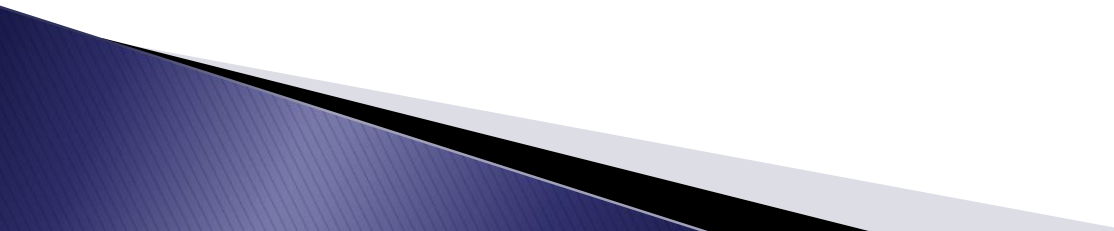


Why Good Engineers and Firms Do Bad Things

Professor David Schultz,
Political Science, Hamline University,
University of Minnesota School of Law

A Question of Ethics?

- ▶ Assume you participated in a learning experiment where you had to give individuals increasing levels of electrical shocks up to 450 volts for their failure to answer questions correctly. Do you think you would go to the maximum of 450 volts if required?
 - ▶ Yes
 - ▶ No
- 

Why do good people and organizations do bad things?



- ▶ NC engineer firm found guilty in decade-long bid rigging scheme
 - Ordered to pay \$7 Million fine
 - Ordered to pay \$1.5 Million restitution
- ▶ Why did they do it?
- ▶ How did it go on so long?



We like to think the world is black and white

- ▶ Good people generally do good things (none of us are angels of course, although we think we are)
- ▶ Bad people do bad things



But is the ethical world that cut and dry?



dreamstime.com

Embezzling Funds: Would you do it?

- Engineer/manager steals \$25 million in water
 - Why did he do it?
- Would you, do it?



So can good people do bad things?

- ▶ Why did that person embezzle the money?
- ▶ Was Bernie Madoff a bad person?
- ▶ How about Kenneth Lay, Jeffrey Skilling, Bernie Ebbers, Tom Petters, or Denny Hecker?



Tom Petters (earliest release date is April 25, 2052, at age 94)

Stanley Milgram Shock Experiment



- ▶ Context of the Experiment
 - Began in July 1961 at Yale University
 - Three months after beginning of Eichmann trial in Jerusalem
 - Post-World War II and Cold War
 - Began as a bar bet!

Explaining the Experiment: Testing the Teacher

- ▶ Three participants
 - Learner
 - Teacher
 - Researcher
- ▶ Teacher to shock learner for failure to learn words
- ▶ How many teachers would go on to administer the 450-maximum shock?



Let's watch part of the experiment



Results

RESULTS EXPERIMENT 1

- 26 went to max 450 volts
- 65% obedient
- Mean max 450 volts

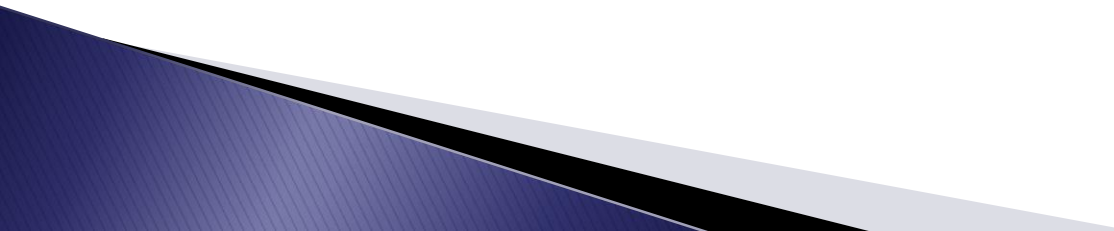
Why did they do it?

- ▶ Why the teachers did the shocking ?
- ▶ Would you have done it?

