

**Explanations for the Continued  
Prevalence of Unethical Behaviour  
in Business with reference to the  
events depicted in one or more  
films within the ICCSR series  
“Doing the Business”**

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**Given that most business people are not inherently stupid or evil, how do you explain the continued prevalence of unethical behaviour within business? Discuss with reference to the events depicted in one or more films within the ICCSR series “Doing the Business”**

Despite the drive towards corporate social responsibility, unethical behaviour remains a persistent feature of contemporary business, with 48 per cent of employees in the US claiming to have acted illegally or unethically in the previous year<sup>1</sup>. This essay explores the basis for the continued prevalence of ethical infractions, with reference to the ethical issues interwoven into the cinematic screenplay of the feature films: *The Insider* and *Roger & Me* featured in the ICCSR series “Doing the Business”. Unethical behaviour is a valid topic for discussion given that “business malpractices have the potential to inflict enormous harm on individuals, on communities and on the environment” (Crane & Matten, 2004:13). The essay takes the stance that not every unethical decision in business is made because people are inherently bad, and rather the ongoing frequency of unethical behaviour can be explained as an interplay of individual, organisational, cultural and situational factors. In the process, the essay uses descriptive theory to explain individual and situational factors influencing ethical decision-making with particular attention paid to the influence of bureaucracy, ethical education, and moral framing. It is argued that the dominant bureaucratic form of modern corporations and its techniques act to subjugate individual morality, distance individuals from the consequences of their actions, and dehumanise the organisational constituents affected by decisions.

Films have been posited as “an interesting way to learn the nuances of ethical decision making” (Giacalone & Jurkiewicz, 2001:79), and this was the reasoning behind the “Doing the Business” film series hosted by the International Centre of Corporate Social Responsibility (ICCSR) at Nottingham University Business School. The films screened were selected to encourage reflection about social and ethical issues in business, and in this paper, we will refer to events depicted in *The Insider* and *Roger & Me*.

*Roger & Me* is a feature-length documentary film fuelled by the rage of the director, Michael Moore, at the devastating consequences of General Motors laying off 40,000 people in his hometown of Flint, Michigan. The film chronicles the efforts of Moore as he attempts to meet General Motors chairman, Roger Smith, and invite him to spend a day in Flint to meet some of the people who were losing their jobs.

Based on real-life events, *The Insider* (director Michael Mann) purports to re-enact the action unfolding as Jeffrey Wigand (played by Russell Crowe) is fired from his job as vice-president of research with tobacco company, Brown & Williamson (B&W), when he begins to question certain practices within the corporation. Encouraged by Lowell Bergman (portrayed by Al Pacino), investigative reporter for news programme ‘60 Minutes’ ran by television network CBS, Wigand decides despite considerable harassment to break his confidentiality agreement, and blow the whistle on his former employer by testifying that not only had cigarette manufactures lied under oath to congress about nicotine addiction, but further that tobacco

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<sup>1</sup> Ferrell *et al.* 2002:13 cited in Crane & Matten, 2004:13

companies use chemical additives to manipulate the addictive “hit”. However, fearing that legal action by Brown & Williamson could bankrupt CBS, the CBS executives take the unprecedented move of refusing to broadcast the controversial Wigand interview.

Firstly, we must determine whether behaviour can be considered ethical or unethical by recourse to the normative ethical theories that propose the morally correct way of acting. In the literature, ethics and morality are often used interchangeably, with morality “concerned with the norms, values and beliefs embedded in social processes which define right and wrong for an individual or a community” (Crane & Matten, 2004:11). From the perspective of utilitarianism, an action is morally right if it results in the greatest amount of good for the greatest amount of people (Crane & Matten, 2004). Thus, in the case of *Roger & Me*, the loss of jobs in Flint, may still be perceived as “morally right” when weighed against the benefits that may accrue to management, shareholders, and the workers at the relocation plants in Mexico.

