Evil Corporations or Rogue Individuals? It makes a difference.

By Chuck Dinerstein, MD, MBA — November 26, 2019

"Corporations are people." – Mitt Romney

As Citizens United demonstrated, before courts of law, corporations are treated as individuals. But in the other court, of public opinion, organizations are viewed somewhat differently. Unethical behavior may be more pronounced, as in the case of British Petroleum and the Deepwater Horizon, or considered less so, as in the case of United Airlines forcibly removing passengers from an overbooked flight. A new study explores how we form our moral opinions.

The researchers presented a set of varying scenarios to individuals recruited from American universities as well as other countries, making the results somewhat more generalizable. In some presentations, companies were named, in others, individuals, but all committed the same unethical behavior. Participants were asked how much harm may have resulted and how blameworthy was the company or individual.

- Across a range of identical unethical behaviors [1], people felt that organizations were "broadly more unethical."
- Organizations were generally less "liked" than individuals, but this was not a particularly strong mediator in participant's judgment of ethicality.

In another series of scenarios, the degree of harmful behavior was quantified, e.g., avoiding $10,000 in taxes or using a non-approved pesticide on a half-acre of land. Participants were asked to judge how many individuals were harmed by those actions.

- Organizations were again judged more unethical, causing harm by their action to more
people, and were felt to be more blameworthy.

The degree of harm and culpability was quantified to examine the relationship between actual harm and blameworthiness. [2]

- While organizations were again judged more unethical than individuals, that difference was lost when the harm or blame was low.

Finally, the researcher varied the type of organization, from a family business to a government agency, non-profit, and for-profit organizations.

- Both for and non-profit organizations were view more unethical than individuals, government, or family business – those last three were judged the same.

Organizations, as a generalization, are felt to be more powerful, causing more harm and are more blameworthy than individuals; and the propensity towards unethical behavior varies with the type of organization.

In the real world, organizations respond to accusations of harm. As in the case of the Deepwater Horizon, they may try to deny culpability, or in the case of United Airlines, the CEO may offer an apology, and of course, in the case of Enron, a few rogue individuals may be identified. The researchers, having found that we give individuals more of a pass than organizations, wanted to see how well scapegoating worked. A typical scenario here was a company, or a specific individual within the company, claiming food was organic when it was not. They found what "crisis managers" already knew.

Identifying an individual to be held responsible, mediated people’s perception and subsequent actions. Without a scapegoat, organizational behavior was judged and punished more harshly.

The study demonstrates that our perceptions are biased. We cut individuals a break that we do not give to organizations. Further, profit-making organizations are far more suspect than equally egregious behavior by the government or a family business. And those biases can be further manipulated. Criticizing "corporate culture" is far less effective in evading blame and punishment than identifying "the few bad apples."

Source: Organizations appear more unethical than individuals Journal of Business Ethics DOI: 10.1007/s10551-018-3811-8

[1] Behaviors included avoiding taxes, improperly storing toxic chemicals, negligently polluting a local stream, misrepresenting the truth to sell something, refusing to pay a contractor an agreed-upon amount, lying about a rival, and so on.
[2] After spraying an organic pesticide on 200 feet of farmland, nearby residents experienced an allergic reaction and moderate respiratory problems. This scenario was then modified to indicate low harm – only two people were affected, and/or low blame, the supplier of the pesticide provided the wrong agent.

Source URL: https://www.acsh.org/news/2019/11/26/evil-corporations-or-rogue-individuals-it-makes-difference-14424

Links