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## Compliance as a Subtle Precursor to Ethical Corrosion: A Strength-Based Approach as a Way Forward

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## COMPLIANCE AS A SUBTLE PRECURSOR TO ETHICAL CORROSION: A STRENGTH-BASED APPROACH AS A WAY FORWARD

*Leslie E. Sekerka, Ph.D.\**

I.	INTRODUCTION .....	278
II.	CORPORATE SOCIAL RESPONSIBILITY.....	279
III.	ACKNOWLEDGING VULNERABILITY.....	282
IV.	ETHICS AS PROBLEMS TO BE SOLVED.....	287
V.	ETHICAL CORROSION.....	288
VI.	PROFESSIONAL MORAL COURAGE.....	290
VII.	MORAL COMPETENCIES.....	291
	<i>A. Emotional Signaling</i> .....	292
	<i>B. Reflective Pause</i> .....	292
	<i>C. Self-regulation</i> .....	293
	<i>D. Moral Preparation</i> .....	294
VIII.	ORGANIZATIONAL ETHICAL STRENGTH.....	295
IX.	RECOMMENDATIONS FOR LEADERS .....	299
X.	CONCLUSION .....	300

### ABSTRACT

If firms espouse to care for people and the planet in route to making a profit, why do organizations continue to operate as incubators for unprincipled thoughts, plans, and deeds? While many leaders strive to meet the regulatory requirements with the best of intentions, ensuring they are communicated, implemented, and

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\* Professor of Management, Director, Ethics in Action Research and Education Center. This article is adapted from the chapter by Leslie E. Sekerka, Justin D. McCarthy, & Richard P. Bagozzi, *Developing the Capacity for Professional Moral Courage: Facing Daily Ethical Challenges in Today's Military Workplace*, in *MORAL COURAGE IN ORGANIZATIONS: DOING THE RIGHT THING AT WORK* 130, 130–41 (Debra R. Comer & Gina Vega eds., 2011). This article also draws upon Dr. Sekerka's experiences in conducting business ethics workshops and seminars with industry leaders and managers in the energy, government, defense, healthcare, and technology industries.

adhered to by all employees, their operations can fall short. Business is continually plagued by the unethical actions of people and organizations, with repeated ethical lapses stemming from both business and government entities. To address this issue, the lack of ethical durability, prior research in social psychology, organizational behavior, and business ethics are leveraged to help explain the concept of ethical corrosion. This article is meant to evoke reflection on why moral courage is needed if businesses hope to achieve principled performance. Recommendations for adult moral development are provided, including a technique to generate ethics training in organizational settings.

## I. INTRODUCTION

Telling employees to be ethical has not been particularly effective in securing ethical performance because employees face complex issues that present difficult decisions, often forcing them to choose between competing values. Sometimes managers must address ethical dilemmas that do not have clear distinctions about what is right. This difficulty is amplified by the imposition of quotas that press for short-term profit generation. While ethics regulations support ethical reform, such as those stemming from the Sarbanes-Oxley Act,<sup>1</sup> unethical acts remain an ongoing reality. In its 2011 National Business Ethics Survey, the Ethics Resource Center reported that forty-five percent of employees observed misconduct at work. Moreover, there is a disconcerting rise in employees feeling pressure to compromise their ethical standards to achieve the organization's goals.<sup>2</sup>

Given this lack of a sustained commitment to ethical responsibility within and across industry operations, ethics continues to be a frequent topic among executives and management scholars alike. Business ethics researchers have come to recognize that while a compliance-driven approach may help people become aware of the rules, it does little to cultivate, support, and build the moral competencies necessary for ethical strength. The purpose of this article is to describe how a focus on general compliance in organizations can be easily eroded, ultimately acting as a subtle precursor to ethical corrosion. After considering the research that explains how people can fall short of the ethical baseline, this article presents suggestions on how to build moral courage. This article then provides ideas for cultivating responsible leadership and employee ethical development. In all, this article advocates a viable way to establish a more durable approach to ethics and moral fortitude in business enterprise.<sup>3</sup>

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<sup>1</sup> The Sarbanes-Oxley Act of 2002, Pub. L. No. 107-204, 116 Stat. 745 (codified as amended in scattered sections of 15 & 18 U.S.C.).

<sup>2</sup> NATIONAL BUSINESS ETHICS SURVEY: WORKPLACE ETHICS IN TRANSITION 12 (Ethics Res. Ctr., 2011). The percentage of employees who perceived pressure to compromise standards in order to do their jobs climbed five points to 13%, just shy of the all-time high of 14% in 2000. *Id.*

<sup>3</sup> Throughout this article the terms ethical and moral are used interchangeably. Both refer to thoughts and actions that adhere to laws and organizational policies, while also taking into consideration the needs and interests of others.

## II. CORPORATE SOCIAL RESPONSIBILITY

Primary benefits of a capitalist system include its ability to generate economic growth, promote wealth accumulation, and protect liberty through its emphasis on protecting private property rights and individual choice. Perhaps the strongest argument for the benefits of capitalism is one of its oldest: Adam Smith's concept of the *invisible hand*<sup>4</sup>—organizations, acting in their own self-interest, are eventually driven to create products that serve society's best interest.<sup>5</sup> Yet, in Milton Friedman's infamous 1970 Times Magazine article, the economist argued that businesses' sole purpose is to generate profit for shareholders.<sup>6</sup> He postulated that companies who adopt *responsible* attitudes would face more binding constraints than companies that did not—rendering them less competitive.<sup>7</sup> While this expectation has been refuted, the basis of his strategy remains viable. This places corporate shareholders as the main constituency that leaders must satisfy, given their fiduciary responsibility to investors.<sup>8</sup> This shareholder approach to business operates from a self-centered vantage point, perceiving that owners and leaders should make decisions to protect the firm's best interest. Ethics are typically viewed as necessary regulatory requirements (i.e., a cost of doing business), that is, unless monetary returns can be generated by leveraging social responsibility as a marketable commodity (e.g., via reputation development and access to new markets).

Shareholder-driven organizations dominate the market in the United States, yet management scholars continue to show how a focus on stakeholders is actually more productive for the long-term interests of the firm.<sup>9</sup> Stakeholder-driven organizations tend to undertake deeper forms of ethical responsibility (i.e., corporate social responsibility (CSR)) and integrate considerations for people and the planet in conjunction with making a profit.<sup>10</sup> This is manifest in the firm's core values and reflected in the firm's purpose, mission, and strategy. Leaders who operate from a shareholder perspective focus on maximizing shareholder profit and are less likely to pursue activities that go beyond self-interest. Similarly,

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<sup>4</sup> ADAM SMITH, *THE THEORY OF MORAL SENTIMENTS*, IV.I.10 (D. Raphael & A. Macfie eds., 1976).

<sup>5</sup> *Id.*

<sup>6</sup> Milton Friedman, *The Social Responsibility of Business is to Increase Profits*, N.Y. TIMES MAG., Sept. 13, 1970, at 122, available at [http://doc.cat-v.org/economics/milton\\_friedman/business\\_social\\_responsibility](http://doc.cat-v.org/economics/milton_friedman/business_social_responsibility).

<sup>7</sup> *Id.*

<sup>8</sup> DAVID VOGEL, *THE MARKET FOR VIRTUE: THE POTENTIAL AND LIMITS OF CORPORATE SOCIAL RESPONSIBILITY* 24–26 (Brookings Inst. ed., 2006).

<sup>9</sup> John R. Boatright, *What's Wrong—and What's Right—with Stakeholder Management*, J. OF PRIVATE ENTER. 106, 126 (2006).

