice are often undermined due to institutional corruption—that is, widespread or systemic practices, usually legal, that undermine an institution's objectives or integrity" (p. 544). Elliott (2014) noted that in 2010 the pharmaceutical industry eclipsed the defense industry as the biggest defrauder of the U.S. government.
- A study found that campus judicial systems tend to give light sentences (e.g., writing an essay) for serious violations such as sexual assaults, physical attacks causing serious injuries, robberies, and other violent felonies, leaving many students reporting that "the system is unfair" and that the campus "has betrayed them" (Binkley et al., 2014).
- Twenge et al. (2014) reported that "confidence in institutions ... reached historic lows among Americans" (p. 1920). They emphasized that the loss of trust and confidence extends across a wide array of institutions: "The trend is not limited to distrust in government; the declines also appear in Americans' confidence in institutions unconnected to the government, such as medicine, religion, the news media, and TV" (p. 1921).
- As of 2020, the loss of confidence reported by Twenge and her colleagues remains low. According to Gallup (2020), fewer than 50% express either a "great deal" or "quite a lot" of confidence in any of the following institutions: big business (19%), banks (38%), organized religion (42%), the

criminal justice system (24%), the Supreme Court (40%), Congress (13%), the police (43%), newspapers (24%), or large technology companies (32%).

This chapter suggests three key steps to strengthen ethics in organizations.

STEP 1: KEEP CODES IN CONTEXT

Organizations often point with pride to their ethics codes, highlighting high ideals and clear prohibitions of questionable conduct. Codes can communicate basic standards and admirable aspirations. For discussion of the ethics codes of the American Psychological Association, Canadian Psychological Association, American Indians, and feminist therapists, see Chapter 3. But ethics codes—including those backed by good-faith enforcement—often fall short of fostering an ethically strong organization. Unethical acts may go unnoticed, noticed acts may go unreported, reported acts may not be fully and fairly investigated, and investigation findings may not be adequately acted on.

Codes that are out of context can create the illusion of ethical behavior, as illustrated by Enron's famous 84-page organizational code. For instance, Enron required every employee to read and sign the code, which was widely praised for years as a model for other groups wishing to achieve Enron's reputation for integrity, innovation, and profitability. Years later, Enron's code of ethics shifted from fame to notoriety as prosecutors used it to cross-examine employees in trials that convicted 21 felons after the company collapsed into bankruptcy and caused investors to lose \$74 billion, with losses due to fraud of up to \$45 billion (Arbogast, 2013; Axtman, 2005; McLean & Elkind, 2013; Pasha, 2006; Tang et al., 2018; Watkins, 2013). Additionally, Lease (2006) concluded that "the literature supports ... the contention that an ethical organizational culture cannot be created through the imposition of a code" (p. 29); however, a code can play a key role if those at the top provide ethical leadership by modeling ethical behavior and creating a culture of commitment to ethics throughout the organization.

Kish-Gephart et al.'s (2010) meta-analysis found that the "mere existence of a code of conduct has no detectable impact on unethical choices, despite the considerable amount of statistical power that comes from doing a meta-analytic summary" (p. 21). However, the study also found "a strong, negative link ... between code enforcement and unethical choice" (p. 13).

Weaver (2014) noted that while "empirical research has been clear" that organizational codes per se have "limited, if any, influence on ethical behavior" (p. 293) they must be part of an organization climate in which ethical issues are discussed on an everyday basis and become an ordinary aspect of decision-making and behavior (see also Nicholson, 2008; Weiss, 2014). In turn, the

organization's ethical culture becomes internalized as part of each individual's personal values (C. W. Hill et al., 2014).

Green (2020) cited an experimental study finding that a code of ethics did not affect the behavior of software engineers, and noted that this finding "mirrors studies that have similarly shown the limits of ethics codes to affect behavior in other domains" (p. 5).

