Why employees do bad things for companies they love

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(PhysOrg.com) -- Employees who love their company and hustle to please their bosses sound like a recipe for success. But two recent studies co-authored by a BYU business professor found that those two factors can lead to a higher likelihood of unethical behavior.

Studying such “pro-organizational” unethical conduct flies in the face of the common media accounts and most ethics research, which focuses on employees siphoning funds or sabotaging bosses and co-workers, said John Bingham, assistant professor of organizational behavior at BYU’s Marriott School of Management.

“But unethical behavior can also be done with very good intentions -- people can do bad things with the intention to actually help the organization," he said. "People lie to placate customers, sell unsafe products or shred documents to cover up -- even when these actions may jeopardize their own positions within the organization."

Bingham and colleagues explored this concept in a paper forthcoming in Organization Science and tested it in a study recently published in the *Journal of Applied Psychology.*

They surveyed hundreds of anonymous workers and analyzed the data with complex statistical models to see if strongly identifying with your employer makes you more prone to cutting ethical corners. They suggested that, for example, a community activist who works for a product manufacturer that prides itself on its social and community initiatives may be more likely to cut corners to help his or her employer.

To their surprise, that wasn't the case. Simply buying into your company's mission doesn't seem to be enough to nudge you across ethical lines. But combining that trait with another common belief turns out to be a formula for rule-breaking.

The other half of this potentially toxic "unethical reaction" is a belief in "reciprocity."

"This is when I believe that if the company does something nice for me, I should do something nice for them in return," Bingham said. "We've always looked at this as a positive way to motivate employees and, until now, never questioned the moral content of behaviors that employees perform in efforts to reciprocate."

The study results suggest that employees who feel strong commitment toward their company, and who also generally believe that their company's positive treatment should be rewarded with above-average performance by employees, are significantly more likely to commit unethical behavior that helps their employers. So the social activist at the product manufacturer, who believes he or she has been treated well by his company and assumes that the company's efforts should be rewarded in kind, is more likely to commit ethical lapses.

"Very conscientious employees, people who are pleasers -- which we've always thought about in desirable terms -- are much more likely to do unethical things and justify them because they believe in their company and want to do what is best for the company," Bingham said.

The researchers' recommendations to leaders and managers are:

• Recognize that not all unethical behavior is malicious. Consider the possibility that your employees may be doing bad things thinking that's what your company wants.

• Certainly don't stop encouraging a strong identification with the company and the belief that positive acts will be rewarded. Those remain proven motivators.

• Couple such motivation with a culture that encourages ethical behavior and focuses on the means, and not just the ends. Managers must lead by example and reward only ethical behavior among employees.

In today's competitive business climate, some may privately wonder what harm is done by behavior that helps a company, whether it is ethical or not. Beyond the obvious morality argument, Bingham asserts that unethical behavior ultimately hurts the organization.

"It's bad business. If that's the culture around which business gets done, sooner or later questionable behavior escalates to the point where it gets exposed and employees and the business are punished," he said. "Enron was getting away with stuff for years, and it was a classic example of a high-functioning, high-mission, strong-values organization. And we know what happened there."

Bingham's co-author on both studies was Elizabeth E. Umphress of Texas A&M University. Marie S. Mitchell of the University of Georgia also co-authored the *Journal of Applied Psychology* study.

Provided by Brigham Young University

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