<sup>10</sup> Leslie E. Sekerka & Derek Stimel, *How Durable is Sustainable Enterprise? Ecological Sustainability Meets the Reality of Tough Economic Times*, 54 BUS. HORIZONS 115, 117 (2011).

organizations with a stakeholder approach believe it is their duty to generate returns for investors. But this perspective also charges leaders with managing how profits are generated, emphasizing their responsibility toward a broader consideration of others' needs. In stakeholder organizations, corporate performance is not just measured in dollars. Value creation is established with moral awareness, including respect for the future inhabitants of the earth in years to come.<sup>11</sup> Firms striving to supersede ethical compliance are largely stakeholder-driven, because they work to include social responsibility in their operational strategies and performance goals. The academic literature is ripe with explanations about CSR and how it can be implemented.<sup>12</sup> Yet, sustaining a commitment to such aspirational goals in conjunction with profitable performance is challenging, especially given the protracted recessionary period.<sup>13</sup>

Tapping insight from global leaders, many call for a new kind of capitalism, one that leverages the benefits of free-market coupled with a foundation of “sound ethics and a strong sense of morality.”<sup>14</sup> The notion of creative capitalism, coined by Bill Gates and Warren Buffett, supports this idea. John Mackey, CEO of Whole Foods, uses the term “conscious capitalism.” He explains that social purpose and profit are balanced through voluntary cooperation.<sup>15</sup> Mackey claims that “self-interest and altruism can not only coexist, they can both thrive simultaneously without a lot of government meddling.”<sup>16</sup> Such models assume that leaders will adopt a shared sense of responsibility and commit to a balance—a weave between shareholder and stakeholder strategic perspectives.<sup>17</sup>

In a balanced model, the goal of social responsibility is placed on par with profit generation. Shifting how performance is measured to advance CSR can be advocated through triple bottom line reporting. This process requires firms to attend to social, ecological, and economic value as all equally central to business

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<sup>11</sup> WORLD COMM'N ON ENV'T AND DEV., UNITED NATIONS, OUR COMMON FUTURE 57 (Oxford Univ. Press ed., 1987).

<sup>12</sup> See generally Archie B. Carroll, *Corporate Social Responsibility: Evolution of a Definitional Construct*, 38 BUS. & SOC'Y 268 (1999); Thomas Jones, *Instrumental Stakeholder Theory: A Synthesis of Ethics and Economics*, 20 ACAD. OF MGMT. 404 (1995); Thomas Jones, *An Integrating Framework for Research in Business and Society: A Step Toward the Elusive Paradigm?*, 8 ACAD. OF MGMT. 559 (1983); Michael E. Porter & Mark R. Kramer, *Strategy and Society: The Link Between Competitive Advantage and Corporate Social Responsibility*, HARV. BUS. REV., Dec. 2006, at 78; Duane Windsor, *The Future of Corporate Social Responsibility*, 9 INT'L J. OF ORGANIZATIONAL ANALYSIS 225 (2001).

<sup>13</sup> Sekerka & Stimel, *supra* note 10, at 115.

<sup>14</sup> *Kyocera Founder Kazuo Inamori Criticizes U.S. CEO Excesses*, USA TODAY (Apr. 21, 2009, 2:28 AM), [http://www.usatoday.com/money/companies/management/advice/2009-04-19-advice-inamori\\_N.htm](http://www.usatoday.com/money/companies/management/advice/2009-04-19-advice-inamori_N.htm).

<sup>15</sup> Danielle Sacks, *John Mackey's Whole Foods Vision to Reshape Capitalism*, FAST COMPANY (Dec. 1, 2009), <http://www.fastcompany.com/magazine/141/the-miracle-worker.html?page=0%2C0>.

<sup>16</sup> *Id.*

<sup>17</sup> Sekerka & Stimel, *supra* note 10, at 116–17.

enterprise. This more inclusive collective orientation means that everyone associated with the firm has a stake in its actions (customers, suppliers, members, the environment, etc.). It is important to recognize that the distinction between stakeholder and shareholder is not binary. Firms exist on a continuum between the two perspectives, often influenced by factors such as management goals, pressure from external stakeholders, and governmental regulation.

When considering the level of commitment to principled performance, management generates decisions based on assumptions rooted in the organization's identity. Strategies emerge and reinforce existing beliefs about how to conduct business. When asked about how companies keep up their CSR efforts, one leader summed up the point:

If they see it as a 'nice to have' but not a necessity for the sustainability of their business, then it will not be a priority. . . . Often, the issue is the time frame within which returns are expected. Most sustainability initiatives are long-term commitments and, therefore, often do not fit within the quarterly profits model.<sup>18</sup>

Scholars have candidly confronted the titans of industry—challenging whether leaders have truly made principled performance a core part of their strategy and whether they have incorporated ethics in calculating their bottom line.<sup>19</sup>

An ironic twist is that firms with favorable CSR reputations (leaders in managing environmental, social, and governance in the United States, e.g., General Electric (GE), Pacific Gas & Electric Company, and Procter & Gamble), are typically shareholder-driven.<sup>20</sup> For example, GE Chairman and CEO Jeff Immelt suggests, "There is a green lining among the current economic storm clouds and GE customers and investors are benefiting."<sup>21</sup> GE's eco-focus does not stem from a deep sense of social responsibility. Rather, it uses CSR as a strategic initiative to gain position in a range of high-growth and high-margin emerging markets. This is the healthy drive of free-market capitalism, which is the cornerstone of western enterprise. Like people, companies may espouse their values and have good intentions, but are also susceptible to moral decay. Despite their attempts to

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<sup>18</sup> Jeffrey Marshall, *Is Corporate Green Getting a Yellow Light?*, 25 FIN. EXEC., no. 5, June 2009, at 25, available at <http://www.thefreelibrary.com/Is+corporate+green+getting+a+yellow+light%3F-a0202922850>.

<sup>19</sup> R. Scott Marshall & Darrell Brown, *Corporate Environmental Reporting: What's in a Metric?*, 12 BUS. STRATEGY AND THE ENV'T. 87, 87 (2003).

<sup>20</sup> *2011 Global 100 List*, GLOBAL 100, <http://www.global100.org/annual-lists/2011-global-100-list.html> (last visited Apr. 1, 2012).

<sup>21</sup> *GE—Contributing to U.S. and World Recovery*, 17 THE METRO. CORP. COUNS., no. 2, Feb. 2009, at 38, available at <http://www.metrocorp.counsel.com/pdf/2009/February/01.pdf>.

engage in CSR, when companies frame ethics as a necessary requirement imposed by law or industry standards, or as a way to create value, they are susceptible to the vulnerabilities of ethical corrosion.

Organizations are manmade creations, reflecting the will of human achievement as expressed by their innovation and performance. But just like people, even so-called “good” organizations, under certain conditions, are fallible. People and organizations can fail to live up to their own standards. To explore this irony, it is important to examine the circumstances for moral vulnerability. To address this concern, the focus of this article now turns to the individual, and research that explains how one’s internal “compliance” mechanisms of self-regulation are prone to fall short. This article then describes how aiming higher by building ethical strength to exceed the moral minimum is a recommended way to move forward.

### III. ACKNOWLEDGING VULNERABILITY

Ethical people engage in unethical acts for many different reasons. Many studies in social psychology reflect how susceptible people are to the influence of social norms.<sup>22</sup> Interpersonal and environmental forces can be deleterious to a person’s character. Perhaps the most famous experiment was conducted by Stanley Milgram, which showed how reasonably thoughtful, intelligent, and ethical people could be easily swayed, choosing to engage in behavior that actually imposes harm on others.<sup>23</sup> As stated by Milgram, “[I]t is not so much the kind of person a man is—as the kind of situation in which he finds himself that determines how he will act.”<sup>24</sup> Social psychologists have continued to reflect on this disconcerting tenet of humanity, working to better understand our inherent ethical malleability.

Drawing from knowledge derived from his classic Stanford Prison Experiment, Philip Zimbardo has more recently worked to understand unethical behavioral change, as demonstrated in the Abu Ghraib prison scandal.<sup>25</sup> In testifying as an expert witness, he described how certain environments could corrupt even those who have vowed to uphold ethical standards as a part of their social identity (in

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<sup>22</sup> Masoud Shadnam & Thomas B. Lawrence, *Understanding Widespread Misconduct in Organizations: An Institutional Theory of Moral Collapse*, 21 BUS. ETHICS Q., no. 3, July 2011, at 379.

<sup>23</sup> Stanley Milgram, *Behavioral Study of Obedience*, 67 J. OF ABNORMAL AND SOC. PSYCHOL. 371, 371–78 (1963).