A further popular theory in business is Kant’s ‘categorical imperative’ made up of three maxims which should be applied to every action. The maxim of human dignity argues that you should act so that you treat humanity always as an end and never as a means only. In *Roger & Me*, it can be argued that this did not happen, given the apparent ease with which GM decided to relocate its production to improve profitability. Kant’s final maxim has been referred to as the “New York Times Test” or in other words, ‘would you expect others to take your view if your actions were publicised in a newspaper?’ The efforts taken by B&W to silence Wigand in *The Insider* demonstrate that this maxim was not met, and thus their actions can be perceived unethical.

The descriptive theories of business ethics are useful in seeking to “describe how ethics decisions are actually made in business” (Crane & Matten, 2004:11). Firstly, we will examine the factors relating to the individual with respect to the influences of education, culture, and personal integrity.

As the statement posits “most business people are not inherently stupid”, however, a lack of formal business ethics education and training has been noted. Business ethics courses, whilst gaining in popularity, are still typically not mandatory for business undergraduates (Matten et al. 2003). Crane and Matten (2004) cite research which reveals that business students not only rank lower in moral development than students in other subjects, but are also more likely to engage in unethical behaviour. Carroll (2003) attributes this to the realisation by students that “the amoral pursuit of the bottom line is what is rewarded by their employers-to-be”. In response, it has been argued that there is a need for business ethics training to encourage empathy to others and improve ethical decision making (McPhail, 2001).

National and cultural characteristics also appear to have a significant effect on ethical beliefs, given that people from different cultural backgrounds are likely to have different moral views. Hofstede theorized that there were four primary dimensions, which could differentiate the cultures of our world. They are classified as power distance, uncertainty avoidance, individualism and masculinity (Tavakoli et al. 2003). It has been argued that the Anglo-American culture is characterised by individualism, whereby individuals tend to promote their own welfare over that of others. This can

be contrasted with collectivistic cultures such as Sweden where employees “value the welfare of the group more than the welfare of the individual” (Kirkman & Shapiro, 1997). As both films are set in the USA, unethical behaviour may reflect this individualistic orientation and the promotion of personal goals over group or community goals, as the discussion on rewards later implies. For example, the executives at General Motors decided to act in their own best interests by closing plants in Flint, with little apparent regard for the surrounding community, reflective of their individualistic orientation. Carroll (2003) expresses concerns that a “humanistic amorality, a self-centered, pragmatic indifference” is developing which will mean that our “moral compasses will fail to point us in the right direction”

Personal integrity, defined as “an adherence to moral principles or values” (Crane & Matten, 2004:123), can also influence ethical behaviour. In *The Insider*, Wigand’s determination to reveal what he perceived as unethical behaviour on the part of his employer is demonstration of his “stubborn integrity” (Van Es, 2003). It is argued that this character trait is not uncommon for whistleblowers (Van Es and Smit, 2003). Whistleblowing may be defined as “dissent, in response to an ethical dilemma, in the form of a public accusation against an organisation” (Jubb 1999). In response to an ethical dilemma, an individual may feel divided loyalty to their organisational values (typically loyalty and cooperation), wider societal values, and personal values and beliefs. In the case of *The Insider*, it can be viewed that Wigand chose loyalty to his own morals and character, above his loyalty to Brown & Williamson, indicative of the strength of his personal integrity. It may further be argued that Wigand’s personal integrity was enhanced by his background in the health industry, with Wigand perhaps feeling he had to maintain ‘true’ to his perceived role as a ‘health’ scientist :

“I thought I would have an opportunity to make a difference and work on a safer cigarette”

(Wigand quoted in Brenner, 1996)

Unethical behaviour cannot be explained solely by individual factors, but rather, evidence suggests that situational influences are equally or more important in influencing our ethical decision-making. Factors including group norms, organisational culture, bureaucracy, systems of rewards and moral framing are discussed.