These and other studies suggest that many ethics codes may be little more than an ethics placebo. Codes work to prompt ethical thinking and action when rooted in an ecology of strong ethical leadership, effective enforcement, and a culture of ethical concern. Ethics questions can rise for everyone to the level of daily concern often devoted to questions of profits, promotions, and will this meeting ever end? To make ethics stronger in any organization, a reasonable first step is surveying all employees, members, and other stakeholders about current leadership, enforcement, and culture. Moreover, asking every member of an organization about what change is needed while welcoming, encouraging, and modeling open discussions about organizational change can also be fruitful.

STEP 2: RESPECT THE TRUE COSTS OF BETRAYING ETHICS

When it comes to ethics, none of us is perfect. We all fall short, miss red flags, face risky moments of weakness and temptation. How do we mask, reinterpret, or justify our unethical acts to ourselves and, when needed, to others? Each of us likely has our own set of go-to strategies when we find it hard to pass up temptation. Chapters 10–14 discuss ways to strengthen our ethical awareness and critical thinking so that we can identify and avoid some of the most common means (e.g., logical fallacies, flawed judgments, tricks of language, and cognitive strategies of justification) of spinning ethically questionable or objectionable options into seemingly acceptable choices.

These ethical spins deny or downplay the true costs of our unethical acts. The costs of betraying ethics range from seemingly minor wrongs to people dying, as in the GM example. In betraying ethics, GM betrayed its customers, who trusted and relied on the company's honesty, integrity, and good faith. As a result, some GM customers died. Others suffered needless catastrophic injuries. Families suddenly lost a mother, a father, a child, or another loved one. These are the true costs of deciding that fixing a design flaw is "not worth the cost" (Viscusi, 2015, p. 7).

Research supports the idea that betrayal per se can cause harm and may deepen the response to other bad acts. Rachman (2010) noted that betrayal's effects may include "shock, loss and grief, morbid pre-occupation, damaged self-esteem, self-doubting, anger" and sometimes "life-altering

changes” (p. 304). Koehler and Gershoff’s (2003) set of experiments “found that people reacted more strongly ... to acts of betrayal than to identical bad acts that do not violate a duty or promise to protect” (p. 244; see also Beamish, 2001).

Research also supports the idea that when betrayal happens within organizational dynamics, it may cause institutional betrayal trauma (Brown, 2020; Cromer et al., 2018; Freyd et al., 2005; Gómez, 2020; Hopper, 2020; C. P. Smith & Freyd, 2014). Organizations often betray customers, students, parishioners, prisoners, and others who are not employees, but organizations can also betray their own employees. Kirschman et al. (2013), for example, described organizational betrayal that many police officers experience. They wrote that when this betrayal occurs, it “complicates traumatic reactions by creating huge doubts about the future” (p. 73) and “makes everything else worse” (p. 57). Surís et al. (2007, p. 179; see also Monteith et al., 2019; Surís et al., 2004) found that when soldiers were sexually assaulted within the context of the military organization (i.e., by officers or other military personnel), there were “additional negative consequences above and beyond the effects of [civilian sexual assault].” Ethically strong organizations work to avoid the logical fallacies, judgment errors, tricks of language, cognitive glitches, and pseudoscience—discussed in Chapters 10 through 14—that hide betrayals and their true costs.

To appreciate the ability of such a common event as betrayal to stay out of sight, it may be helpful to remember that psychology itself was slow to recognize it as a topic of study. The PsycNET database includes millions of articles in psychology journals dating back to 1900, but a study—or article of any kind—with the term *betrayal* in the title did not appear in a psychology journal until a single article was published during the 1960s, followed by an average of less than one each year for the next two decades. It was not until 1992, when a special double issue (Volume 8, Issues 3–4) of *Psychotherapy Patient* published seven articles focusing on betrayal, and 1994, when Freyd published “Betrayal Trauma: Traumatic Amnesia as an Adaptive Response to Childhood Abuse,” which was followed by *Betrayal Trauma: The Logic of Forgetting Childhood Abuse* in 1996, that a significant body of published research, theory, and thoughtful discussions began to appear.

The anonymous survey and open discussion recommended previously might include the following questions:

- How has the organization betrayed—or seemed at risk for betraying—ethical standards or aspirations, the organization’s employees or members, and others affected by the organization’s behavior?

