Strategies for improving ethical behaviors in organizations.
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Introduction

Ethics is the study of morality. It is the value that is worth pursuing in life. It is honorable behavior. Ethics is relative. What is honorable in one society may not be honorable in another. It depends on several factors: world views, descriptive values and moral values. It is a function of the environment. What one salesperson may consider being an unethical marketing behavior, another salesperson may perceive it as an aggressive marketing strategy.

Ethics can be illustrated with the popular story of a millionaire who built an Olympic size swimming pool for his evening enjoyment. He filled the pool with many crocodiles of different types and sizes. His own idea of enjoyment is to watch these crocodiles swim every evening. At the completion of the construction of the swimming pool, he invited all the elites of the city to its dedication. As people were eating and drinking, an announcement was made by the host, over the public address system, that if any young man was bold enough to swim across the swimming pool, he would be given one of two things: a real estate that worths $1 million or his only beautiful daughter in marriage. Before he finished his announcement, a young man jumped into the swimming pool, to the surprise of everyone, swam across the pool and got out without a single bruise on his body. The millionaire ran to him, gave him a big hug and asked him what he would like to receive out of the two. The young man said he did not want any of them and that the only thing he wanted was, he wanted to know the bastard who pushed him into the swimming pool. That is ethics. The young man told the truth. He did not want any of the two rewards promised by the millionaire because he did not, on his own, jump into the pool. He was pushed by an unknown person. The millionaire too behaved honorably. He did not believe anyone could jump into the swimming pool to swim across. Since somebody did, he was still willing to stand by his words. He did not say he was not willing to give his only daughter in marriage to a stranger.

Unethical Behaviors

The media feeds us with information of unethical behaviors in our environment revealing the unethical social issues that demand our attention. The newspaper accounts of unethical behaviors in business have raised concerns about business ethics which have led to studies on their causes in organizations (Carroll, 1978, 4). These unethical behaviors are from unsavory individuals that have no moral character. In 1961, the survey conducted by Reverend Raymond C. Baumhard S. J., showed that there was a very high concern about ethical behaviors. That concern is higher today (Brenner & Molander, 1977, 57).

What is an Unethical Behavior?

The Civil Service Commission of Philippines defined an unethical behavior as any behavior prohibited by law. In a dynamic business environment, a "large gray area" exists that makes it difficult and unclear to distinguish what is ethical. An unethical behavior would therefore be defined as one that is not morally honorable or one that is prohibited by the law. Many behaviors will fall in the classification including corruption, mail and wire fraud, discrimination and harassment, insider trading, conflicts of interest, improper use of company assets, bribery and kickbacks, compliance procedures, ethical relations with others, disciplinary action, fraud, illegal business donations, patent infringement and product liability (Barrcus & Near, 1991, 12).

Unethical behaviors that stimulated interest in ethics include Watergate events, Lockheed Scandal, the 1972 United States presidential election, illegal business donations and bribery of foreign officials in

order to induce business abroad (Carroll, 1978, 5). Today, the most common ones are false communication, collusion, conflicts of interest, gifts and kickbacks, health services providers' unfair practices, insider trading, discrimination and harassment, and embezzlement.

False Communications

False communications fall into various categories. They include falsification of auditor's or controller's report or any form of manipulation that does not tell the whole truth. These include cheating on tax returns or inappropriate depreciation schedule and wrong expenses (Brennan Jr., Valtz, Shallenberger & Stanton, 1961, 164). Feeding the public with wrong report of the organization's business performance to make the organization look good is another common practice. In 2001, Enron gave wrong information about their loss because Ken Lay, the CEO of Enron, was advised by some trusted Enron executives to report only $1.2 billion of the $7 billion in losses because it was felt that the amount could be explained reasonably without doing more damage to the falling stock price of the company (Collins, 2007, 3). Similar to this was the case of Manville Corporation. The top management of the Corporation suppressed, for decades, evidence which proved that asbestos inhalation was killing their employees.

Collusion

Collusion, especially with competitors, to fix prices, is an unfair business practice today. This could be considered stealing from customers. However, there are differences of opinion on whether or not price fixing is stealing from customers (Brennan Jr., Valtz, Shallenberger & Stanton, 1961, 174).

Gifts and Kickbacks

Some organizations do not allow their employees to receive gifts from clients during normal course of business. Those who do, generally provide guide lines on limitations as to the amount an employee can receive as gift. Sometimes a buyer may request for kickbacks or entertainment which, if not provided, may lead to the loss of the customer. An employee frequently receives pressure from the management to behave unethically or to obtain profitable business at any cost, which may include the use of any possible dirty tricks. The employees who desire to be retained or promoted have no choice but to dance to the tune of the management. This is because there were cases of those who refused to behave unethically the way management instructed and were fired or nearly fired (Brennan Jr., Valtz, Shallenberger & Stanton, 1961, 165).