<sup>24</sup> STANLEY MILGRAM, *OBEEDIENCE TO AUTHORITY: AN EXPERIMENTAL VIEW 1* (Harper & Row ed., 1974).

<sup>25</sup> PHILIP G. ZIMBARDO, *THE LUCIFER EFFECT: UNDERSTANDING HOW GOOD PEOPLE TURN EVIL 1*, 324 (Random House ed., 2007).

this situation, military service personnel).<sup>26</sup> Zimbardo's work to determine how people can become grossly separated from their ethical or moral selves led him to create a list of criteria that contribute to the corruption of people's identity in social settings.<sup>27</sup> To illustrate just how susceptible people are to ethical corrosion, Zimbardo drafted a list of circumstances that move good people to do bad things. These components are listed below, but are specifically shaped to apply to the workplace. Examples have been added to help readers relate them to everyday organizational experiences.

1. *A workplace performance ideology justifies questionable actions, which are legitimated with rewards. People comply with and model this method.*

Example: An employee is a member of a work team where there is pressure and competition to perform, and where accomplishing goals appears to take priority over fully vetting ethical risks. Management seems to turn a "blind eye" toward how goals are achieved (i.e., cutting corners in terms of principled performance largely goes unquestioned). Compensation is associated with achieving performance goals. Everyone seems to be going along with this and it appears to be the accepted practice. It is "just business," and people are making good money.

2. *Those modeling this performance ideology show compliance.*

Example: An employee recognizes that "rule bending" to achieve performance goals does not address the spirit and letter of the law, standard, policy, or regulation. However, management and others engaged in such actions are able to show that they have complied with required regulatory demands.

3. *Management appears to be just and, at times, even compassionate; yet, can also become dictatorial.*

Example: An employee's team leader, supervisor, or boss is inconsistent in mood or temperament. On Monday the

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<sup>26</sup> *Soldier Life: Living the Army Values*, U.S ARMY, <http://www.goarmy.com/soldier-life/being-a-soldier/living-the-army-values.html> (last visited Apr. 1, 2012) (describing the U.S. Army core values as including a commitment to carrying out, acting, and living the values of respect, duty, loyalty, selfless service, integrity, and personal courage in all actions). Integrity specifically means to "[d]o what's right, legally and morally," a quality developed by adhering to moral principles. *Id.*

<sup>27</sup> Phillip G. Zimbardo, *A Situationist Perspective on the Psychology of Evil: Understanding How Good People are Transformed into Perpetrators*, in *THE SOCIAL PSYCHOLOGY OF GOOD AND EVIL* 21, 21–25 (A. Miller ed., 2004).



boss seems to support the employee's request for time off to care for a sick relative; yet, later that same week demands that quotas be met and current tasks be accomplished in an expedited timeframe. The employee has to curtail his vacation time, hire outside help to care for the relative, and work overtime (without pay) to try and meet the goals. The boss is pleased with the product and suggests the employee needs to ensure that future deadlines are met. The employee's morale drops significantly.

4. *Rules are vague and changing.*

Example: Performance policies or rules are amended without providing time to reflect and discuss the ramifications of the changes with co-workers and management. Before an employee can figure out how these rules actually affect existing processes or their implementation, another email arrives announcing additional compliance standards.

5. *Exiting the situation is difficult.*

Example: An employee needs her job. She owes money on student loans and has amassed a great deal of credit card debt. She is planning a future for her family and must rebuild assets after the 2008 market crash depleted her retirement account. Jobs in the region are scarce, and she cannot relocate because her extended family helps provide childcare. Leaving the job is out of the question.

Many of these examples may seem familiar; they illustrate how easily people can be placed in situations that can work against the desire or intent to engage in principled performance. When working to achieve the organization's objectives, people do not always realize how their choices and actions may inadvertently deteriorate, leading them to become less ethical. This lack of forthrightness often stems from personal failings such as self-interest, greed, hubris, and laziness, along with perceived social pressure. Fear of job loss and lack of information may also contribute to ethical fallibility. Furthermore, small steps toward harmful actions tend to gradually increase in magnitude.<sup>28</sup> Said differently, once people engage in an unethical act, there appears to be propensity to not only repeat that act, but to increase the size of its unethical proportion (e.g., padding one's expense account by \$20 one month, then \$40 the next month).

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<sup>28</sup> *Id.*

Reductions in adherence to compliance may go unnoticed. Similar to the parable of the boiled frog, people are often unaware of the gradual increase in unethical behavior around them. To explain this association, the story describes a frog that is put into a pot of boiling water. Immediately becoming aware of the scalding temperature the frog jumps out. However, putting that same frog into a pot of water at room temperature and then slowly turning up the heat, the frog stays in the pot and boils to death. The workplace environment is like the pot of water. It gradually increases in temperature (metaphorically speaking); this incremental ethical degradation can influence a person's judgment in surreptitious ways. A subtle ethical change in the environment may not allow employees to realize that the unethical heat (corruption) is being raised (increasing) around them.

Given that people have personal weak spots in their character and that the organization's culture and climate can influence the best or worst in employees, it becomes evident how a seemingly ethical organization can, as a whole, become unethical over time. As suggested by Moberg, an expert in organizational ethics, employees may not be aware that they are losing clarity of thought around ethical discernment and prudential judgment.<sup>29</sup> This creates an environment where moral myopia can cloud decision-making. Employees' ability to give voice to ethical concerns may also become thwarted (i.e., moral muteness).<sup>30</sup> Scholars have taken great care to ascertain how unethical acts form, spread, and establish influence on processes and even entire industries. If the hope is to create organizations that are ethically strong, it is necessary to aim higher than achieving a compliance-driven baseline. It is important to establish organizations that not only focus on helping employees adhere to rules and regulations, but leaders should actually create an organizational environment where ongoing moral development is a part of employees' expected performance.

Figure 1 (below) depicts how firms relate ethics to performance. The center section represents an ethical baseline, achieved through compliance. Like most organizations in the energy, mining, and extractive industries, firms work to adhere to laws and regulatory standards. Adherence, however, does not necessarily include any efforts to build ethical strength. The far left illustrates firms that fall below the baseline, deficient and morally weak. The far right exemplifies what it

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<sup>29</sup> See generally Dennis J. Moberg, *Ethics Blind Spots in Organizations: How Systematic Errors in Person Perception Undermine Moral Agency*, 27 *ORG. STUD.*, no. 3, June 2006, at 413.

<sup>30</sup> See generally MAX H. BAZERMAN & ANN E. TENBRUNSEL, *BLIND SPOTS: WHY WE FAIL TO DO WHAT'S RIGHT AND WHAT TO DO ABOUT IT* (Princeton Univ. Press ed., 2011); FREDERICK B. BIRD, *THE MUTED CONSCIENCE: MORAL SILENCE AND THE PRACTICE OF BUSINESS ETHICS* (Quorum Books ed., rev. vol. 2002); Frederick B. Bird & James A. Waters, *The Moral Muteness of Managers*, 32 *CAL. MGMT. REV.* 73 (1989); Minette E. Drumwright & Patrick E. Murphy, *How Advertising Practitioners View Ethics: Moral Muteness, Moral Myopia, and Moral Imagination*, 33 *J. OF ADVER.* 7 (2004).

looks like to go beyond compliance, doing more than what is required by law, cultivating ethical development at the individual and organizational levels to instill the practice of principled performance. This stance goes beyond ensuring compliance with the letter and spirit of the law. Moreover, this approach considers how creating value for the firm impacts others, with focused concern to make money for investors while being socially responsible.

