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Debunking ethics myths

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Ever since Enron became synonymous with ethical malfeasance, available space in the corporate doghouse has been shrinking. Adelphia, Worldcom, Arthur Andersen, Rite Aid and numerous other firms have joined the fray, harming millions of employees and investors, and sending shock waves through the business world.

While ethical behavior has been in seemingly short supply, opinions about what it takes to be ethical have not. Everyone, it seems, has the answers, even if those answers are false or over-simplified. The result has been a variety of business ethics myths that must be debunked if we are to have any hope of changing the situation in corporate America and beyond.

Myth: It's easy to be ethical.

Ethical decisions are complex and ambiguous. Simply identifying a decision as an ethical one — and that's hard enough — is just the first stage. Next, you have to decide how you're going to react.

Research tells us that 80 percent of adults look outside themselves for guidance in ethical dilemma situations, either to those around them or to society's rules and laws. Such individuals find it hard to say no to the boss who demands making the numbers at all costs, or to go to senior management with suspicions that "managing earnings" has morphed into "cooking the books."

Myth: Unethical behavior in business is simply the result of "bad apples."

When asked or told to do something unethical, most people will. Yale psychologist Stanley Milgram proved this in the 1960s with his famed obedience to authority experiments, in which nearly two-thirds of the participants in the study agreed to administer electric shocks to another human being because an authority figure in a lab coat told them to.

The bottom line is that most people are followers when it comes to ethics. Bad behavior doesn't always result from flawed individuals. Instead, it may result from a system that encourages or supports flawed behavior.

Myth: Managing ethics can be accomplished through formal ethics codes and programs.

Research suggests that formal ethics and legal compliance programs, which include written standards of conduct, ethics training, ethics advice lines and offices, and systems for anonymous reporting of misconduct, can have a positive impact. However, creating a formal program, by itself, does not guarantee effective ethics management.

After all, Enron had an ethics code.

For a formal system to influence behavior, it must be part of a larger, coordinated cultural system that supports ethical conduct every day. According to one study in the field, formal program characteristics are relatively unimportant compared with more informal cultural characteristics such as regular messages on the topic from leadership at the executive and supervisory levels.

Myth: Ethical leadership is mostly about leader integrity.

Being perceived as a moral person is only useful in telling followers what you, as a leader, will do in certain situations. It does not address what you expect from your followers. Therefore, a reputation for ethical leadership also depends on being perceived as a moral manager, one who leads others on the ethical dimension, lets them know what is expected, and holds them accountable.

Arthur Andersen, the founder of the former auditing firm, was a prime example of a leader who was strong as both a moral person and a moral manager. People knew what they could expect of him and they knew what he expected of them from an ethics perspective. Problems at the firm he founded emerged when subsequent leaders did not carry that torch and messages from the top focused on making the numbers no matter what.

Myth: People are less ethical than they used to be.

Unethical conduct has always been a fact of human life and business ethics scandals are as old as business itself. More than 100 of the 613 direct commandments in the 1,500-year-old Talmud, for example, concern business and economics.

Alan Greenspan said it well in 2002: "It is not that humans have become any more greedy than in generations past, it is that the avenues to express greed have grown so enormously."

So where do the answers lie?

Organizations must respond to ethical concerns with lasting solutions that embed support

for ethics into their cultures, rather than short-term solutions that can easily be undone or dismissed as fads. The risk is that the current media focus on unethical conduct will result in responses that offer overly simplistic solutions and that result inevitably in disillusionment and abandonment.

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