

More ethical businesses are more unlikely to experience unethical employee behaviour

Submitted by: BlueSky Education

Wednesday, 2 November 2022

Despite a growing trend for more ethical investment, Rotterdam School of Management, Erasmus University (RSM) has uncovered eight unethical effects that can sneak in, even when organisations are doing their best to act ethically.

Muel Kaptein, Professor of Business Ethics and Integrity Management, has looked at how a good organisation can facilitate employees' unethical behaviour.

This surprising outcome is due to four forces that threaten the 'good' organisation, which become stronger when as it becomes more ethical—upward, downward, backward, and forward forces.

Each of these directions has two corresponding effects that can arise when organisations actively become more ethical. And each one of them could increase the likelihood of unethical behaviour.

"It helps to know that unethical behaviour isn't always caused by bad people and bad organisations, and an understanding of these effects and how they come about can help society to change the way ethical standards are set, regulated, inspected and evaluated. Sometimes the unethical effects come from good people in good organisations – and this insight might help to soften evaluations of unethical practices within and by organisations," says Professor Muel Kaptein.

Delivering a timely warning to business leaders, this research even considers if well-meaning attempts to impose ethical values on investment and consumption might be the cause of the problem. Professor Kaptein has already presented his model of these threatening effects to regulators, compliance officers and managers. They all recognised them, and some described their own examples of the eight effects that lead to negative – and sometimes devastating – outcomes. Perhaps this research is a warning for everyone to watch out for these threatening effects.

The research, A Paradox of Ethics: Why People in Good Organizations do Bad Things published in Journal of Business Ethics.

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For more information, a copy of the research paper, or to speak with the researchers, contact Kate Mowbray at BlueSky PR on Kate@bluesky-pr.com or call +44 710022871