Introduction

Lecture notes:

Text:

p. 23-26 Law, Policy, and Ethics

* Legality as a minimum ethical standard
* Problems with reliance on law
* Policy as the 'law' of an institution
* The problem of codification
* Voluntary and involuntary obligations
* Ethics and socio-cultural norms

p. 27-33 HRM

* Corruption
* Do no harm

p. 34-46 Respect

* Transition: Bad Apples and Respect
* Respecting Humanity
* Respecting Authority
* Respect as Civility

The link to Video

<https://www.ted.com/talks/dan_pink_the_puzzle_of_motivation>

Text under the link:

* Background: It is common in business to employ principles of **operant conditioning**  (championed by B. F. Skinner) to incentivize productivity.  This carrot and stick thinking is extremely tempting, largely ineffective, and unethical.  Reliance on external incentives is dehumanizing and it’s ineffective in many circumstances.  The intrinsic value of the work is a far better motivator, both ethically and effectively. (Recall “How to Build a Better Job”.)

**Q:   When** are external incentives **counterproductive**?

A: Whenever the work is “right-brain”, non-routine, no clear set of rules with single solution.

* + Creative work/problem-solving work
  + Customer service/relationship work

**Q:   Why** are external incentives **counterproductive**?

A: They narrow focus. They’re *distracting*.

**Q:   Why** is (excessive) reliance on “if, then” incentivization **unethical**?

**A:**People are not levers to be toggled with threats and rewards.  We’re not algorithms.  Carrots and sticks are no substitute for *talking* to people and engaging them as *people.*

**Q:   Why** is operant conditioning so **tempting**? Why do we keep falling back on it?

A:

* + Contempt for low-level workers is a widespread self-fulfilling attitude.  People live up to *and down to* the expectations of others (human plasticity).
  + Extrinsic rewards are *easy*.  Nothing could be simpler than continually threatening to fire people.  Getting people excited about mastering the job and serving the customers is much, much harder.
  + Extrinsic incentives are not dispensable.  You *do*have to pay people, and you *do* have to sanction people for failing to do their jobs properly.

Q:   What’s the solution?

A:  **Balance** the internal and external incentives (as below).  When the carrots and sticks become the focus of our attention rather than a background consideration, they really get in the way of good work.

* + **Internal incentives** (**autonomy**, **mastery**, and **purpose**) should be the primary motivation for working hard and doing a good job.  Mentorship is indispensable to developing an internally motivated work ethic.
  + Autonomy: Give people the right kind and amount of freedom to do the work.
  + Mastery: Don’t try to take all the skill out of the work.
  + Purpose: Your business needs a worthy mission/vision that people can identify with and be proud of.

Since internal incentives include the social relations we have with coworkers and customers, feeling appreciated, respected, and valued goes a long way towards motivating people to identify with their job and care about doing it very well. (The next TED talk follows up on this.)

* 1. **External incentives** should adequately meet the employees’ **material** **threshold** and promote reasonable **accountability** for good work. You need to pay people **adequately** and **fairly**.  Think of external incentives as enabling conditions – they enable us to focus on the work instead of being distracted by the need to pay bills or the temptation to goof off.

Q: What does successful “autonomy” look like at work?

* 1. FedEx Days (Atlassian)
  2. 20% time (Google)
  3. ROWE (results only work environment)
  4. Wikipedia

Widely recognized examples:

* + High-paying jobs attract people who are “only in it for the money” and really don’t do their best.
  + Excessive commission-to-base-salary ratios are notoriously problematic.

“Throwing money at the problem” often backfires.

The link to 2nd video:

* Web Link

### https://learn.content.blackboardcdn.com/3900.8.0-rel.34+a1b2d92/images/ci/icons/generic_updown.gif[Heffernan - Forget the pecking order at work (15:48)](https://www.ted.com/talks/margaret_heffernan_why_it_s_time_to_forget_the_pecking_order_at_work)

[Heffernan - Forget the pecking order at work (15:48) item options](https://blackboard.wichita.edu/webapps/blackboard/content/listContentEditable.jsp?content_id=_3098999_1&course_id=_120518_1#contextMenu)[Heffernan - Forget the pecking order at work (15:48)Hide Details](https://blackboard.wichita.edu/webapps/blackboard/content/listContentEditable.jsp?content_id=_3098999_1&course_id=_120518_1)