Conflict of Interest

Conflict of interest occurs when ones private interest interferes or appears to interfere in any way with the interest of the organization. According to Sliglitz, it can be argued that there is no conflict of interest because, based on Adam Smith's view, the individuals, when pursuing their own self-interest are actually pursuing the general interest of society (Sliglitz, 2003, 2). Some examples of conflicts of interest are:

--diverting from the organization for personal benefit, a business opportunity,

--using the organization's assets for personal benefit,

--accepting any valuable thing from the organization's customers or suppliers, and

--having a financial interest in an organization's competitor.

Unethical practices in the Health Care Sector

There are three common unethical practices in the Health Care Sector. The first is refusing to provide health care services to the patients who have no medical insurance. Some Health Centers do not admit patients who have no insurance unless they can provide evidence that they have the ability to pay for the health service. The second unethical practice in the health care sector is over treating patients to boost income. The third is doing surgery at surgical centers instead of the hospital so that the doctors do not have to "pull call at any hospital" (Weber, 2003, 6).

Insider Trading

Insider trading is an unethical behavior which occurs when a person who has access to confidential information uses or shares the information for securities trading purposes or any other purpose except the conduct of regular company business. The confidential information of the company are not to be used for achieving personal gain neither are they to be disseminated directly or indirectly, to friends, family members and other outsiders who may in turn trade on or misuse the information.

Discrimination and Harassment

Discrimination involves not providing equal opportunity in employment on merit but on other basis such as race, sex, national origin, age, religion, or any other basis not related to the job. Harassment is a derogatory comment or unwelcome sexual advances (FS Networks, Inc., 2004, 3).

Wrong Doing

A large number of people, including top management, are involved in wrong doing both in the public and in the private sectors. The managers of E.E. Hutton, for example, were found guilty of 2000 mail and wire fraud. Similarly, the supervisors of a defense contractor were accused of falsifying time cards (Gellerman, 1986, 85).

Why People Behave Unethically

Dedicated employees, who are usually honest, sometimes behave unethically because of four rationalizations: that no one will ever find out, that the behavior is not really illegal, that it is in the best interest of the organization, and that the organization will protect them. Although the costs of unethical behavior are hard to measure, they can add, according to research, more than 20% to the cost of doing business. The costs will include low wages, unemployment, and poverty. If top management wants to improve organizational performance, they must stand firm that ethical methods are the only ways business should be done.

Causes of Unethical Behaviors

The study that was commissioned by American Management Association (AMA) and which was conducted by the Human Resource Institute (HRI) using 1121 managers and Human Resource experts as participants, revealed that the leading cause of unethical corporate behavior is "pressure to meet unrealistic business objectives and deadlines." The study also showed that the second leading factor that causes unethical behavior is the desire to further one's career while the third leading factor is the desire to protect one's livelihood (Schwartz, 2006, 1) and (MacDo, 2006, 1).

Job pressure, according to the study, causes employees to engage in unethical behaviors that include cutting corners on quality control, covering up incidents and lying to customers. Ignorance is another major cause of unethical behaviors. The study of (AMA) and (HRI), (MacDo, 2006, 1), revealed that the

ignorance that the acts are unethical and not knowing the seriousness of the consequences when caught, are causes of unethical behaviors.

Competition for scarce resources, power or position can cause individuals to engage in unethical behaviors. Hosmer emphasized that an attempt to improve their corporate competitive positions made managers to take immoral actions (Hosmer, 1987, 439) . Bazerman and Banaji felt that the cause of the unethical behaviors in organizations is the presence of a "few bad apples" among organizational actors (Bazerman & Banaji , 2004, 111). The primary cause of unethical behaviors can be traced to lack of maintaining the type of consistent leadership that is necessary for running an ethical organization. This exposes the employees to opportunities that make them engage in unethical behaviors.

Recommendations

The National Defense University proposed three ethical responses to unethical behaviors in their "Strategic Leadership and Decision Making:" exit, voice and loyalty. With respect to "exit" it is recommended that if one can not live with the behavior, or the behavior does not meet one's ethical standards, one should leave. The second response, "voice," is to express discomfort with and opposition to the unethical behavior. The third response, "loyalty," supports the idea of remaining in the organization and trying to change it instead of leaving (National Defense University, 1986, 8).

In order to restore and maintain a culture that upholds honest and ethical behaviors, the organizational leaders must verbally promote ethical environment and relentlessly "walk the talk," by making ethical behavior part of the organization's agenda. They need to establish codes of business conduct to guide employees' behaviors. There should be the establishment of annual business ethics training for the employees and a good whistle blowing mechanism. Since job pressure was identified as major cause of unethical behavior, in order to reduce the pressure, communications and commitment by top management are recommended (McShulskis, 1997, 24).

Conclusion

Today, there is a tremendous loss of confidence in corporate conduct and there is an urgent need to work towards restoring it. Although ethics education seem to produce limited evidence of changing behaviors, the commitment of management to monitor annual ethics education for all employees will produce the desired favorable results. There should be clear communication to the employees of what are honorable and expected behaviors in the organization. They must maintain and stand firm on a clear cut policy that ethical methods are the only way of doing business.

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