

# PROMOTING ETHICAL BEHAVIOUR THROUGH MANAGEMENT OF 'BAD APPLES': A CONCEPTUAL ANALYSIS

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## Abstract:

*The paper provides a conceptual analysis of multiple facets related to dynamics of 'bad apples' in any organisation—their behaviour, characteristics, individual forces, organisational forces, and moderators that promote their existence and growth in regard to creating and sustaining ethical culture. It also emphasises the role of management to work efficiently considering the negative forces brought to the working space by these 'bad apples'.*

*More so, specific issues like ethical and unethical behaviour, morality, and the environment under which the ethical behaviour transforms into unethical behaviour in the organisation are also analysed. Studies narrated that organisations can promote ethical environment through employee feedback, employee engagement, organisational citizenship behaviour (OCB), adherence to ethical code of conduct, social exclusion, sound reward, and whistle blowing policy. The paper further emphasizes the influence of moral intensity through probability of effect, proximity, social consensus, magnitude of consequences and temporal immediacy, on ethical behaviour. Besides, people with personality trait of machiavellianism and self-monitoring are more likely to become/follow 'bad apples' and have also been observed to accelerate the individual level of unethical behaviour in the organisation.*

*The need for empirical study was felt taking into account the above mentioned variables to reach an objective conclusion on the proliferation and management of 'bad apples' in any organisation and promotion of ethical behavior.*

**Keywords:** 'Bad Apples', Ethical and Unethical Behaviour, Moral Development, Moral Intensity

## INTRODUCTION

Organisations in this era function under the aegis of its employees. Spending huge amounts on their recruitment, salary and perks, welfare, training and development, appraisal etc. Therefore it is not possible for any organisation to fire such employees from the organisation if they turn out to be 'bad apples' for them. The organisation thus needs to figure out if there are 'bad apples' in the barrel trying to mess with the peaceful and ethical environment of the organisation thereby promoting unethical behaviour in the organisation. The organisations like Enron, WorldCom, Arthur Andersen, and Satyam computers once known for their ethical conduct collapsed because few people turned out to be 'bad apples' turning the fate of these organisations. Such few bad apples at the helm may be holding any of the top to bottom level positions in the organisation. This paper thus stresses on forces responsible for creation and sustenance of bad apples in any organisation and also suggests the different measures that the organisations can adopt to handle such negative

forces by keeping firing as the last measure to be adopted to get rid of them.

## ETHICAL BEHAVIOUR AND MORAL DEVELOPMENT

Ethical behaviour is conforming to the policies, rules, regulations, and code of conduct of the organisation. The scandals surfaced in the past manifest deviations from the ethical behaviour thereby pointing towards unethical actions by these Corporates/Corporate organizations. Kohlberg (1971) proposed three stages of moral development as pre conventional, conventional, and principled with the principled stage expressing highest level of moral development directly linked with ethical behaviour. However, the theory has been criticized for its rigid stage progression from pre-conventional to post-conventional level. Rest, Bebeau, and Thoma (1999) proposed alternatives to Kohlberg's theory and other measurement approaches, in the form of Rest's

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paper and pencil survey instrument, the Defining Issues Test (DIT). DIT works as a device to activate moral schemas, the general knowledge structures residing in long term memory. Moral dilemmas and the DIT issue statements activate the schemas. They state that Kohlberg's theory is better for societal level macro morality simply than micro morality issues in daily relationships.

Kish-Gephart, Harrison, and Trevino (2010) point out that people who act merely to avoid punishment, people who manipulate others for their own benefit, who do not understand the connection between their actions and outcomes or those who believe that circumstances drive ethical choices are more into unethical decision making. The employees who take unethical decisions do not suffer alone, but the other employees in the vicinity and the organisation as a whole also suffers. These employees act as 'bad apples' for the organisation, who, in the long run spoil the environment of the entire organisation.

Ambrose et. al (2008) have concluded in their study that greater is the fit between the organisation's ethical climate and the employees' level of moral development, greater is their commitment and job satisfaction and lower is the turnover. The correlation between the two is thus required for the tenacity of ethical climate in the organisation.

## BAD APPLE

Gino et.al (2009) have concluded in their research through experiments that when an employee in a group engaged in unethical behaviour, the peers too engaged themselves in the similar unethical behaviour, whereas once the out-group peer engaged in unethical behaviour, this reduced participants' likelihood of acting unethically themselves.