Stanley Milgram Experiment Today

- ▶ If the Milgram shock experiments were repeated today, do you think:
 - Results would be about the same
 - Fewer people would go to 450 volts
 - More people would go to 450 volts

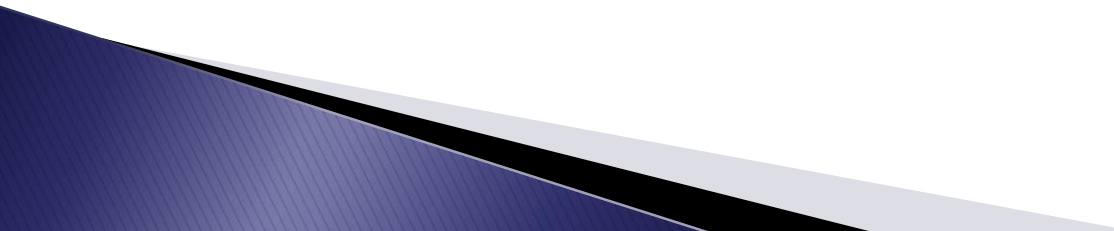
Would the results be any different today?

- ▶ Federal law and the Human Subjects Review Act
 - ▶ Stanford prison experiments
 - ▶ Blue eye/brown eye experiments
 - ▶ Miligram experiment done outside the USA
- 

Factors Affecting Compliance?

- ▶ Gender
 - ▶ Age
 - ▶ Occupation
 - ▶ Education
 - ▶ Race
 - ▶ Religion
 - ▶ Military experience
 - ▶ The context and times
- 

Possible reasons explaining the results

- ▶ Evil people
 - ▶ Compensation for their efforts
 - ▶ Made a promise
 - ▶ Appeal to authority
 - ▶ Peer pressure
 - ▶ Be a team player
- 

Overcoming Resistance

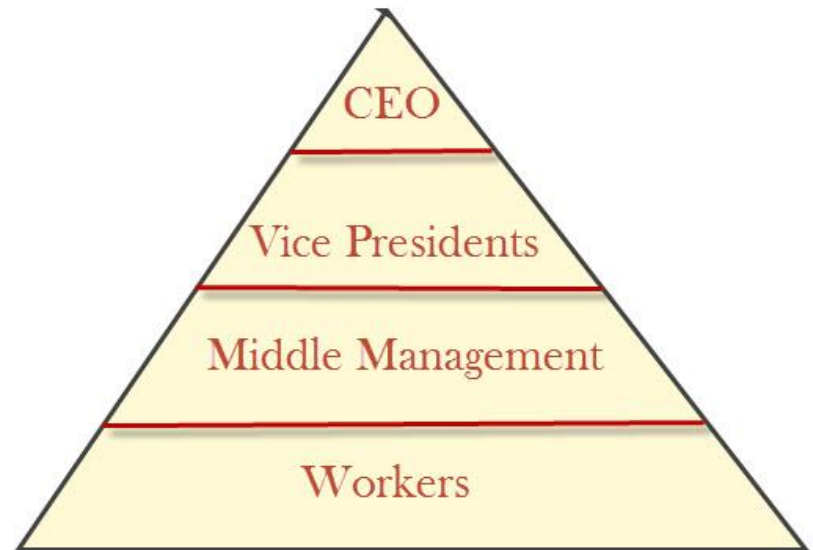
- ▶ The script if teachers objected:
 - Please continue.
 - The experiment requires that you continue.
 - It is absolutely essential that you continue.
 - You have no other choice, you *must go on!*

Interpreting the Miligram Experiment

- ▶ Why did teachers go all the way despite reservations about the health, safety, or ethics of the experiment?
 - Were the teachers compelled to act or proceed?
 - Were the teachers evil?
 - Is there something in human nature that compels us to do evil things?