In *The Insider*, the screenplay follows Wigand as he is firstly sacked, ostensibly for having ‘problems in communication’, but implicitly because he was raising questions viewed as inappropriate in B&W. In response, encouraged by Bergman, Wigand decides to ‘go public’ with his allegations of unethical practices in the tobacco industry. However, such “moral crusades” are relatively rare, given that there are often serious personal and professional consequences to breaking the duty of loyalty to the employer, particularly when it is enshrined in law, in the form of stringent confidentiality agreements, as used by Brown & Williamson. For example, once he decided to ‘blow the whistle’ on his former employer, Wigand faced a vicious campaign of harassment orchestrated by B&W, including smear campaigns, death threats, and legal action.

“...They are trying to ruin my life...If they are successful in ruining my credibility, no other whistle-blower will ever come out of tobacco and do what I have done”

(Wigand quoted in Brenner, 1996)

This is not inconsistent with other literature, which suggests that whistle blowing even when morally justified, typically results in victimisation of the whistleblower (Qusgas & Kleiner, 2001). Case study evidence presented by Glazer & Glazer (1989) indicates that sixty-eight per cent of whistleblowers will have difficulty finding future employment (cited in Qusgas & Kleiner, 2001). It has been suggested that in effect whistleblowers are put on a blacklist, since employers are hesitant to hire someone who has a history of company disloyalty. This has the effect of preventing future whistle-blowing incidents, since employees will be concerned that such actions against their employer may end their careers permanently (Peretz, 1970 cited in Qusgas & Kleiner, 2001). Thus an individual may conform to organisational values because of the personal and professional risks associated with whistle-blowing, leading to the continuance of unethical behaviour (Jubb, 1999).

This indicates that the continued prevalence of unethical behaviour may be reflective of an organisational culture which fosters an environment whereby employees are afraid to question practices for fear of consequences, influenced by the bitter experiences of past whistleblowers (Jubb 1999). Bird and Waters argue that it is “impossible to foster greater moral responsibility by business people and organisations without also facilitating more open and direct conversations about these issues by managers” (1989:83) devoid of fear of blame and recrimination.

Bureaucracy, a form of organisation structure characterised by rules, procedures and impersonality (Huczynski & Buchanan, 2001) has been posited by influential writers such as Weber and Bauman as having a number of effects on ethical behaviour by subjugating individual morality and causing people to bracket their moral beliefs. This is achieved through: suppressing moral autonomy; distancing; dehumanizing; and denying moral status for some organisational constituents.

Firstly, with respect to bureaucracy suppressing moral autonomy, individuals are encouraged to be “moral robots” (Crane & Matten, 2004:133) in following prescribed rules and procedures to achieve organisational goals. Individual morality is subjugated as argued by Jackall:

“What is right in the corporation is not what is right in a man’s home or in his church. *What is right in the corporation is what the guy above you wants from you.* That’s what morality is in the corporation”

(Jackall, 1988:6)

This perceived separation of individual and organisational morality has led to the myth that business is amoral, or controlled by different moral ‘rules’.

Furthermore, the bureaucratic organisation, whereby information is largely centralised in a ‘head-quarters’ acts to distance managers from the consequences of their actions. Ken McPhail (2001) argues that the work of Milgram indicates an inverse correlation between an individual’s willingness to be cruel to someone and their proximity to their victim. In *Roger & Me*, the film largely revolves around Michael Moore’s attempts to get Roger Smith, then Chairman of General Motors, to come to Flint and observe the effects of his decisions. This is reflective of the distancing effect of

bureaucracy. Moreover, techniques, such as accounting “exclude emotion” (McPhail, 2001) and there is a danger that ethical obligations to individuals may diminish if they are depicted as merely a figure on the balance sheet.

To contextualise this idea, with bureaucracy there is a danger that one may be sitting in a plush office in General Motors HQ, filling in forms and making decisions about “cost minimisation” and “downsizing”, distanced from the reality that your decisions reflect individual employees losing their livelihood.