*Literally, 'bad apple' is a figure of speech based on a proverb "one bad apple spoils the barrel." As the apples ripe, they produce a gaseous hormone called ethylene, which act as a ripening agent. When the apples are in a barrel, the ethylene emitted by each piece induces the others around it to ripen further. The riper a fruit is, the more ethylene it produces, and an overripe fruit gives off even more ethylene, eventually leading to a concentration of the gas that's enough to overripe all the fruits in the surrounding. Thus a 'bad apple' spoils other apples too in the barrel. This has also got mention in Benjamin Franklin's, (1987) idiom as "...the rotten apple spoils its companion...", in one of his writings.*

Felps, Mitchell, and Byington (2006) stated that an individual's bad behaviour has profound negative impact on the entire group. They also communicated three important behaviours of a negative member- withholding of effort, demonstration of negative affect, and the violation of important interpersonal norms.

Dunlop and Lee (2004) investigated the influence of Organisational Citizenship Behaviour (OCB) and Workplace Deviant Behaviour (WDB) on the performance of business unit. From the data collected from the different branches of a fast food organisation, it was found that OCB did not contribute to the prediction of performance to the extent to which WDB did. The study concludes that the presence of deviant employees among the business units is reflected upon the performance of the business unit as a whole. Thus, the entire organisation is affected by these 'bad apples'. It's very important for the organisation to identify such 'bad apples' at an early stage to exercise control and get the issue sorted.

## Formation of Bad Apples

How the 'bad apples' form and proliferate in an organisation, is a question to be explored. The inherent qualities i.e. the individual forces and the organisational forces, may push a person to be a bad apple or may also operate for creation of 'bad apples' in organisation.

Trevino and Youngblood (1990) proposed and tested a multiple-influences causal model of ethical decision-making behaviour. Social learning, Stage of Cognitive Moral Development (CMD), and Locus of Control (LC) were hypothesized to influence ethical decision making. The mediating influence of outcome expectancies was also hypothesized. Social learning conditions (vicarious reward, vicarious punishment, and control) were manipulated with an in-basket exercise. Path analysis revealed that ethical decision making was influenced directly by CMD. LC influenced ethical decision making directly and indirectly through outcome expectancies. Vicarious reward influenced ethical decision making indirectly through outcome expectancies. No support was found for the direct effects of vicarious reward or punishment.

With the increasing corporate scandals both the practitioners and researchers need to understand the antecedents associated with unethical decisions in organisations. Kish-Gephart et al. (2010) examined individual ('bad apples'), moral issue ('bad case'), and organisational environment ('bad barrel') antecedents of unethical choice. They have revealed the complexity (multi determined nature) of unethical choice, as well as a need for research that would examine the different sets of antecedents.

Zimbardo (1971) in his Stanford Prison Experiment raised the question- are evil acts the sole result of 'bad apples' or are there situational and systemic factors – "bad barrels" – that can cause even good, decent people to carry out, support, or tolerate evil acts. The experiment led to the conclusion that there are powerful situational and systemic factors which can change one's moral and behaviour drastically (Zimbardo, 2007).

Thus both individual as well as organisational forces are responsible for 'bad apples' in an organisation. The paper proposes a model incorporating these forces that promote the creation and sustenance of the negative forces in the organisation. The model has adopted certain individual characteristics, moderators and variables for management of 'bad apples' from the Kish-Gephart's (2010) meta-analytic framework for antecedents of unethical choices in the workplace.

**Individual Forces**

These are the forces which the individuals bring with themselves in the organisation to act as the covers to their unethical behaviour. Such forces are required to be restricted and countered right from the beginning in any organisation.