- How has the organization denied or downplayed betrayals and their consequences?
- How has the organization failed to assume responsibility for its betrayals?
- What changes would be helpful, and who has the power within the organization to make them?

STEP 3: ENCOURAGE SPEAKING UP, LISTENING CAREFULLY, AND ACTING WITH FAIRNESS

Prior sections suggest an anonymous survey as a starting point. Why? Because organizational culture often silences concerns that the organization's leadership, culture, code enforcement, or behavior are questionable, somewhat flawed, or worse. Kish-Gephart et al. (2009) wrote, "In every organization, individual members have the potential to speak up about important issues, but a growing body of research suggests that they often remain silent instead, out of fear of negative personal and professional consequences" (p. 163; see also Mayer, Milliken et al., 2003). Similarly, Detert and Treviño (2010) noted that many employees believe from the time they set foot in the door that part of their organizational role is to "tread lightly" around those in power" (p. 264).

Sometimes the belief that speaking up achieves nothing compels those concerned to keep their mouths shut. In some organizations, people in power turn a deaf ear to unwelcome questions, concerns, or reports (for more see Peirce et al., 1998; Pinder & Harlos, 2001). Stakeholders may also lack confidence that ethics concerns or complaints will be met with fairness and justice (Cropanzana et al., 2007; Dunford et al., 2014; Qin et al., 2015). If members of any organization believe that there is one system of ethical accountability and discipline for those with power, status, and connections and a different system for everyone else, it may create a climate in which the privileged can act with impunity and others learn that voicing ethical questions or concerns about those at the top will at best come to nothing. In any organization, it is worth evaluating how many, if any, of the leaders have publicly acknowledged their own or the organization's ethical missteps. If there have been zero instances in the history of the organization, perhaps the organization has always acted in an ethically perfect manner, the result of those who provide ethically perfect leadership. But perhaps not. One aspect of organizational climate is the degree to which the organization is open to discussing such questions, issues, and concerns.

Research suggests that those who choose to act as whistleblowers must overcome concerns that they will face retaliation or that the risks they take will be in vain (Mayer et al., 2013; Mesmer-Magnus & Viswesvaran, 2005; Miceli et al., 2013). These concerns are often well placed. For example,

Dyer (2014) reported that “more than half the whistleblowers who contacted the UK charity Public Concern at Work for advice in 2012 were sacked or resigned after raising concerns about wrongdoing, risk, or malpractice” (p. 6285). An additional 22% were disciplined or punished in other ways. Only 6% reported that their speaking up led to improvements in the workplace.

Rothschild and Miethe (1999) found that whistleblowers tend to “suffer severe retaliation from management, especially when their information proves significant” (p. 107). McDonald and Ahern (2000) found that nurse whistleblowers tended to suffer severe consequences, whereas those who kept silent experienced few negative effects. The official reprisals included demotion (4%), reprimand (11%), and referral to a psychiatrist (9%). Whistleblowers also reported that they received professional reprisals in the form of threats (16%), rejection by peers (14%), pressure to resign (7%), and being treated as a traitor (14%). Ten percent reported that they felt their career had been halted (McDonald & Ahern, 2000, p. 313).

In reviewing actual cases of whistleblowing in organizations, Asaoka (2020) found that firms not only “harbor misconduct and cover it up, but also that they are willing to fight back against whistleblowers, even when these are top managers or company veterans. Fears of retaliation are real ...” (p. 4).

A former employee of Enron, Sherron Watkins (2013), described how blowing the whistle on questionable activities derailed her career. For instance, while she received positive media coverage of her insider disclosures of Enron’s wrongdoing and testimony as a key prosecution witness in the criminal and civil trials, her career was impacted. Despite being named *Time*’s “Person of the Year” where she shared the cover with two other whistleblowers from other organizations the corporate world took a dimmer view. A decade later she wrote that “the label Enron whistleblower means I will not work in Corporate America again” (p. ix).