Applying the Miligram Experiments to the World of Work

- ▶ The Miligram experiment is a microcosm of the workplace
- ▶ The pressures of conformism
 - Leadership and authority:
Blind allegiance
 - Fear of alienation, being labeled a fink
 - Take one for the team
 - The profit motive
 - We can all do evil if pressured



Workplaces as Miligram Settings



Milgram experiment

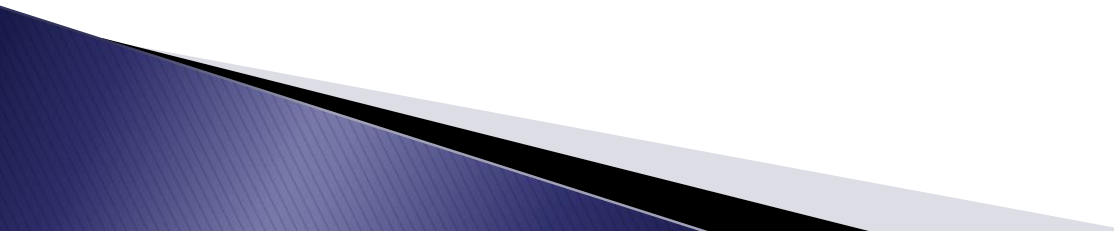


Workplace cubicle

Let's discuss some case studies



A Comparison?

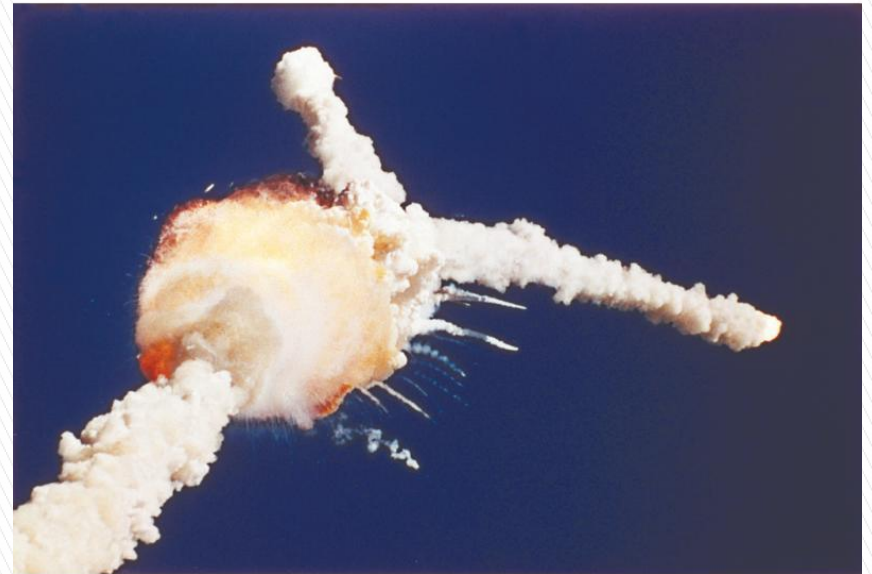
- ▶ Do you see any parallels or similarities between the pressures that existed in the Milgram Shock experiments and the pressures of the workplace?
 - ▶ Yes
 - ▶ No
 - ▶ Not sure
- 

The Pressures of Work

- ▶ Are we all potential “teachers?”
- ▶ How often do we see unethical/illegal things but fail to speak up?
- ▶ Why?
 - Fear of being fired
 - Petty events
- ▶ Boss takes responsibility

Administrative Evil

- ▶ Administrative evil as deferring to authority without questioning it.