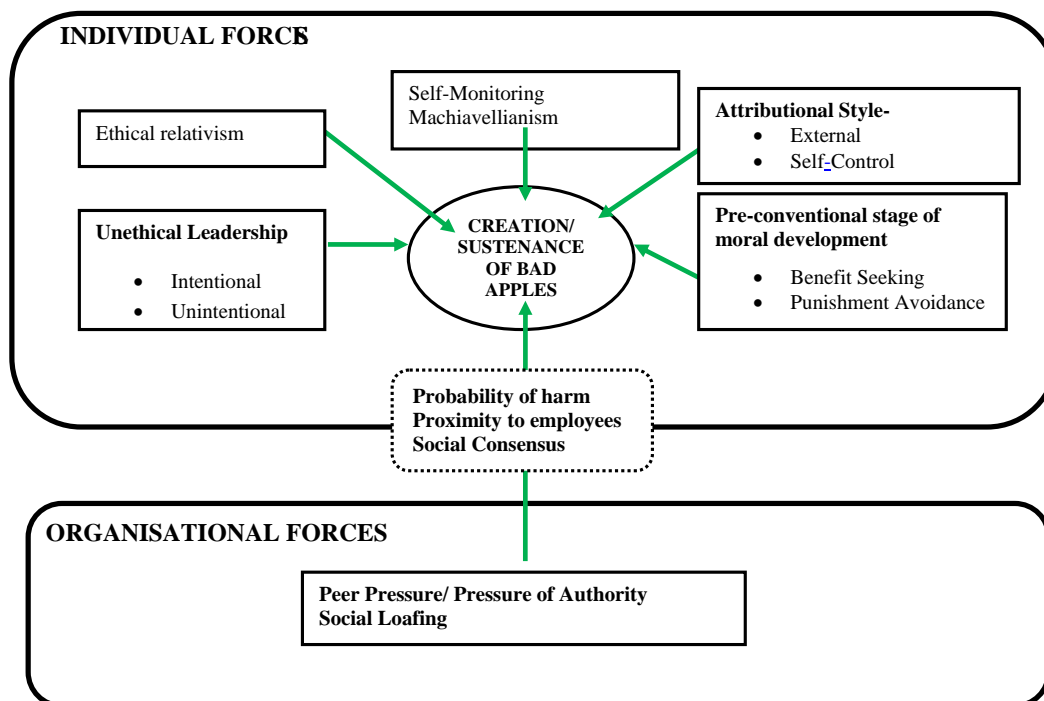
**Unethical Leadership**

A leader is not only responsible for his individual behaviour but also for the behaviour of group s/he directs. A leader may contribute to proliferation of 'bad apples', if he fails to effectively vigilante and enforce ethical code of conduct even if s/he is ethical himself. Trevino et. al (2004) in their study emphasize that an ethical leader has to be both a moral person as well as a moral manager. Leaders, sometimes, to serve their own benefits and some other times to keep

the group they lead, intact, get into unethical behaviour. Hoyt, Price, and Poatsy (2013) in their study stress upon the leaders engaging in part atleast in unethical behaviour because of the group-serving social role expectations of goal attainment. Here the leaders are intentionally unethical whereas in certain circumstances once the leaders are not aware of their group members' unethical behaviour then they are unintentionally unethical.

**Ethical Relativism**

The concept means that there is no universal standard for right and wrong. The definition of something being right changes with the society. The people who are high on ethical relativism, believe that their decision is situational whereas others, believe that common moral principles govern their decisions. Freeman (1984) proposed in his stakeholder theory that an organisation should focus on stakeholders prior to profits but Friedman (1970) instead proposed that an organisation should first focus upon profits and then on shareholders. Freeman's approach is in accordance with common moral principles whereas Friedman emphasizes upon the profits rather than on being socially responsible. Kish-Gephart *et al.* (2010) have concluded in their study that those high on relativism are more likely to take unethical decision.



**Fig. 1: Forces Operating Behind 'Bad Apples' in an Individual and Organisation**

### Self-monitoring

Another category of 'bad apples' is of the people who mould themselves according to the context they find themselves in. This way they are able to adjust with everyone in the organisation. This is called self-monitoring, a personality trait. Such people are the opportunist wherein, as per the situation they take their toll. Gino *et al.* (2009) in their study show through their experiment that, once people had opportunity to maximise reward, they preferred to cheat. So those high on self-monitoring, for their own benefits, do not hesitate to take unethical decisions. In another study by Ogunfowora *et. al* (2013), the conclusion drawn was that it is more likely that high self-monitors are low on honesty and humility and in their second study, they found that there is more likelihood of high self-monitors engaging in unethical decision making, the relationship being mediated by the propensity to engage in moral disengagement.

### Machiavellianism

This is also a personality trait similar to self-monitoring in which people are bothered to attain the outcome not the means through which the outcome is attained. They lack empathy, ability to analyse the consequences of the situation, and focus on personal gains rather than ideological goals. Tang and Chen (2008) in their study found correlation between machiavellianism, love for money and risk tolerance. Also corporate ethics and social responsibility were found to negatively relate with machiavellianism (Ang & Leong, 2000). In a study done on students, on acceptance of academic and passive cheating, the students scoring high on machiavellianism were found to be generally more accepting the two forms of cheating than the individuals who scored low. The students scoring low on machiavellianism were exposed to ethics instructions in business ethics course (Bloodgood *et. al*, 2010). Perhaps training the employees in the organisation on ethical issues would help the organisation in dealing with these 'bad apples'.