Jackall (1988) gathered the rules of organizational silence into a series of five warnings:

- (1) You never go around your boss.
- (2) You tell your boss what he wants to hear, even when your boss claims that he wants dissenting views.
- (3) If your boss wants something dropped, you drop it.
- (4) You are sensitive to your boss’s wishes so that you anticipate what he wants; you don’t force him, in other words, to act as boss.
- (5) Your job is not to report something that your boss does not want reported, but rather to cover it up. You do what your job requires, and you keep your mouth shut (p. 115).

A culture of silence and silencing can close off many routes to better organizational ethics. An anonymous survey might begin by asking the following: If you were to raise concerns about ethics or blow the whistle on unethical

behavior, how do you think your colleagues and those higher up in the organization would respond? What would happen to your concerns, and what would happen to you? But if the organization's culture lacks trust, those asked to fill out the survey may wonder: Will they recognize my identity in some way? Are the forms coded? If I go to all the trouble of filling it out, will anyone even read it? Take it seriously? Treat it fairly? Use it to make things better?

In some cases, it may make more sense to simply start looking for ways to change the culture and dynamics of silencing. What immediate steps would encourage and support speaking up and show that valid criticism is heard, valued, and acted on with fairness and justice? Can the costs of speaking up be eliminated or at least minimized?

CONCLUSION: ONLY IF WE ACT

Any steps to make organizational ethics stronger can succeed only if we actually take the steps. Taking action requires us to leave our role as passive bystanders (aka enablers) when we learn of questionable or unacceptable behavior, especially when the welfare of others is at stake.

We must often teach ourselves how to leave the comfort and safety of "it's not my problem," "I don't get paid enough to deal with this," "someone else will take care of this," "it's probably not as bad as it looks," or "speaking up won't make any difference." However, formal programs show promise in teaching and encouraging bystanders to take action in a range of situations such as theft, sexual harassment, interpersonal or systemic racism, bullying, or sexual assault (Brüggemann et al., 2019; Dal Cason et al., 2020; Guerette et al., 2013; Kleinsasser et al., 2015; Nelson et al., 2011; Nickerson et al., 2014; Palm Reed et al., 2015; Salmivalli, 2014; Van Bommel et al., 2014; Wonderling, 2013).

Moral courage (see Chapter 9: *Moral Distress and Moral Courage*) can strengthen organizational ethics. Serrat (2010) described that "At its most basic, moral courage helps cultivate mindful organizational environments that, among others, off-set groupthink; mitigate hypocrisy and 'nod-and-wink' cultures; educate mechanical conformity and compliance; bridge organizational silos; and check irregularities, misconduct, injustice, and corruption" (p. 2; see also Hannah et al., 2011; Osswald et al., 2010; Simola, 2015). It often takes moral courage to take action—whether action means using a survey to find out what changes might make organizational ethics stronger, trying to help bring about those changes, or blowing the whistle inside or outside the organization.

Finally, even if we are concerned about, committed to, and focused on taking steps to prevent questionable or objectionable practices on an individual and organizational level, our lives may be so textured with tight schedules,

heavy responsibilities, and constant distractions that we miss chances to act. Darley and Batson (1973) conducted an experiment showing how a lack of attention to our immediate surroundings—the here and now—can lead to missed opportunities. Princeton Theological Seminary students participated in an experiment in which they were given time to prepare a brief talk in one locale and then had to give the talk in another building. As the students walked through an alley between the buildings, each found someone pretending to be a victim in need of help—slumped over in a doorway, eyes shut, head down, unmoving. The victim coughed and groaned. Half of the students prepared a talk on the parable of the Good Samaritan, and yet many did not stop to help the victim. Those who were about to talk about the importance of acting like the Good Samaritan were no more likely to stop to help than those who were assigned to talk about another topic. To save time, some stepped over the victim rather than going around.

As we go about taking steps to make ethics stronger in organizations, this study reminds us that chances to make a difference often come at an inconvenient time and catch us off guard, appearing in forms we did not expect, that we can pass by it without noticing, and that we need to pay attention to what shows up unannounced at every step.