1. Heffernan argues that you shouldn’t do what your boss tells you at work. True or False?
2. What’s a superchicken?
3. What happens to a superflock after 6 generations?
4. How does a superchicken achieve its success?
5. How can competition be counterproductive? (“management by talent competition”)
6. How do we minimize aggression, dysfunction, and waste? (MIT’s three characteristics of successful groups that contribute to social connectedness, a.k.a. good teamwork)
7. How did the Arup engineer calculate the equestrian waste to expect for the Beijing Olympics?  (What virtue was central to the solution?)
8. Is this virtue part of a new technology of ideas?
9. How can we reshape our work environment to promote better teamwork? (What’s “fika”? Give some other examples, involving time, turnover, etc..)
10. What’s the definition of social capital?
11. Do we need to be chummy and like our colleagues and avoid conflict to build social capital?
12. Heffernan claims that money erodes social connectedness. Use Daniel Pink’s talk to explain why.
13. How does this research on teamwork reshape our idea of leadership? (CFC example – three principles) What does the boss *do* in supervising a socially connected autonomous team?

After that

### [Stanford - Rethinking Hierarchy in the Workplace](https://www.gsb.stanford.edu/insights/rethinking-hierarchy-workplace)

[Stanford - Rethinking Hierarchy in the Workplace item options](https://blackboard.wichita.edu/webapps/blackboard/content/listContentEditable.jsp?content_id=_3098999_1&course_id=_120518_1#contextMenu)[Stanford - Rethinking Hierarchy in the WorkplaceHide Details](https://blackboard.wichita.edu/webapps/blackboard/content/listContentEditable.jsp?content_id=_3098999_1&course_id=_120518_1)

Defined hierarchy. Commanding leadership. These corporate ligaments secure firms in the face of threats and unify them against competition. Few beliefs are more widely held in business.

The intuition, though, is wrong. When you look at real organizations, having a clear hierarchy within your firm actually makes people turn on each other when they face an outside threat. Effective teamwork against threats requires not hierarchy, but egalitarianism; not centralized power, but a culture in which all voices count. Flat structures can create more functional teams.

* Web Link

### https://learn.content.blackboardcdn.com/3900.8.0-rel.34+a1b2d92/images/ci/icons/generic_updown.gif[Yale SoM - Can a Company Succeed without a Hierarchy?](https://insights.som.yale.edu/insights/can-company-succeed-without-hierarchy)

[Yale SoM - Can a Company Succeed without a Hierarchy? item options](https://blackboard.wichita.edu/webapps/blackboard/content/listContentEditable.jsp?content_id=_3098999_1&course_id=_120518_1#contextMenu)[Yale SoM - Can a Company Succeed without a Hierarchy?Hide Details](https://blackboard.wichita.edu/webapps/blackboard/content/listContentEditable.jsp?content_id=_3098999_1&course_id=_120518_1)

AgBiome CEO: “Just treat people as adults.” This shouldn’t be a radical HR policy, but perhaps it is. .... “What happens in traditional companies is that there are a set of incentives put out there that indicate to people that they are not trusted to be proactive and solve problems on their own...The trite way of putting that would be people are assumed to be lazy and stupid.”

* Web Link

### https://learn.content.blackboardcdn.com/3900.8.0-rel.34+a1b2d92/images/ci/icons/generic_updown.gif[Forbes - Why Organizations Without Hierarchy Really Work (text only)](https://www.forbes.com/sites/sap/2014/12/12/why-organizations-without-hierarchy-really-work/#30682f073d38)

[Forbes - Why Organizations Without Hierarchy Really Work (text only) item options](https://blackboard.wichita.edu/webapps/blackboard/content/listContentEditable.jsp?content_id=_3098999_1&course_id=_120518_1#contextMenu)[Hide Details](https://blackboard.wichita.edu/webapps/blackboard/content/listContentEditable.jsp?content_id=_3098999_1&course_id=_120518_1)

* Web Link

### https://learn.content.blackboardcdn.com/3900.8.0-rel.34+a1b2d92/images/ci/icons/generic_updown.gif[Planet Money - The Wells Fargo Hustle (18:32)](http://www.npr.org/sections/money/2016/10/07/497084491/episode-728-the-wells-fargo-hustle)

[Planet Money - The Wells Fargo Hustle (18:32) item options](https://blackboard.wichita.edu/webapps/blackboard/content/listContentEditable.jsp?content_id=_3098999_1&course_id=_120518_1#contextMenu)[Planet Money - The Wells Fargo Hustle (18:32)Hide Details](https://blackboard.wichita.edu/webapps/blackboard/content/listContentEditable.jsp?content_id=_3098999_1&course_id=_120518_1)

A federal investigation found that Wells Fargo was opening bank accounts without customers' permission. Perhaps as many as two million fraudulent accounts.

After the scandal broke, Wells Fargo's CEO John Stumpf was called to Capitol Hill to testify. He told the senators that the bank's upper management wasn't responsible for the giant scam. He said it was just a bunch of bad apples working at bank branches. Mostly low-level employees.