*Figure 1. The Ethical Performance Continuum*

<b>Ethical Weakness</b>	<b>Ethical Compliance</b>	<b>Ethical Strength</b>
Does harm	Does no harm	Reduces harm
Non-adherence to regulation	Adherence to regulation	Supersedes regulation and advocates social responsibility in the firm's purpose
External punishment for noncompliance	Compliance-based training and compliance-driven performance goals	Compliance-based training and ethical development, ethics woven into the criteria for principled performance goals, rewards for professional moral courage
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<b>Moral Weakness</b>	<b>Moral Minimum</b>	<b>Moral Fortitude</b>

While some organizations lack ethical considerations, firms in the United States are required to attend to the laws of the land, including rules from governmental regulatory agencies. An organization's ethical identity is often visible in its mission, code of conduct, and operating stance, but sometimes these values are stated but not fully exercised. As previously described, most firms are compliance-driven, moving to do what is necessary to maintain their fiduciary duty to investors. While such efforts are intended to avoid wrongdoing, organizations that work to achieve compliance are unlikely to exceed it. Nevertheless, there are firms that possess norms and values that go beyond the legal baseline. These firms create practices and processes within their operations to meet and exceed the moral minimum. Such organizations likely aspire to achieve principled performance as a part of their mission. Cameron illustrates this point by framing performance driven by negative or positive deviance (referring to functioning, harmful on one end and virtuous on the other).<sup>31</sup>

<sup>31</sup> See Kim Cameron, *Positive Organizational Scholarship*, in INTERNATIONAL ENCYCLOPEDIA OF ORGANIZATION STUDIES 1261, 1261–67 (Stewart Clegg & James Bailey eds., 2007).

## IV. ETHICS AS PROBLEMS TO BE SOLVED

When companies aim for the moral baseline by considering ethics as an issue of compliance, they tend to maintain a problem-orientated approach. Organizational studies have described this as a deficit-versus-strength-based approach.<sup>32</sup> This approach explains why business ethics become especially relevant in organizations when malfeasance occurs. In short, when there is trouble, there is action. When errors or issues emerge, management addresses them in a diagnostic fashion. This aligns with a medical model, which is typically how people go about understanding the world around them. When there is a concern, people work to identify its cause by examining the symptoms. People then work to resolve the condition via inquiry, case comparison, and analyses, then offer recommendations, corrective measures, or a plan to create change. Academics have studied this problem-orientated approach and, according to systems theorist Peter Senge and his colleagues, its use can help resolve the immediate issue.<sup>33</sup> But such advances never really alter the system (in this case organizational environment) that created the problem in the first place. Senge suggests that diagnostic methods are inherently a “band-aid” fix—it may resolve the current issue, but it never actually alters the system that created the problem in the first place. Consequently, unless the organization challenges its own deeply held assumptions and appreciates ongoing learning, the problem is very likely to occur again.<sup>34</sup>

The deficit-based approach has been the driving force for how scholars frame research inquiry for decades. For example, more than ninety-nine percent of psychological research in the last fifty years has focused on problems, illnesses, or human malfunction, rather than ascertaining what contributes to human thriving, resilience, and well-being.<sup>35</sup> Similarly, most organizational and managerial research is structured in this manner. Businesses tend to pay much more attention to solving problems, surmounting obstacles, battling competitors, and closing deficit gaps than identifying the flourishing and life-giving aspects of

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<sup>32</sup> See Leslie E. Sekerka et al., *Comparing Appreciative Inquiry to a Diagnostic Technique in Organizational Change: The Moderating Effects of Gender*, 9 INT’L J. OF ORG. THEORY AND BEHAV. 449, 451 (2006).

<sup>33</sup> See generally PETER M. SENGE, *THE FIFTH DISCIPLINE: THE ART AND PRACTICE OF THE LEARNING ORGANIZATION* (Doubleday ed., 1990).

<sup>34</sup> See generally ROSABETH M. KANTER ET AL., *THE CHALLENGE OF ORGANIZATIONAL CHANGE: HOW COMPANIES EXPERIENCE IT AND LEADERS GUIDE IT* (Free Press ed., 1992); PETER SENGE ET AL., *THE NECESSARY REVOLUTION: HOW INDIVIDUALS AND ORGANIZATIONS ARE WORKING TOGETHER TO CREATE A SUSTAINABLE WORLD* (Doubleday ed., 2008); Jean M. Bartunek & Michael K. Moch, *First-Order, Second-Order, and Third-Order Change and Organization Development Interventions: A Cognitive Approach*, 23 J. OF APPLIED BEHAV. SCI. 483 (1987).

<sup>35</sup> See generally MARTIN E.P. SELIGMAN, *AUTHENTIC HAPPINESS* (Free Press ed., 2002).

organizations and looking for ways to create profusion.<sup>36</sup> Pro-social behavior and a focus on abundance have often been dismissed or are ultimately transactional efforts cloaked as righteousness to achieve personal gain, rather than authentic motives to generate goodness.<sup>37</sup>

With the advent of Positive Psychology, new areas of research have emerged in Positive Organizational Scholarship and Positive Organizational Behavior to address strength-based approaches to achieve business success. This platform has gradually been edified with theoretical and empirical evidence to support the idea that organizational dynamics can benefit from a more proactive approach to workplace performance.<sup>38</sup> This research has brought fresh insight to business ethics, with management scholars working to understand how ethical strength can become a sustained component of management strategy. Such an approach is essential in the attempt to alter the current reactionary stance to ethics, giving employees and managers the tools they need and the setting they require to become more adept at meeting and dealing with the pressure, enticement, and potential threat of ethical corrosion.

## V. ETHICAL CORROSION

The metaphor of “good” and “bad” apples in barrels, reflecting people and the organizations they work in, is a useful analogy.<sup>39</sup> Many business ethics articles focus on corruption and fraud as core concerns; however, if a corporation wants to establish an ethical platform, it needs to build organizations (barrels) that help employees (apples) stay ethically healthy.<sup>40</sup> By definition, the idea of corruption suggests a lack of integrity. When corrupted, the individual, organization, or practice is considered decayed, infected, or debased. In keeping with the metaphor, an ethical lapse suggests that the person or entity has “gone bad.” To corrode

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<sup>36</sup> See generally David L. Cooperrider & Leslie E. Sekerka, *Toward a Theory of Positive Organizational Change*, in ORGANIZATION DEVELOPMENT: A JOSSEY-BASS READER 223 (J.V. Gallos ed., 2006); James P. Walsh, Klaus Weber, & Joshua D. Margolis, *Social Issues In Management: Our Lost Cause Found*, 29 J. OF MGMT. 859 (2003).

<sup>37</sup> See generally Robert B. Cialdini et al., *Empathy Based Helping: Is it Selflessly or Selfishly Motivated?*, 52 J. OF PERSONALITY & SOC. PSYCHOL. 749, 757 (1987).

<sup>38</sup> See Leslie E. Sekerka & Lindsey Godwin, *Strengthening Professional Moral Courage: A Balanced Approach to Ethics Training*, 24 TRAINING & MGMT. DEV. METHODS, no. 4, 2010, at 63, 64; see generally Leslie E. Sekerka et al., *Use of Balanced Experiential Inquiry to Build Ethical Strength in the Workplace*, 31 J. OF MGMT. DEV. 275 (2012).

<sup>39</sup> See generally Blake E. Ashforth et al., *Introduction to Special Topic Forum: Re-Viewing Organizational Corruption*, 33 ACAD. OF MGMT. REV. 670 (2008); Linda K. Treviño & Stuart A. Youngblood, *Bad Apples in Bad Barrels: A Causal Analysis of Ethical Decision-Making Behavior*, 75 J. OF APPLIED PSYCHOL. 378 (1990).

<sup>40</sup> See Richard P. Nielsen, *Corruption Networks and Implications for Ethical Corruption Reform*, 42 J. OF BUS. ETHICS 125, 142–43 (2003); Leslie E. Sekerka, *Preserving Integrity in the Face of Corruption: Exercising Moral Muscle in the Path to Right Action*, 1 J. OF ORGANIZATIONAL MORAL PSYCHOL., no. 3, 2011, at 1 [hereinafter *Preserving Integrity*].

means the core of an entity is being eaten away, which, if allowed to continue, will ultimately destroy it. From the Latin root, *corrodere*, corrosion literally refers to a rodent gnawing away at the base, gradually ruining its functionality.<sup>41</sup> The idea of ethical corrosion has to do with the subtle process of moral decay. Dealing with corruption as a problem means resolving the issue—after the fact. It deals with ethics on a case-by-case basis, rather than as a deeper systemic concern.

