

Thinking Like a Bad Guy: Teaching Critical and Creative Managerial Ethical Thinking Using Codes of Ethics

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Abstract. Miscreants, in the form of deviants and dark personalities, impact organizations more than we realize. Most management instruction on ethics issues focuses on helping students to understand how to evaluate difficult situations, make ethical decisions, and engage in ethical actions. While this approach works well for the individual decision maker, it fails to help students learn how to anticipate and proactively prevent the unethical actions of others. Using ethical codes as a backdrop, “Thinking Like a Bad Guy” is a provocative classroom activity to elicit critical and creative thinking among business students. The goal of this exercise is to facilitate student learning so they can anticipate the behaviors of bad actors and alter organizational processes and procedures to mitigate the ability of others to violate organizational ethical standards.

Keywords: deviants, dark personalities, organizational procedures, ethical standards.

1. Introduction

Ethical challenges continue to plague society (Banks 2022; Crossland 2019; *Economist* 2019), necessitating business schools to incorporate both a theoretical and practical understanding of ethics and social responsibility into the curriculum. While it is helpful for educators to illustrate ethical issues via cases and experiential exercises (LeClair & Farrell 2000), research also shows that cases

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have limitations, indicating that hands-on and practical implementable skills are more effective (Knouse & Giacalone 1998).

The perfect storm of shifts in society and disruption of management education (Holtom & Dierdorff 2013) has led to a long-standing, ongoing criticism that business education is only marginally relevant (Redgrave, Grinevich, & Chao 2022; Starkey & Madan 2001). Whether it is our research, our educational content (Bartunek & Rynes 2014; Gordon & Howell 1959; Hambrick 1994; Pfeffer & Fong 2002), or our ability to teach critical and creative thinking (Everson 2014; Martin 2011; *Soft Skills: A Case for Higher Education and Workplace Training*, 2011), many would argue that management education is not meeting the needs of a changing world and the challenges we confront (Giacalone & Thompson 2006). In response, business schools have focused on ways to make management education conceptually rigorous (Carson 2013), experiential (O'Boyle & Sandonà 2014; Peace 2011), behavioral in nature (not just cognitive) (Park & Elsass 2017), and related to actual managerial issues (Schminke 2010) that are likely to occur (Shapiro & Kirkman 2018).

But too often, despite these attempts, current business ethics education provides students with a rather aseptic look at how the real world of business works. Heavily focused on getting students to understand how to make ethical decisions and how to build an ethical work environment, few classroom exercises help students to recognize and deal with some of the harsh realities in the workplace. Specifically, how should students respond to people and organizations that fail to respect the ethical standards they publicly espouse? (see Jurkiewicz, Giacalone, & Bittick 2004 as an exception).

Recent research indicates that nasty people (Mackey, Bishoff, Daniels, Hochwarter, & Ferris 2019), dishonest workers (Wilkie 2019), dark tetrad personalities (Boddy 2017; Buyl, Boone, & Wade 2019; Schyns, Wisse, & Sanders 2019), and greedy leaders and organizations (Hwang 2017) drive business more than we realize. The repercussions are borne out in the reality that 39% of chief executives fired are due to integrity issues (Consultancy.eu 2019). In the news headlines, integrity meltdowns have focused on the greed of Martin Shkreli (who increased the cost of an lifesaving HIV drug by 4,000%) (Turner 2015), the duplicitous actions of Elizabeth Holmes at Theranos (Griffith 2022; Shoot 2018), and the predatory sexual actions of Harvey Weinstein (Ramey & Randles 2019), to name a few. To such individuals, the embodied ethical standards of the organization, whether informal or formal, are no more than impediments to be overcome, or rules for *others* to follow. These prominent figures in the news help us to realize that with all the standards companies have established, there is not only a distressing amount of ongoing unethical behavior, but also many workers who seek to find a way through and around the standards.

For example, the Wells Fargo cross-selling scandal uncovered in the 2010s provides a blueprint for how unethical actions can spread throughout an organization. Due to pressure from executives to achieve unrealistic sales goals,

Wells Fargo employees opened millions of unauthorized accounts (Kelly 2020). In creating fake customer accounts, the employees were clearly violating both the company's policy and code of ethics. Some customers paid unnecessary fees, suffered anxiety due to the fraud, and customer credit ratings took a hit. The public's trust in financial institutions was negatively affected. This case illustrates the strong effect that corporate culture, and nefarious leaders, have on organizational ethics (Schwepker & Good 2004). Simply educating students in understanding ethics and social responsibility, and building ethically aligned organizations, is not enough; students need guidance in effectively dealing with the reality of unethical people in business – those actors who will apparently stop at nothing in an effort to achieve their own personal goals.