One of the low-level employees was watching her former boss testify. And she couldn't believe it. This wasn't Wells Fargo's culture? Upper management had nothing to do with it? She knew the company in branches across the country had pushed and pushed young bankers until they broke the rules. Even the law.

Use the three ethical principles and the fraud triangle to analyze the case.

* Web Link

### https://learn.content.blackboardcdn.com/3900.8.0-rel.34+a1b2d92/images/ci/icons/generic_updown.gif[Planet Money - Wells Fargo's Corset (5:22)](https://www.npr.org/sections/money/2018/02/05/583457378/wells-fargo-s-corset)

[Planet Money - Wells Fargo's Corset (5:22) item options](https://blackboard.wichita.edu/webapps/blackboard/content/listContentEditable.jsp?content_id=_3098999_1&course_id=_120518_1#contextMenu)[Planet Money - Wells Fargo's Corset (5:22)Hide Details](https://blackboard.wichita.edu/webapps/blackboard/content/listContentEditable.jsp?content_id=_3098999_1&course_id=_120518_1)

On Friday, the Federal Reserve dropped a bomb (2018). It said Wells Fargo would not be allowed to grow until further notice. Why that?  What's the faulty idea technology that the Fed identified and attempted to remediate with this action?

Notice that the Fed did something!

* Web Link

### https://learn.content.blackboardcdn.com/3900.8.0-rel.34+a1b2d92/images/ci/icons/generic_updown.gif[This American Life - The Secret Recordings of Carmen Segarra (1hr)](https://www.thisamericanlife.org/536/the-secret-recordings-of-carmen-segarra)

[This American Life - The Secret Recordings of Carmen Segarra (1hr) item options](https://blackboard.wichita.edu/webapps/blackboard/content/listContentEditable.jsp?content_id=_3098999_1&course_id=_120518_1#contextMenu)[This American Life - The Secret Recordings of Carmen Segarra (1hr)Hide Details](https://blackboard.wichita.edu/webapps/blackboard/content/listContentEditable.jsp?content_id=_3098999_1&course_id=_120518_1)

Among other things, the Fed is a supervisory agency - its job is to supervise banks so that they don't break the economy and harm the public with reckless investment practices.  This story explains how the culture of the Fed led to failures of management that contributed to the Great Recession.

* + What is regulatory capture?
  + What is a consensus culture?
  + Why are conflicts of interest so bad?

Just for fun, here's a little story about the Fed's more famous role in the economy - setting the interest rates for the central bank to control inflation.  You'll want to get to the part about monopsony. This is an opportunity to think harder about that competition mantra we hear in business.  What it really means and what it's really for.  [Planet Money, #864 The Central (Banker's) Question](https://www.npr.org/templates/transcript/transcript.php?storyId=647978880).

* Item

### https://learn.content.blackboardcdn.com/3900.8.0-rel.34+a1b2d92/images/ci/icons/generic_updown.gifBoyd - Nestle´ Infant Formula and a Strange Web of Subsequent Business Scandals

[Boyd - Nestle´ Infant Formula and a Strange Web of Subsequent Business Scandals item options](https://blackboard.wichita.edu/webapps/blackboard/content/listContentEditable.jsp?content_id=_3098999_1&course_id=_120518_1#contextMenu)[Boyd - Nestle´ Infant Formula and a Strange Web of Subsequent Business ScandalsHide Details](https://blackboard.wichita.edu/webapps/blackboard/content/listContentEditable.jsp?content_id=_3098999_1&course_id=_120518_1)

Attached Files:

* + [Accessibility score: Perfect Click to improve](https://blackboard.wichita.edu/webapps/blackboard/content/listContentEditable.jsp?content_id=_3098999_1&course_id=_120518_1)[[File](https://blackboard.wichita.edu/bbcswebdav/pid-3099011-dt-content-rid-27630890_1/xid-27630890_1) The Nestle Web.docx](https://blackboard.wichita.edu/bbcswebdav/pid-3099011-dt-content-rid-27630890_1/xid-27630890_1) [Click for more options](https://blackboard.wichita.edu/webapps/blackboard/content/listContentEditable.jsp?content_id=_3098999_1&course_id=_120518_1#contextMenu) [The Nestle Web.docx - Alternative Formats](https://blackboard.wichita.edu/webapps/blackboard/content/listContentEditable.jsp?content_id=_3098999_1&course_id=_120518_1) (42.489 KB)