Observing the people who establish the organization and employees who give it life is essential for examining how to address ethical corrosion from a strength-based perspective. Individuals, as moral agents, make choices and conduct daily activities that create business enterprise. Although an organization's policies provide a foundation for ethics, the decisions and actions made by employees shape the culture and climate of organizational life. Prior research has shown that if individuals choose to preserve their integrity, ethical corrosion can be addressed and abated.<sup>42</sup> Assuming people have choices where they can exert their will, when they see an opportunity to engage in malfeasance, moral courage is needed to withstand the pressure or temptation to engage. Especially if the individual feels wronged in some way and negative emotions such as anger, disgust, fear, hubris, or greed are present. Such forms of negative affect often influence decisions to advance one's own self-interest.

Empirical research shows that bad drives psychological reactions, but good propels behavior.<sup>43</sup> The challenge, however, is that bad is often stronger than good, suggesting that people tend to be motivated to avoid the negative, rather than to pursue the positive. Thus, when faced with an alternative decision, people need ethical strength to stand up to the challenge (i.e., the agility to face corruption and avoid the lure and potential appeal that such practices may have to offer). The idea of *professional moral courage* (PMC), and the internal processes that support it, has added depth to the idea of building ethical strength.<sup>44</sup> If leaders want organizational members, especially managers, to build and maintain principled performance, they must support and model how to face corrosive conditions with ethical strength. The image that individuals with PMC are somehow like

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<sup>41</sup> *Corroded Definition*, DICTIONARY.COM, <http://dictionary.reference.com/browse/corroded> (last visited Apr. 1, 2012).

<sup>42</sup> See Leslie E. Sekerka et al., *Developing the Capacity for Professional Moral Courage: Facing Daily Ethical Challenges in Today's Military Workplace*, in *MORAL COURAGE IN ORGANIZATIONS: DOING THE RIGHT THING AT WORK* 130–31 (Debra R. Comer & Gina Vega eds., 2011) [hereinafter *Developing the Capacity for PMC*].

<sup>43</sup> See Roy F. Baumeister et al., *Bad is Stronger than Good*, 5 *REVIEW OF GENERAL PSYCH* 323, 362 (2001); Cynthia S. Wang et al., *Bad Drives Psychological Reactions, but Good Propels Behavior: Responses to Honesty and Deception*, 20 *PSYCHOL. SCI.* 634, 634–44 (2009).

<sup>44</sup> See Leslie E. Sekerka et al., *Facing Ethical Challenges in the Workplace: Conceptualizing and Measuring Professional Moral Courage*, 89 *J. OF BUS. ETHICS* 565, 565–79 (2009) [hereinafter *Facing Ethical Challenges*].

superheroes, extraordinary people with particular moral fortitude, is not realistic. Those with ethical strength often experience worry or anger, and report losing sleep over the ethical issues they face.<sup>45</sup> Despite these feelings, they learn to proceed, moving through and beyond this distress and toward moral action.

Motives for corrosive behavior may be driven by conscious and unconscious desires to enhance or protect the self or one's organization. Moreover, when personal and collective principles vie for placement in decision-making priorities, people experience tension and pressure to make choices among competing values. Sometimes, even without being aware of it, individuals select self-serving paths that can erode their personal integrity, which may ultimately lead to broader and more frequent engagement in less-than-ethical thoughts, decisions, and actions.

A "good apple" employee manager has a moral identity that includes ethical awareness and the desire to achieve principled right action. Effectively dealing with ethical corrosion calls for the incorporation of internal processes—personal skills that help the individual navigate the challenge with PMC. One's freedom to choose can be easily obfuscated by negative emotions (both anticipated and experienced).<sup>46</sup> Such fears of potential loss can mitigate the desire to maintain a courageous stance. In some cases, a lack of willingness to collude may pose a perceived or real threat. Thus, the choice to follow laws, policies, and ethical principles set forth by the government, industry, organization, and one's own moral identity necessitates the use of internal efforts that support PMC in the moral decision-making path.

## VI. PROFESSIONAL MORAL COURAGE

A variety of issues emerge when companies engage managers in ethics workshops. Managers respond to these challenges in many different ways. When interviewing people about these issues, transcripts reveal a host of details related to their various workplace scenarios. While one might expect corruption to top the list of concerns, a study for the United States Navy Supply Corps found their core ethical issues as: (1) rule bending to accomplish a task; (2) rule bending to accommodate senior management; and (3) inappropriate use of funds or missing funds or resources.<sup>47</sup> While it is feasible that other issues are embedded within these top three concerns, this study showed that forty-two percent of the ethical challenges were situations framed as rule bending.<sup>48</sup> It suggests that when

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<sup>45</sup> *Developing the Capacity for PMC*, *supra* note 42, at 133.

<sup>46</sup> See Leslie E. Sekerka & Richard P. Bagozzi, *Moral Courage in the Workplace: Moving to and from the Desire and Decision to Act*, 16 BUS. ETHICS: A EUR. REV. 132, 136 (2007).

<sup>47</sup> See *Preserving Integrity*, *supra* note 40, at 1–14.

<sup>48</sup> *Developing the Capacity for PMC*, *supra* note 42, at 133 Table 10.1. This particular dataset was drawn from a military population.

organizations become laden with rules, policies, and procedures to guide task accomplishment, employees experience ethical challenges as they try to navigate compliance alongside of their performance expectations.<sup>49</sup> With pressure to get the job done, meet target goals, and please superiors, ethics or “the rules” end up competing against the desire to succeed. People then move to negotiate what they see as a dilemma, sometimes manufacturing justifications and rationalizations to support “workarounds” or “rule bending” activities.<sup>50</sup>

Through qualitative analysis of the scenarios presented, researchers determined what ethical strength actually looks like in everyday work life—referring to this effort as PMC. Those who possess PMC demonstrate it in their decision-making process and behavioral choices by going beyond adherence to regulations, striving to achieve a morally principled response despite the perceived barriers.<sup>51</sup> More specifically, PMC is marked by the presence of five themes:

1. *Moral Agency*: possesses a predisposition to be a moral agent;
2. *Multiple Values*: uses multiple value sets to determine moral action;
3. *Endures Threat*: faces danger or threat, yet pursues moral action;
4. *Supersedes Compliance*: applies rules but also goes beyond compliance to consider what is right, just, and appropriate; and
5. *Moral Goal*: moves to complete tasks with the application of moral principles to achieve a moral outcome.

This depiction of PMC is consistent with existing academic literature.<sup>52</sup>

## VII. MORAL COMPETENCIES

Authors of the moral courage study also moved to identify the specific moral competencies involved in achieving PMC.<sup>53</sup> They are: (1) emotional signaling;

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<sup>49</sup> See Leslie E. Sekerka & Roxanne Zolin, *Rule Bending: Can Prudential Judgment Affect Rule Compliance and Values in the Workplace?*, 9 PUB. INTEGRITY 225, 225 (2007) [hereinafter *Rule Bending*].

<sup>50</sup> Terms specifically stated in qualitative data reported in the study by Leslie E. Sekerka et al. See *Developing the Capacity for PMC*, *supra* note 42, at 130–31.

<sup>51</sup> See *Facing Ethical Challenges*, *supra* note 44, at 575.

<sup>52</sup> See generally Robert C. Solomon, *The Moral Psychology of Business: Care and Compassion in the Corporation*, 8 BUS. ETHICS Q. 515 (1998).

<sup>53</sup> See *Facing Ethical Challenges*, *supra* note 44, at 565–78.



(2) reflective pause; (3) self-regulation; and (4) moral preparation.<sup>54</sup> Competencies that support PMC, also referred to as ethical strength or personal governance, are described below.

### A. *Emotional Signaling*

Because emotions and cognition are intertwined, it is difficult to separate them. Emotions contain important signals that influence the cerebral process of ethical decision-making. In particular, moral emotions play a critical role in motivating or hindering the choice to engage in PMC (guilt, shame, pride). But there are other affective sentiments that managers feel in the midst of moving to resolve an ethical challenge, including worry, loneliness, fear, shock, surprise, and feelings of hurt (often stemming from a sense of betrayal). A common theme among those who demonstrate ethical strength is an initial sense of confusion, agitation, or helplessness. In such a state, there is a concern for the potential of personal harm (e.g., being fired), which is accompanied by emotional discomfort and distress.

