

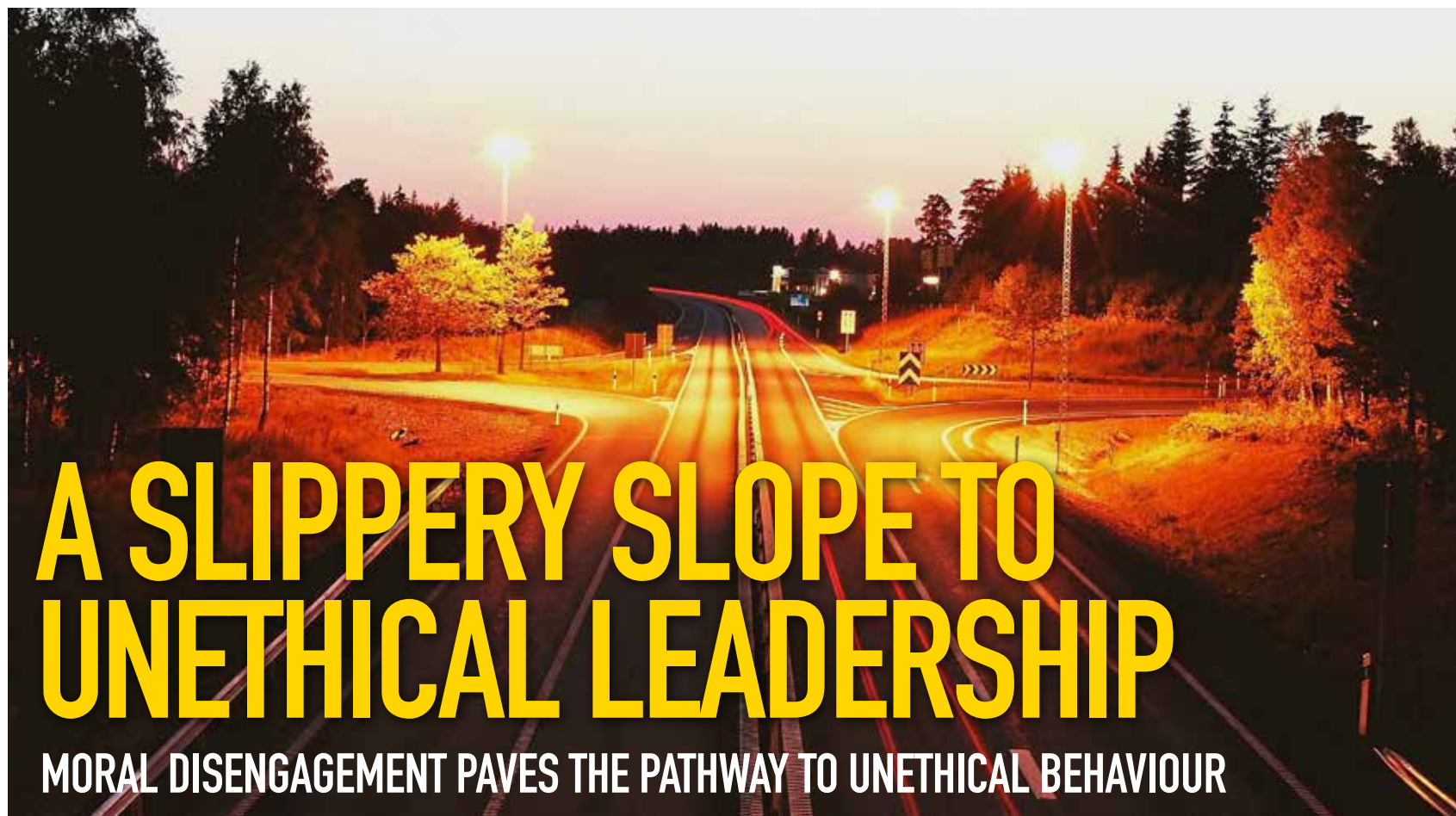
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A SLIPPERY SLOPE TO UNETHICAL LEADERSHIP

MORAL DISENGAGEMENT PAVES THE PATHWAY TO UNETHICAL BEHAVIOUR

By EUGENE TEE
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ALL the case studies presented in this article have one thing in common. The individuals involved appear to be aware – to some extent – that their actions were unethical and had the potential to harm others. Madoff, Armstrong and Stapel, however, reasoned away their actions, going so far as to justify not just their actions – but their own characters as defensible.

Psychologists term this *moral disengagement* – “the process by which one convinces themselves that ethical standards do not apply to oneself in a particular context.”

Moral disengagement occurs when one starts thinking, “The rules – the law, don’t apply to me.” Complicit in facilitating this disengagement are the justifications that one gives themselves for behaving unethically.

In order to feel settled when engaging in dishonest behaviours, one needs some justification for behaving badly – we need moral justification.

The psychologist Albert Bandura’s work on moral engagement and moral justification tells us that people will go to great lengths to avoid feeling unpleasant emotions such as shame and guilt. Both emotions are, tellingly, *self-conscious emotions* – they are unpleasant emotions experienced when we view and evaluate ourselves negatively.