As management educators, we must prepare students to think and respond creatively and critically to the potential unethical behaviors conducted by deviants, sociopaths, and dark tetrad personalities (Dahling, Whitaker, & Levy 2009; Stanwix & Walker 2021). Defined by Ennis (1996: 166) as “reasonable reflective thinking focused on deciding what to believe or do,” critical thinking in management education is crucial for success both in school and in the workforce (Calma & Cotronei-Baird 2021), yet it appears that many students lack this skillset (Everson 2014). Students cannot be taught to simply understand and identify the unethical activities of these individuals and structure an ethical work environment that prevents their actions with processes and procedures (see Collins 2011). Instead, students, and future leaders, must learn both to critically evaluate how such individuals evade organizational procedures/processes (i.e., reporting and control mechanisms) and to creatively respond to their ill-intentions and malice. The best way for students to solve this problem is to learn *how to think like these individuals*. While creative (Mumford, Waples, Antes, Brown, Connelly, Murphy, & Devenport 2010) and critical thinking have been approached in a variety of ways (Dean & Boose 2011; Foundation for Critical Thinking 2018; Nash 1981), nothing in the literature has effectively integrated both creative and critical thinking approaches to ethical decision-making in a way that mirrors the workplace realities students will confront. The need to integrate creative and critical thinking approaches is no more evident than in the pervasive organizational use of ethics codes.

Ethics codes are formal documents which state an organization's values and the ethical standards it expects its employees to follow (Chen, Gotti, Kang, & Wolfe 2018; Robbins 1988). Organizations, and often their human resources departments, design these codes to help guide individual and group behaviors. Unfortunately, despite the prevalence of these codes (Kaptein & Schwartz 2008), research on their efficacy is mixed. Several studies have found fewer unethical decisions are made in the presence of a code (e.g., Davidson & Stevens 2013; Kaptein 2017; Peterson 2002; Webley & Werner 2008), while other studies have found no significant effect (e.g., Brief, Dukerich, Brown, & Brett 1996; Cleek &

Leonard 1998), even on attitudes toward moral issues (Cameron & O’Leary 2015).

While codes are meant as guides to ethical decision-making, they present three characteristics that can limit their effectiveness. For one, ethics codes’ ambiguity makes them vulnerable to miscreants, some even with more serious sociopathic (Boddy, Miles, Sanyal, & Hartog 2015) or Machiavellian (Koo & Lee 2022; Kuyumcu & Dahling 2014) tendencies. These unethical actors capitalize on ambiguities and violate the spirit, if not the letter, of the code. As Shaw and Barry (2015) explain, traditional ideological and philosophical perspectives (on which codes of ethics may be based) are likely to be interpreted differently by various individuals. As a result, exploiting ambiguities in codes, particularly semantic ones, is common when there is an intent to rationalize wrongdoing (Sykes & Matza 1957), often using impression management strategies (Bolino, Long, & Turnley 2016) to protect their personal reputations.

Second, efforts to create detailed codes of conduct can lead to what Kvalnes terms “loophole ethics” – “remaining loyal to the letter of the code of conduct and assuming that any action that the code is silent about is morally acceptable....” (Kvalnes 2019). This is because capturing every single instance of potential wrongdoing is impossible. Bad actors, therefore, can strategically look for such omissions and take advantage of them. This “loophole mentality” was pervasive at Enron and fueled many unethical acts that led to the company’s demise and thousands of people losing their jobs and retirement savings (Kvalnes 2019). A specific example is from the ethics code at Kraft Heinz (2015), which instructs employees to “Market our foods in a truthful, accurate way. Never use deception or exaggeration.” But is this directive even possible? Solomon (2007) argues that “Of course advertising expresses a bias on behalf of the product. Of course, it idealizes the product in its presentation.” This begs the question – how much bias or idealization is acceptable before it crosses over to deception and violates Kraft Heinz’s code? This kind of ambiguity presents openings for possible unethical behavior – and the need for thinking critically.

Third, even among people without a dispositional intent to engage in unethical activities, situational moral ambiguity in code interpretation allows for the moral “cover” of one’s transgressions (Pittarello, Leib, Gordon-Hecker, & Shalvi 2015). For example, one may view a moral transgression as “necessary” to achieve an important objective (such as reaching company performance targets). Thus, the ability to critically evaluate a code, and anticipate its violation, provides students with the skills to address the ethical infractions of both the intentionally and unintentionally malevolent.