The above example demonstrates the significance of the language in which moral issues are couched, or ‘moral framing’. The same problem or dilemma can be perceived very differently according to the way that the issue is framed. As Trevino and Nelson state: “Using moral language (words like integrity, honesty, fairness, propriety – or lying, cheating, stealing) will more likely trigger moral thinking because these terms are attached to existing cognitive categories that have moral content” (1999:101 cited in Crane & Matten, 2004). However, the opposite phenomenon of “moral muteness” (Bird & Waters 1989) appears more prevalently in contemporary business. For example, in *The Insider*, “increased biological activity”, was used as a euphemism for cancer and other smoking-related diseases. This reinforces the findings of Crane (2001) who revealed that managers largely avoid moral language by a process of ‘amoralization’. The reasons behind this include a perceived “threat to harmony” (Bird & Waters, 1989:76), as raising moral questions, may require interpersonal confrontation. However, Bird & Waters argue that this ‘moral muteness’ causes ‘moral amnesia’, the process by which the view of management as an amoral activity is continually reinforced.

In an organisation, adherence to ethical principles and standards stands less chance of being repeated when it goes unnoticed and unrewarded (Crane & Matten, 2004). Wigand argues that his former colleagues at Brown & Williamson are allowed to act with “impunity”, or in other words, without punishment or unpleasant consequences. In fact, we can argue that businesspeople frequently make unethical decisions because they think their company would either reward it or let it go unpunished (Gellerman 1986). This reflects the pre-conventional stage of Kohlberg’s theory of Cognitive Moral Development, whereby individuals define right and wrong according to expected rewards and punishments from authority figures.

In the case of B&W, it is likely that the executives were remunerated on the basis of sales and revenue, given that company president, Thomas Sandefur, repeated concerns that “we pursue a safer cigarette, it would put us at extreme exposure with every other product” and removing the carcinogenic additive coumarin, “would impact sales”.

Furthermore, in *The Insider*, rewards led to a perceived conflict of interest for the controllers of CBS News. A conflict of interest occurs when a person’s or organisations obligation to act in the interests of another is interfered with by a competing interest that may obstruct the fulfilment of that obligation (Crane & Matten, 2004:312). For example, in *The Insider*, counsel to CBS, Ellen Kaden, advised Bergman and the programme controllers that they should abandon reporting Wigand’s story for fear of lawsuits. This was unprecedented in the history of CBS News, which had historically thrived on its reputation for not being afraid to tackle

hard-hitting, controversial issues. However, it was later revealed that several CBS top-managers had an interest not to air the interview with Wigand, because litigation may have lowered the share price of CBS, at the time of planned sale to Westinghouse Electric Corporation. Kaden personally made close to \$5 million from the sale.

With recourse to events depicted in *The Insider* and *Roger & Me*, this essay has used descriptive theory to demonstrate that unethical behaviour cannot be solely explained in terms of people being “inherently stupid or evil”, but rather as an interplay of individual, organisational, cultural and situational factors. In terms of individual factors influencing ethical decision-making, ethical education, personal integrity and national and cultural characteristics have been discussed. Situational influences including group norms, organisational culture, bureaucracy, systems of rewards and moral framing have been presented. In particular, this essay has argued that the lack of business ethics training helps to maintain the view that business is an amoral process, further reinforced by: avoidance of moral language in contemporary business (Bird & Waters, 1989; Crane, 2001); and the dominance of the bureaucratic form of organisation with its focus on rationalisation and efficiency. Furthermore, as the essay has argued, being as the bureaucratic form of organisation suppresses moral autonomy, it can be argued as insignificant whether most business people are “inherently stupid and bad” given that personal morals are ‘bracketed’ in the achievement of the goals of the organisation.

## Word Count

2888 words

3,537 including references

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