In some way, these emotions are associated with our sense of morality – what is right, what is wrong; how we should behave, and how we should act. Moral justification overrides these emotional impulses, leading us to believe there is a reason – a noble one, even, for acting unethically despite our conscience feeling shame and guilt.

The causes and factors leading to unethical behaviour vary, but from the three cases before, we can spot certain factors that tempt unethical behaviours and dislodge individuals from their moral and ethical anchors.

EXTERNAL, COMPETITIVE PRESSURES

Challenging, competitive environments can tempt leaders to take shortcuts, cutting corners when it comes to matters of compliance to regulatory poli-

THE STOCK BROKER, THE ATHLETE, AND THE PROFESSOR

>>> CASE STUDY 1

In 2008, a stock broker was indicted of a massive stock and securities fraud – the largest investment scandal in the history of the US and sentenced to 150 years in prison.

Fraudulent financial reporting, dubious auditing and oversights from the US Securities Commission mean that the stock broker got away with more than two decades’ worth of fleecing investors’ money.

The 4,800 investors – victims in this elaborate scam, were led to believe that their investments were worth a total of US\$65bil, and, until this day, only a fraction of that money has been recovered by trustees and redistributed back to them.

The stock broker, in a recent interview, says that he is grossly misrepresented by the media, shifting the blame to the regulators and investigators for their carelessness, as well as accusing his “greedy” victims as being complicit in this massive-scale fraud.

He insists that he doesn’t deserve all the blame, stating, “I don’t believe I’m a bad person. I did a lot of good for people. I made huge sums of money for some people.”

>>> CASE STUDY 2

In 2012, a US District Court charged an athlete with doping, stripping him of his previously-won titles and banning him from competing in competitive sporting events. The CEO of the US Anti-Doping Agency calls it the most “sophisticated, professional and successful doping programme that sport has ever seen.”

The athlete in question had, over

the past few years, vehemently denied using performance-enhancing drugs while competing, and on record said, “As long as I live, I will deny it. There was absolutely no way I forced people, encouraged people, told people, helped people, facilitated. *Absolutely, not.* One hundred per cent.”

He retracted those statements in 2013, admitting to the use of performance-enhancing drugs, justifying it by stating everyone on his team agreed to it – but, like the stock broker, said that he didn’t feel bad for doing so.

>>> CASE STUDY 3

In September 2011, a Dutch university suspended a professor of social psychology, under suspicion that he had fabricated data for his scientific publications.

The investigation, instigated by three junior researchers, claimed that the professor’s conduct had breached ethical standards – he did not allow others to access his data, and suspicions were further raised when many of his graduate students completed their doctorate studies, without needing to conduct the research themselves.

The professor, like the stock broker and athlete, could reason away his actions, claiming that what he was doing was morally justifiable.

In his memoir, he quotes an instance where he altered the data files bit by bit – changing values on a data file so to provide support for his hypotheses, before eventually making up entire datasets. Admitting to this, he states, “I made the mistake that I wanted to manipulate the truth and make the world just a little more beautiful than it is.”

The stock broker is one Bernard (Bernie) Madoff. The athlete is one Lance Armstrong. The Professor is one Diederik Stapel. All three tales of fraud tell the story of moral disengagement. All three cases feature leaders – notable and respected figures in their respective professions descending into a morass of unethical behaviours and giving reasons – if not unsettlingly creative justifications for their actions.

In Malaysia, a similar case of financial fraud – one involving a high yield investment scheme, is currently unfolding.

The premise for such cases often follows the same story arc – a businessman offers hopeful investors the chance of making quick returns for a nominal investment amount. The investors dip into their life savings and hard-earned cash in hopes of attaining the promised payouts and dividends. The promises soon unravel – the investors may see some return initially, but it doesn’t take long before the payments stop, a result of a scheme that cannot sustain itself financially.

In the case referred to earlier, the company claims to have lost upwards of RM200mil, though some following the case estimate that the actual losses are much higher. Such fraudulent investment schemes – known as Ponzi schemes, often require individuals with charisma, intelligence and cunning.

Maria Konnikova, author of *The Confidence Game*, highlights that such individuals are also remarkably confident – persuasive to a point where we believe their every claim and promise. What better way is there to convince others of your lie than to believe it yourself?

Environmental Protection Agency (EPA) Clean Air Act.

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Volkswagen would eventually admit to this high-tech fraud, but industry commentators speculated that the company was doing so as part of its aggressive strategy to break into the lucrative, growing market for diesel cars in North America.

ORGANISATIONAL CULTURE

We also have organisational culture that validates, accepts or even approves of unethical behaviour. The phrase, “The fish rots from the head down” states that much of a company’s problems or challenges can be traced back to poor leadership.

An organisational environment and a culture that normalises unethical behaviour can increase the likelihood of moral disengagement, providing a clear – and acceptable reason for behaving unethically.

The reason? Because everyone in this company behaves as such. Because the leader says – and shows, that such behaviours are okay. A culture that normalises such behaviours also diffuses responsibility, causing the individual to feel less responsible for their own actions.