Sensing these emotions, the individual with moral fortitude does not ignore, repress, or sublimate their feelings. Rather, those with PMC use this affective information as an emotional cue. Individuals with ethical strength seem to be enabled by their emotional awareness rather than blocked or thwarted by it. Being aware of one's emotions allows that person to deal with the emotions and regulate the input. Such openness to one's feelings enables those with PMC to proceed with a more informed decision-making process, honoring visceral reactions by addressing the seriousness of the cue as cautionary, but also moving to manage the ensuing feelings. This use of emotional signaling is a prompt for PMC, helping to facilitate more informed decision-making. When attentions are directed to one's affective cues and a reflective pause is employed to understand the cause of the specific emotions experienced, individuals can become better equipped to proceed more effectively on a path to moral action.<sup>55</sup>

### B. *Reflective Pause*

The use of a reflective pause as part of one's strategy in decision-making represents an ability, regardless of time constraints, to purposively self-impose a time-out for reflection. During this break, individuals examine possible avenues for right action. These individuals weigh the pros and cons of the situation by thinking about different periods of time and potential implications (i.e., past and present). This display of prudential judgment appears to be an important component of PMC that manifests during these reflection periods.<sup>56</sup> The time-

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<sup>54</sup> *See id.*

<sup>55</sup> *See Developing the Capacity for PMC, supra* note 42, at 132–33.

<sup>56</sup> *Rule Bending, supra* note 49, at 232 Exhibit 1.

out helps people discern options, then garner and build informed momentum toward moral action. Individuals also use this period to gather additional information about the rules and other particulars regarding the situation at hand. Ethical strength is bolstered throughout this reflection process. Taking time to reflect often alters, overrides, or postpones some initial reactions, while also targeting responses for appropriateness. When applied as a daily habit, this kind of reflection may serve as a portal for all of the personal governance practices, but it is especially important for self-regulation.

### *C. Self-regulation*

As described thus far, initial reactions to ethical challenges require the use of emotional signaling and reflection. But to habitually pursue right action and to manage and address tough ethical decisions, individuals must balance their reactions and know how to manage responsibilities alongside of their own personal desires. Managers have a variety of goals to achieve; hence, they must be adept at balancing the pursuit of task accomplishment while also incorporating ethical means. The ways managers ethically achieve their goals must be tempered with decisions about when and how to tackle the ethical challenges that emerge. They must discern whether to postpone a response or engage in immediate action. This ability to regulate one's reactions necessitates restraint coupled with an ability to move forward—despite perceptions that may impose negative impacts to self or others. This effort can be particularly difficult when peers or leaders are the ones engaged in questionable activities, or when asked to engage in actions that are deemed ethically unsound. Self-regulation is effective personal governance, but it may mean withholding the impulse to act immediately as well as knowing when to proceed.

Many managers express regret from not having acted sooner. The managers explain that their respect, appreciation, or care for someone, as well as a sense of loyalty to senior management may inhibit action or self-regulation (at least initially). Fear of losing one's job, being ostracized, or being excluded from the group may also be present. The personal governance of self-regulation in support of ethical strength is driven from within. Such awareness and feeling serves as an inner prompt and compass that provides motivation and direction, often developed through personal struggle. Individuals must be willing to demonstrate ethical strength even when those around them, including leaders and peers, do not. Such self-control has been regarded as the moral muscle—an inner directive to alter one's immediate responses and to redirect them toward the overall good of others. In this light, psychologists have referred to self-regulation as the cornerstone of virtuous behavior.<sup>57</sup> In rare cases some may apply self-regulation naturally, but there is enormous potential for further development of this competency in

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<sup>57</sup> See Roy F. Baumeister & Julie Juola Exline, *Virtue, Personality, and Social Relations: Self-Control as the Moral Muscle*, 35 J. OF PERSONALITY 1165, 1171–75 (1999).

most people. Learning to quiet one's impulse to react or ignore the problem, then reflecting upon and managing immediate thoughts and feelings, can begin a course of personal development marked by habits of ethical strength.

#### *D. Moral Preparation*

A commitment to right action is developed through a deep understanding of self, fueled by a prefactual thought process concerning how one will and will not act when faced with an ethical challenge in the future. There is widely held concurrence that moral action stems from a dynamic relationship between moral motivation, moral emotions, virtue and vice, identity, reasoning, choice, and action.<sup>58</sup> Managers with ethical strength appear to think through consequences, related to themselves and others, before real-time ethical challenges occur. This ongoing preparatory effort includes considering the circumstances surrounding whether a person acts or fails to act, and includes evaluating the emotions, appraisals, and thoughts that serve to influence their decisions and actions. People, who continue to be aware of how their emotions and situational factors may influence their reactions, can then choose to respond in similar or different ways as scenarios continue to emerge. This sort of effort can develop a heightened level of moral preparedness for ethical challenges down the line. It is sometimes expressed by continued vigilance of "the moral line," staying above reproach before situational problems can occur.

People with ethical strength think through the positive and negative consequences of acting and not acting. These individuals recognize and manage their emotions, and develop a conscious awareness of where the ethical risk areas might be—even before an ethical event arises. This rehearsal process helps prepare individuals for a thoughtful response-action when problems occur. In addition, moral agents appear to locate their personal ethical line above what is required by compliance alone. In so doing, a misstep does not mean immediate infraction.

Moral preparation likely depends upon the use of other personal governance competencies. For example, the use of emotional signaling, taking a reflective pause, and exercising self-regulation are typically precursors for the ability to proceed with right action in the face of corruption. To build the gestalt capacity of personal governance, people learn to continually self-monitor and work to maintain an ongoing understanding of their own motives. Moral agents possess competencies that support PMC. This includes a preparation phase that requires sustained self-awareness and introspection. In aggregate, it is important to recognize that the practices outlined herein can never be perfected. Because each

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<sup>58</sup> Roger Bergman, *Why Be Moral? A Conceptual Model From Developmental Psychology*, 45 HUMAN DEV. 104, 121 (2002); see Sam A. Hardy & Gustavo Carlo, *Identity as a Source of Moral Motivation* 48 HUMAN DEV. 232, 234, 240, 242 (2005).

person and every situation is different, responses to an ethical challenge vary. Therefore, it is essential that people focus on their moral development, and not rely upon peers, leaders, or the institution to uphold the moral line.

### VIII. ORGANIZATIONAL ETHICAL STRENGTH

In shaping their organization's ethical identity, leaders, managers, and employees need to work together to go beyond a surface compliance-based approach. If the main thrust of the firm's ethics program is to convey rules, codes, regulations, and reporting channels, then the value placed on ethical performance is dubious. If management values moral action in the workplace, it needs to establish a broad developmental effort with ethics criteria directly linked to performance goals. To embrace such efforts, employees need to become part of the process—to engage in regular activities that exercise their personal governance practices.

Although the competencies have been set forth independently in this article, they should not be taught in isolation, as sequential lectures, or as online training units. Psychologists explain that moral judgment is a function of our cognitive and intuitive-emotional systems—both rational and affective components play a role in ethical behavior.<sup>59</sup> This underscores why employees need to learn how PMC comes from within, learning to balance internal competing values and external pressures. Personal governance must be driven from an inner willingness to maintain personal and organizational integrity. This helps provide the initial motivation and direction to face corruption. But people must also simultaneously deal with their internal desires and fears that can derail an intended course toward moral action. Therefore, it is important to practice the use of personal governance in a social context with other members of the organization. It is recommended that this type of discourse occur across functional groups (e.g., marketing and accounting) and among different levels (e.g., first line supervisors and senior executives).

In referencing Kohlberg's stages of moral development, Marie Raggianti, a woman who exercised PMC to face government corruption in Tennessee, described how people functioning at lower levels of moral maturity are often baffled by those who function at higher ones.<sup>60</sup> In some cases, moral agents are

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<sup>59</sup> Jonathan Haidt, *The Emotional Dog and its Rational Tail: A Social Intuitionist Approach to Moral Judgment*, 108 PSYCHOL. REV. 814, 815 (2001); Darcia Narvaez, *Moral Complexity the Fatal Attraction of Truthiness and the Importance of Mature Moral Functioning*, 5 PERSP. ON PSYCHOL. SCI. 163, 164 (2010); Sekerka & Bagozzi, *supra* note 46, at 132–33, 136.