You've seen what the **bad apples fallacy** looks like (in the Wells Fargo Hustle).  What does a **sound** bad apples argument look like?  Boyd's article is a sound **inductive** argument that three senior managers were "irredeemably unethical", who maintained a "continually defective culture at the most senior level of management" (Boyd 284).  Rather than appealing to the apples metaphor, which is notoriously fallacious in practice, Boyd appeals to an epidemiological paradigm - these three were like **virus carriers** who infected every everything (and maybe everyone) with which they came into contact (Nestle, Beech-Nut, Bank Leu, Guinness, Distillers/Thalidomide, Union Carbide/Bhopal, Perrier). In fairness, some of the people mentioned were merely enabled by contact with the trio - they were already themselves irredeemably unethical.  In this article Boyd identifies Nestle's **corporate culture** as the "patient zero".  As we see in James' article, corporate culture can encourage the cultivation of good character or help entrench entitlement and corruption. Culture and character evolve together.

Keep in mind that these are the guys who got caught.  The really clever ones don't. They just keep spreading the corruption.  We can't count on the law to sort things out.  We need to intervene in the process in our own companies long before things get that far.

The explanation of what Nestle did wrong, the mess that Saunders was hired to "clean up", is pretty brief in the article. In case you need a bit more context to understand it and be able to explain it, here's a bit more on the case:

Business Insider, " [Every Parent Should Know The Scandalous History Of Infant Formula](https://www.businessinsider.com/nestles-infant-formula-scandal-2012-6" \l "hospitals-were-also-accused-of-pushing-mothers-to-use-formula-7)" (how Nestle's marketing campaign killed millions of babies)

What does a "good apple" look like?  Here's a disheartening news story that turns around, at least in one workplace, due to the influence of a good apple: [Workers are Falling Ill, Even Dying, After Making Kitchen Countertops](https://www.npr.org/sections/health-shots/2019/10/02/766028237/workers-are-falling-ill-even-dying-after-making-kitchen-countertops)

* Content Folder

### https://learn.content.blackboardcdn.com/3900.8.0-rel.34+a1b2d92/images/ci/icons/generic_updown.gif[Civility, Civil Disobedience, Emotionality](https://blackboard.wichita.edu/webapps/blackboard/content/listContentEditable.jsp?content_id=_3099012_1&course_id=_120518_1)

[Civility, Civil Disobedience, Emotionality item options](https://blackboard.wichita.edu/webapps/blackboard/content/listContentEditable.jsp?content_id=_3098999_1&course_id=_120518_1#contextMenu)[Hide Details](https://blackboard.wichita.edu/webapps/blackboard/content/listContentEditable.jsp?content_id=_3098999_1&course_id=_120518_1)

Availability:

Item is hidden from students.

* Web Link

### https://learn.content.blackboardcdn.com/3900.8.0-rel.34+a1b2d92/images/ci/icons/generic_updown.gif[NIH’s process for removing reviewers remains a mystery](https://www.nytimes.com/2020/04/07/us/coronavirus-race.html?campaign_id=9&emc=edit_NN_p_20200408&instance_id=17462&nl=morning-briefing&regi_id=110906333&section=topNews&segment_id=24286&te=1&user_id=8012dc2b526392c9a32119a72c30418a)

[NIH’s process for removing reviewers remains a mystery item options](https://blackboard.wichita.edu/webapps/blackboard/content/listContentEditable.jsp?content_id=_3098999_1&course_id=_120518_1#contextMenu)[Hide Details](https://blackboard.wichita.edu/webapps/blackboard/content/listContentEditable.jsp?content_id=_3098999_1&course_id=_120518_1)

Availability:

Item is hidden from students.

What does mundane corruption look like? Here's an example.

* Web Link

### https://learn.content.blackboardcdn.com/3900.8.0-rel.34+a1b2d92/images/ci/icons/generic_updown.gif[What we get wrong about reskilling (for Spring 2021)](https://www.bbc.com/worklife/article/20201117-why-reskilling-wont-always-guarantee-you-a-new-job)

[What we get wrong about reskilling (for Spring 2021) item options](https://blackboard.wichita.edu/webapps/blackboard/content/listContentEditable.jsp?content_id=_3098999_1&course_id=_120518_1#contextMenu)[Hide Details](https://blackboard.wichita.edu/webapps/blackboard/content/listContentEditable.jsp?content_id=_3098999_1&course_id=_120518_1)

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### https://learn.content.blackboardcdn.com/3900.8.0-rel.34+a1b2d92/images/ci/icons/generic_updown.gif[How Poverty Makes Workers Less Productive](https://www.npr.org/sections/money/2021/02/02/961910289/how-poverty-makes-workers-less-productive)

[How Poverty Makes Workers Less Productive item options](https://blackboard.wichita.edu/webapps/blackboard/content/listContentEditable.jsp?content_id=_3098999_1&course_id=_120518_1#contextMenu)