Since news of Armstrong’s doping scandal broke, competitive cycling has taken an image hit – in part due to the disgraced cyclist’s statements about the widespread use of drugs in the sport. In one interview, Armstrong was asked if he would dope again.

He replies, “. . . If you take me back to 1995, when doping was completely pervasive, I would probably do it again. When I made the decision, when my team made that decision, when the whole peloton (team of cyclists) made that decision, it was a bad decision and an imperfect time. . . and I know it happened because of that.”

MORAL STANDARDS, RULES AND POLICIES ARE NOT ENFORCED

Moral disengagement, and the descent to unethical behaviours are also more likely when the organisation’s moral standards, rules and policies are not enforced. Consider what is likely to happen under such circumstances.

In Stapel’s case, investigators partly blamed the broader scientific community for allowing his behaviour to persist for as long as it did. Stapel was a highly-regarded and popular professor both at his university and in the social psychology field.

But it was later released that he did work in relative anonymity – his work, and his data, was never prop-



erly scrutinised or made available to others.

Fabrication of data is rife both in academic and corporate environments, and the checks and balances in place within organisations may not always be at a level that allows for detection of fraudulent data or made-up information.

Leaders are no different. If anything, being in a position of power and influence, being the individual at the helm of the organisation’s fortunes, being the individual that the organisation relies on – all make leaders more susceptible to moral disengagement and behaving in a deceitful manner.

Further, when the penalties for unethical behaviours are unclear, organisational members are tempted to engage in actions that advance personal goals at the expense of their subordinates or organisations’ welfare.

Stapel admitted that the temptation to fabricate data eventually became too difficult to resist, justifying it by saying, “Nobody ever checked my work. They trusted me. . . I did everything myself, and next to me was a big jar of cookies. No mother, no lock, not even a lid. . . All I had to do was take it.”



Bernard Madoff
Pic: AP/Mary Altaffer

Lance Armstrong
Pic: AFP/Suzanne Cordeiro

MORAL DISENGAGEMENT AND ETHNICAL BLIND SPOTS

One final observation from the above cases is that the individuals are rarely fully aware that their actions are unethical or causing harm to others. These constitute *ethical blind spots* – situations in which individuals claim the moral high ground and reason their moral standings, but ultimately act in a manner that violates norms of right and wrong.

In law, a man is guilty when he violates the rights of others. In ethics, he is guilty if he only thinks of doing so.

The lack of self-awareness and diminished empathy for one’s actions effectively blinds individuals to the consequences and repercussions

of their behaviours. Leaders are no different.

If anything, being in a position of power and influence, being the individual at the helm of the organisation’s fortunes, being the individual that the organisation relies on – all make leaders more susceptible to moral disengagement and behaving in a deceitful manner.

All three leaders – Madoff, Armstrong and Stapel, have been charged to varying degrees for their actions. All three have been admonished, criticised and vilified by their peers and victims. And yet, their acts tell us that none of us – let alone leaders, are exempt from the lure of unethical acts.

Philosopher Immanuel Kant cautions how moral disengagement and the justification we give for our intended actions may instead be used to fashion our own ethical blind spots: In law, a man is guilty when he violates the rights of others. In ethics, he is guilty if he only *thinks* of doing so.

MAKING ETHICAL DECISIONS

Moral disengagement and the slippery slope to unethical behaviours can be managed – and the leader’s role is paramount in steering the organisation towards actions that bring no harm to its members or stakeholders.

Here are three suggestions to ethical decisions making, based on what we know about moral disengagement.

1 Gather facts, weigh the consequences of the decision

Just the facts – not conjectures, anecdotes, hearsay, rumours, or alternative facts. As disseminators of important information, leaders should gather accurate, detailed and well-supported evidence before engaging any course of action.

Ethical decisions are based on well-reasoned, well-supported and well-documented rationales that properly weigh the consequences and potential repercussions of any given decision.

2 Cultivate self-awareness and mindfulness

Cultivating self-awareness and being honest about what one knows, and what remains poorly understood can help leaders refrain from acting on impulse. Self-awareness about one’s initial emotional reactions towards a course of action can speak volumes about the ethics of a possible decision.

“It is easier to manufacture seven facts than one emotion”, says author Mark Twain. One study conducted by researchers from the University of Pennsylvania has also shown that mindfulness training can help individuals uphold ethical standards and encourage them to adopt a more structured, principled approach to ethical decision-making.

3 Ingrain ethics in policy, culture and leadership

Selecting and hiring ethical leaders, incorporating training for ethical decision-making, explicitly stating ethical standards and norms of appropriate behaviour, along with creating a transparent, fair and equitable work environment are just some ways towards enhancing the financial and reputational well-being of the organisation.

Trust, and the reputation of the organisation is built up over time, but can be lost in a matter of days or months when the organisation’s ethical fabric comes undone.

DO THE VALUES OF YOUR ORGANISATION SPEAK TO PEOPLE’S HEARTS, OR ARE THEY JUST GATHERING DUST ON THE WALL?

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