<sup>60</sup> See generally April Hejka-Ekins, *Marie Raggianti: Moral Courage in Exposing Corruption*, in EXEMPLARY PUBLIC ADMINISTRATORS: CHARACTER AND LEADERSHIP IN GOVERNMENT 304 (Terry Cooper & N. Dale Wright eds., 1992); LAWRENCE KOHLBERG ET AL., MORAL STAGES: A CURRENT FORMULATION AND A RESPONSE TO CRITICS (1983); LAWRENCE KOHLBERG, PHILOSOPHY OF MORAL DEVELOPMENT: MORAL STAGES AND THE IDEA OF JUSTICE (1981).

viewed with skepticism, perceived as choosing to engage in morally courageous actions because of ulterior motives, with self-interest being surmised as the backbone of their intent. After a very painful, drawn-out, and life-changing ordeal as a result of her whistleblowing, Ragghianti insisted that corrosion is systemic but, at its root, is the desire for personal gain.<sup>61</sup> In some cases this may be indirect, as when unethical actions stem from organizational loyalties. Collusion in unethical activities may result from gains that are not necessarily monetary. People may engage in such actions to garner advantages from inclusion or being deemed a member of a certain “in” group. Such esteem-building gains have strong appeal and can be prized and valued more than other considerations, including stakeholders’ interests.

If an organization is truly committed to a proactive strength-based approach (compliance with ethical strength), techniques that draw upon employees’ experiences are particularly useful.<sup>62</sup> By embracing ethical development as a collective endeavor, personal governance can be adopted at both the individual and organizational levels. The idea of infusing ethics into ongoing organizational learning means employees must continually work to develop their desire to “do the right thing,” weaving it into their everyday task actions. Establishing a desire for PMC means to inculcate this expectation into the meaning of work itself. This necessitates shared understanding about what successful performance means, and then developing the skills to achieve it. Change management techniques are useful in fostering reflective dialogue, which can empower employees to build positive momentum and the capacity for discovery and learning. And, rather than limiting ethics to rules, facilitated guided inquiry can help employees co-create the conditions that help them implement the necessary skills to develop ethical strength.

Research on organizational corruption indicates that firms need a strategy to identify and prevent corruption, employ detection and eradication mechanisms, and instill learning from past instances of ethical malfeasance.<sup>63</sup> An examination

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<sup>61</sup> See generally Hejka-Ekins, *supra* note 60. On August 3, 1977, Ragghianti, serving as chair of the board of Pardons and Paroles was fired by the then Tennessee Governor Ray Blanton after serving the public in this position a mere fourteen months. Blanton accused her of gross improprieties, including collecting thousands of dollars directed toward unnecessary overtime pay, along with demoralizing and crippling the corrections department through inappropriate management and procedural operations. The charges emerged after Ragghianti “blew the whistle” on corruption by Blanton and his administration. Ultimately, the federal investigation of corruption in the Tennessee parole and pardon process led to the conviction of the governor and his two aides. Ragghianti went on to receive the Goldsmith Award for journalism while attending the Kennedy School of Government and was appointed a member of the United States Parole Commission National Appeals Board on December 9, 1999, by President Clinton, designated as the board’s Vice Chairman on January 6, 2000.

<sup>62</sup> Sekerka & Godwin, *supra* note 38, at 63.

<sup>63</sup> See Norman D. Bashara & Cindy A. Schipani, *Strengthening the Ties that Bind: Preventing Corruption in the Executive Suite*, 88 J. OF BUS. ETHICS, 765, 766, 773, 776 (2009).

of best practices in ethics education and training in the workplace shows that employees need to engage in face-to-face interaction to collectively address the ethical risks and strengths that exist in the current system.<sup>64</sup> It is important for people to feel they are part of a learning community, working together to address the challenge of ethical corrosion with support from their peers, managers, and leaders. The issues that individuals perceive to be salient are an important focus for interactive experiential learning processes.

To achieve this type of open developmental effort in organizational settings, management should implement processes that support dialogue, reflection, and shared discovery. One process, balanced experiential inquiry (BEI), has been empirically shown to increase curiosity, decrease negative emotions, and bolster managers' desire to proceed with moral action, without the need for external affirmations or praise.<sup>65</sup> It is considered a hybrid approach to organizational learning because it weaves two very different core change management techniques together to form a useful management exercise (diagnostic- and appreciative-based inquiry). With BEI, employees share their ethical challenges, airing both successes and times of difficulty. This provides a platform that offers a way to learn how to conduct ongoing reflection and discovery in the organizational setting. Activities like BEI help people unearth and review how they overcame barriers to moral action or were blocked by them. Employees are asked to use their own stories to determine what strengths can be leveraged, as well as how to resolve their moral deficits. Unsettled conflicts are often related to internal inconsistencies that contribute to deception, setting the stage for ethical corrosion.

Techniques like BEI are used to enhance the knowledge and skills of industry leaders and their stakeholders including managers, regulators, consultants, and policy makers in support of sustainable business practices. As management works to plan and execute strategies that preserve the commercial, social, economic, and ecological well-being of companies and their constituents, working together is essential to stimulate collective interest and shared understanding. A BEI activity was recently used at the University of Wyoming's *Sustainable Management Seminar*.<sup>66</sup> Leaders from the energy and extraction industries gathered to prompt collaborative discovery into CSR. Starting from the assumption that managers want to be ethical, seminar participants worked through a series of questions designed to strengthen their ability to: (1) apply multiple value sets to determine

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<sup>64</sup> Leslie E. Sekerka, *Organizational Ethics Education and Training: A Review of Best Practices and their Application*, 13 INT'L J. OF TRAINING & DEV. 77, 90–92 (2009).

<sup>65</sup> Sekerka & Godwin, *supra* note 38, at 72–73; Leslie E. Sekerka, *Are Managers Curious about Ethics? A Process to Prepare Managers for Moral Agency* (Mar. 26, 2008) (unpublished paper presented at the Western Academy of Management Annual Meeting, Oakland, Cal.) (on file with author).

<sup>66</sup> See Seminar, *Sustainable Management: Strategies and Tools for Extraction Industries*, University of Wyoming, College of Business and School of Energy Resources, Laramie, Wyo. (Mar. 6–7, 2012).

the right decision; (2) identify and overcome dangers and threats in pursuing the right action; and (3) move beyond compliance to deliver decisions that are right and just for stakeholders.

Participants experience the process of sharing their ethical challenges in a public forum, practicing collective discourse on how to proceed with right action in difficult situations. Those engaged are strongly encouraged to take this technique in-house, incorporating ethical development into strategy discussions, planning meetings, and everyday conversations. Initially, a trainer or practitioner facilitates this process. It is essential, however, that such activities become inculcated into workplace routines. The goal is to help managers and supervisors conduct BEI as a part of group staff meetings, as well as being integrated into individual coaching and feedback sessions. Techniques like BEI help employees reach a deeper level of learning as they engage in critical thinking about their decision-making processes, and begin to understand how to practice new behaviors. Such activities are necessary elements of work life if ethical strength is to become a part of employees' expected performance capability. Information gleaned from BEI sessions helps people identify where potential ethical risks reside and how employees can pursue moral action with personal governance. As organizational inconsistencies emerge, members in different roles, functions, and status practice working together to see where their assets reside and where improvements need to be exacted.

Because BEI is a balanced approach, employees can draw upon their greatest assets as they work to develop their shortcomings in an environment that values transparency in concert with others. In so doing, employees become more aware of and sensitive to their emotional signals and can then self-regulate these feelings as they prepare for moral action. But the actions of management are what ultimately serve as the cornerstone of the organization's ethical health. While individual contributors need to practice and exercise personal governance, manager-leaders are responsible for setting a consistent example and creating an environment that expects, supports, and nurtures ethical strength. This means creating a workplace where everyday habits move to achieve principled performance. It also means not waiting for issues to emerge, but looking for how and where practices and assumptions in operations may be vulnerable to ethical corrosion and where ethical risks reside.