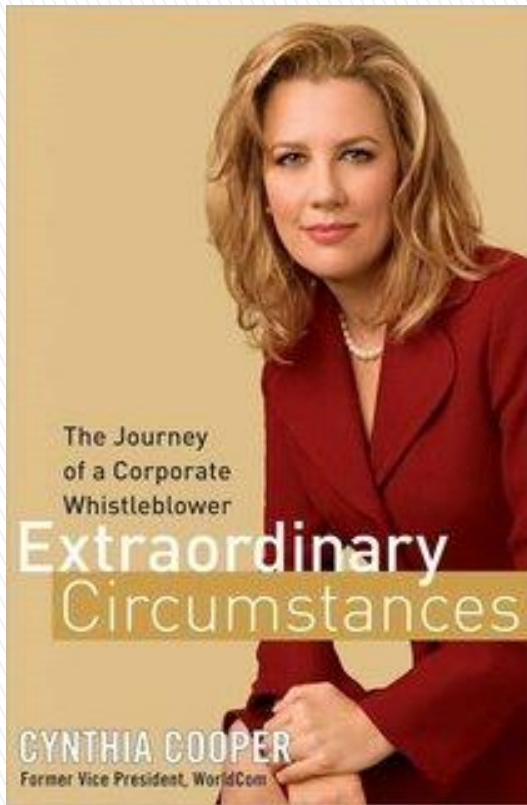


NASA and the 1986
Challenger launch

The Power of Authority

- ▶ We absolve ourselves of moral responsibility
 - Letting superiors take moral responsibility
 - “I am not responsible”
 - The Nuremberg defense
 - Should we let people off the hook for following orders?
 - How does administrative evil cause unethical behavior?
 - .We defer to above
 - .We stop thinking about ethics

Slippery Slopes

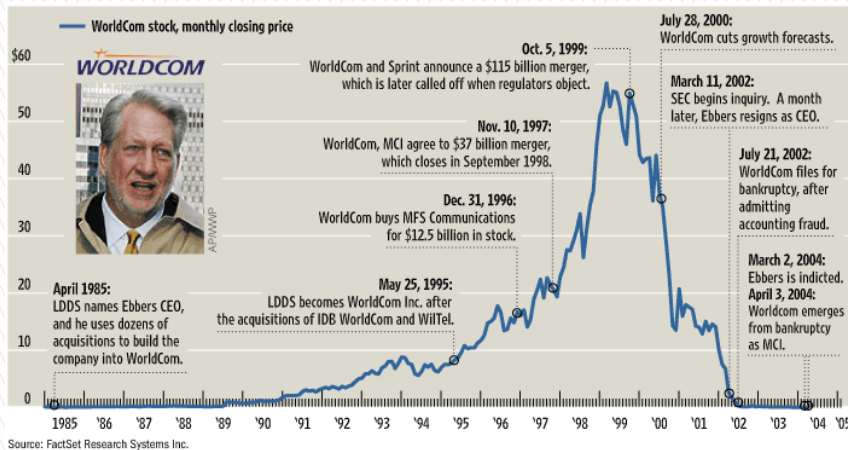


- ▶ How and why do people lose their moral bearings?
- ▶ “People don’t wake up and say, “I think I’ll become a criminal today.” Instead, it’s often a slippery slope and we lose our footing one step at a time.”
 - *Extraordinary Circumstances, Cynthia Cooper, Former Vice-President, Auditor WorldCom*

Cynthia Cooper

Why did things go wrong at Worldcom?

- ▶ Pressures for profits
- ▶ Peer pressure
- ▶ Pressure from above
- ▶ It all started small



Everyone else is doing it... it must be okay?

- ▶ “We all profit by this, and no one is hurt”
- ▶ Is unethical behavior simply one small step at a time?
 - No one will miss this notepad”
 - No one will be hurt by this”
 - The shareholders will like this”
- ▶ “Just this one time and no one will notice.”



How to Keep your Moral Bearings:

Ten rules from *Extraordinary Circumstances*

- ▶ Know what you believe is right and wrong
- ▶ When making decisions, apply the golden rule.
- ▶ Guard against being lulled into thinking you're not capable of making bad decisions.
- ▶ Would I be comfortable with my decision landing on the front page of a newspaper?
- ▶ Practice ethical decision making everyday.
- ▶ Discuss tough ethical dilemma with other you respect.
- ▶ Find your courage.
- ▶ Apply the same code of ethics whether at home, work, school, or in a house of worship.
- ▶ Pay attention to your superiors.
- ▶ Above being loyal to your superiors, be loyal to your principles.



Why do we do the right thing despite pressure to do bad?

- ▶ How do slippery slopes and administrative evil challenge compliance with ethical conduct?
- ▶ .What can we do to prevent slipping into evil?
- ▶ Why are some able to resist?

Temptation



Creating Ethically Healthy Organizations

▶ Five Parts

- Governance and management:
- Leadership
- Ethical culture
- Social values and expectations
- Personal values and training

Conclusions

- ▶ Never think it can never be you...you could be next!



Questions?

Thank you!
David Schultz
dschultz@hamline.edu