The ability to address ethical degradation in organizations means sustained and vigilant responsible leadership. It is essential that managers choose to model, endorse, and strengthen moral competencies as an ongoing part of their operations. Unfortunately, this is not always the case. High level personnel have been known to expect ethical performance without congruency in their own actions. This underscores the essential nature of ethical leadership and how it rests on the shoulders of every organizational member.

## IX. RECOMMENDATIONS FOR LEADERS

All organizational members need to assume ethical leadership. But to cultivate ethical strength, those at the top of the organization play a pinnacle role in determining how difficult it will be for members to engage in PMC under their influence.<sup>67</sup> Applying the principles presented in this article, a foundation for ethical strength can be built by implementing the following recommendations:

1. Model personal governance, consistently demonstrating what is valued and expected.
2. Set high expectations for ethical strength at every level, with specific criteria linking moral competencies with performance objectives.
3. Conduct collaborative learning about how to face ethical challenges (explicitly linking moral competencies with effective decisions and behaviors).
4. Weave ethics into systemic processes, including an annual ethics audit and ethics initiatives that go beyond annual online training requirements.
5. Affirm a sense of openness about sharing emotionally-charged issues.
6. Institute ongoing group reflection and dialogue about ethical issues, breaches, and successes (explicitly linking moral competencies with effective decisions and behaviors).
7. Condemn unethical performance (at every level) and reward ethical strength with equal gusto. Address breaches of ethical standards swiftly, guarding against finger-pointing. Reward PMC with respect and monetary incentives.
8. Make ethical strength a desirable part of the organization's authentic identity. Maintain ongoing communication with regards to principled performance as "the way we do business around here."
9. Connect values to everyday operations and associate both with the organization's long-term mission.

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<sup>67</sup> *Developing the Capacity for PMC*, *supra* note 42, at 137.



Organizations that support principled performance need to cultivate a proactive ethical culture, which is then complemented by ongoing learning and moral development. Ethical issues rarely emerge in a vacuum. When people face an ethical challenge, they operate from within a crucible that serves to shape the organization's character. By the same token, prior beliefs influence a person's response or action path. How employees perceive others, situational demands, timing, and past experiences all come into play when employees determine their course of action. How one views a situation is often framed by first impressions, which are often based on decisions and behaviors that have been exercised in the past.<sup>68</sup> Therefore, both experientially informed intuition and mindful analysis are necessary components of effective ethical decision-making, as people work to achieve moral action.<sup>69</sup>

Given that the perpetuation of behavior stems from mirroring our past, combined with the propensity for moral decline, leadership needs to maintain vigilance to guard against ethical corrosion. If leaders want to head off ethical malfeasance, they must ensure that their organizations go beyond compliance, creating an environment where norms continually work to support ethical strength in achieving individual and collective performance goals.

## X. CONCLUSION

Being a person with ethical strength means being a moral agent before an ethical challenge emerges. Like a volunteer emergency responder, people and organizations need to determine their ethical identity before an ethical crisis occurs. A person knows he or she is a moral agent because he or she made a decision to be that type of person—prior to an ethical event. It is not an assumption; it is who that person is, as a part of their identity. When faced with an ethical challenge, an individual with PMC already decided to act ethically, before the issue arises. Thus, when faced with an ethical issue the question is not, "Should I, or should I not engage in this activity?" Rather, the question is, "What is the next ethical thing to do now?"

The moral competencies discussed in this article are the muscles that help support a morally courageous response. Toning these moral muscles necessitates self-monitoring of internal thoughts and feelings. In so doing, people work at being honest with themselves. Moral preparation means having a better understanding of one's motives, and recognizing the purpose of one's actions by asking oneself, "What's in it for me?" In addressing an ethical challenge people

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<sup>68</sup> MAX H. BAZERMAN & ANN E. TRENBRUNSAI, BLIND SPOTS: WHY WE FAIL TO DO WHAT'S RIGHT AND WHAT TO DO ABOUT IT 6, 13 (2011).

<sup>69</sup> See *The Mechanics of Choice*, ASS'N FOR PSYCHOL. SCI. OBSERVER (Jan. 1, 2012), <http://www.psychologicalscience.org/index.php/publications/observer/2012/january-12/the-mechanics-of-choice.html>.

with ethical strength work to ascertain if their motive is based upon self-interest and, if so, to rethink their motives and how that shapes their planned response. Moral agents learn to face and deal with their thoughts and feelings, working to steer them in the direction of “goodness.” When their desires or feelings are inappropriately self-serving or deleterious, they strive to self-regulate and work to maintain a moral path.

Managers who demonstrate PMC maintain ethical awareness by looking for the ethical issues in every circumstance. By honing in on the potential for ethical concerns in advance, managers address the potential for ethical problems before they arise. They remain cognitively nimble, reflecting backwards and looking forwards in time as they review their experiences and potential consequences of various identified options. Examining “lessons learned” is essential, looking for both ways to improve and leverage ethical strengths. Moral agents stay open to new insight and candidly discuss weak links. It is often difficult but necessary to augment and revise senior managements’ decision-making patterns. Sometimes this means speaking the truth to those with power, which requires PMC.<sup>70</sup> Those with ethical strength also look at how they might prohibit problems from occurring again. Having a desire to engage in ongoing learning and a continuous improvement mindset helps people deal with similar or nuanced conditions that have the potential to emerge repeatedly. Moral preparation in support of PMC necessitates sustained self-awareness, personal introspection, and the willingness to consider multiple vantage points in an effort to better understand the situation and how to effectively respond given short- and long-term outcomes.

In *The Theory of Moral Sentiments*, Adam Smith recognized a very important and perhaps redeeming quality in humanity: “How selfish soever man may be supposed, there are evidently some principles in his nature which interest him in the fortune of others and render their happiness necessary to him though he derives nothing from it except the pleasure of seeing it.”<sup>71</sup>

The aim is not to be above others. Rather, the goal is to strive toward achievement in ways that can be beneficial to those around us. Ironically, the reality is that sometimes awareness of this nature comes from learning that stems from morally irresponsible actions. Indeed, past transgressions can be a resource that fuels a redirected desire to preserve and exercise integrity in the present. While mistakes can be a catalyst for building ethical strength, they also encourage humility. Humility is central to principled performance, because it keeps the ego

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<sup>70</sup> James O’Toole, *Speaking Truth to Power*, in *TRANSPARENCY: HOW LEADERS CREATE A CULTURE OF CANDOR* 45 (Warren Bennis et al. eds., 2008).

<sup>71</sup> SMITH, *supra* note 4, at 9. The word “soever” (adv.) is a compound of so and ever, used in composition with who, what, where, when, how, etc., and indicating any out of all possible or supposable persons, things, places, times, ways, etc. See *Soever Definition*, *DICTIONARY.COM*, <http://dictionary.reference.com/browse/soever?s=t> (last visited Apr. 1, 2012).

“right-sized,” ushering in a kind of freedom to strive and achieve, but recognizing that self-interest can be framed so that it serves the greater whole. Keeping ego and hubris in check helps people take on ethical decisions, despite the potential for negative consequences. Humility helps stabilize and maintain the desire for moral action over sheer personal gain and helps avoid the need to address fears and insecurities.

Evidence supports the notion that people can learn how to respond to ethical corrosion with PMC. Because individuals, situations, and organizations are different, and the current state (physical and emotional) of a person is constantly changing, there is no guarantee people will respond with the same level of commitment to an ethical issue at all times. If employees are expected to rally against ethical corrosion, they must work together to continually maintain the ethical health of their organization. Management must follow through by supporting and rewarding employees who exercise personal governance and moral competence. Humans are fallible, and certainly vulnerable to temptations such as the lure of power and money, the desire to be valued and appreciated, and the fear of being short-changed, ostracized, or excluded. If management expects to see principled performance it needs to go beyond compliance. Ethical corrosion can be curtailed by building ethical strength in the workplace, underscoring its importance and continually exercising moral fortitude in everyday organizational life.