### Locus of Control

Those who believe that their life is more likely governed by luck and chance, i.e. an external locus of control are more prone to be 'bad apples' (Furnham & Taylor, 2011). Such people possess an external locus of control. Ferrell and Gresham (1985) too quote that significant others greatly influence ethical decisions of their co-workers and peers. Chiu (2003) also found locus of control to influence decision making. The study concludes that people with external locus of control do not take responsibility for taking ethical decisions, whereas those with internal locus of control do take responsibility for making ethical decisions and thus would blow the whistle once they see unethical activities happening/going on in their organisation.

### Self-Control

Another important factor which leads to the formation of 'bad apples' or unethical behaviour is self-control. Gino, Schweitzer, Mead, and Ariely (2011) suggested that individuals who lack self-control or the power to resist from temptations are more likely to indulge in unethical or unwanted practices to derive materialistic gains. The idea behind the assumption is that any individual who has lost his moral awareness would tend to capitalise on every opportunity to cheat in order to gain materialistic pleasures. Also, the individual's/employees' decision making process towards blindly following an order of the boss or senior bypassing his/her own judgmental and leadership approach towards the issue happens because then the responsibility is not to be borne by the individual.

Toffler (2004) has quoted that obedience to superiors was the part of organisation's culture at the Arthur Andersen. She even had discussed with one of the organisation's retired partner's that a young employee had seen something wrong and was trying to raise the issues with the superior, but the partner to the contrary asked Toffler, if she meant the problem of insubordination in the organisation. Though once upon a time the organisation was the most highly regarded of all the accounting firms, but soon its core values of integrity, stewardship, and public responsibility were replaced by greed. In such scenario, the young employees questioning the superiors were hardly entertained. Thus ethical leadership is put to question here.

### Pre-Conventional Stage of Moral Development

Kohlberg (1971) in the stages of moral development, emphasizes that employees in the first stage of the Pre-conventional level, take decisions to avoid punishment and in the second stage, to benefit their own self. One gains moral maturity in making decisions as one progresses from the pre-conventional to the post-conventional level. This is in line with the other findings where higher levels of moral reasoning have been found to be associated with more ethical decisions (Trevino & Youngblood, 1990; Weber, 1990; Greenberg, 2002). In another study too, Ashkanasy *et.al* (2006) state that the managers with low cognitive moral development who perceived that the organisation would tolerate unethical behaviour ended up making less ethical decisions while the managers with high cognitive moral development in such an environment made ethical decisions.

### Organisational Forces

Though there is some evidence that the environment can heighten or dampen the tendency to act on bad impulses, the neurobiological evidence suggests that there is a basic distribution of habitual amoral actors in any large group. The

managers should be aware of the existence of *'bad apples'* at any level in an organisation. Most people are the product of the environment they are in; they tend to do what others do in an organisation similar to social conformity stage of the conventional level of Kohlberg's stages of moral development. If they perceive that the environment gives them space to act as per their will without any enforcement of ethics, they tend to seek maximum advantage of the environment and act in order to serve their individual interests.

### **Peer/ Superior Pressure**

Another factor pertaining to the creation of *'bad apples'* in an organisation is *'peer pressure'* or the *'pressure of authority'*. Milligram's (1978) obedience to authority experiments support the notion that people obey authority figures even if it means harming other individuals. Anand et. al (2004) point out in their study that upstanding community members far from prototypical image of a criminal, were pulled into unethical practices through the rationalisation and socialisation tactics, where on one hand rationalisation would justify the corrupt acts and socialisation on the other, would induce the newcomers to accept and practice the unethical acts and associated rationalisations. They emphasize on the role of top management and external change agents to overcome the two tactics being used by those involved in unethical practices.

### **Social Loafing**

Social loafing has been found to be really dangerous for the organization as it costs the organization heavily in terms of time, money and potential human resources.

There is always a higher chance of unethical behaviour happening in collective because no individual will be feeling solely accountable for that. This closely relates to bystander apathy when the practitioners see division of responsibilities. Hoon et.al (2008) found in their study that conscientiousness is negatively related to social loafing, this points towards understanding the effects of personality on social loafing and also that the felt responsibility is strongly related to social loafing.

### **Moderators in Creation and Sustenance of 'Bad Apples'**

Apart from the individual and organisational forces there are moderators who promote the creation and sustenance of *'bad apples'* in the organisation. Three moderators influencing moral intensity have been considered here:

### **Probability of Effect**

Herein the *'bad apples'* evaluate the harm/ benefit that will occur to them. If there is a greater probability of the harm than the benefit, then this would prevent them from getting into unethical activities and vice-versa would promote the unethical activities. So, higher the probability of effect, higher would be the ethical obligation. Tsalikis et. al (2008) in their study have found probability of effect as the most important component of the moral intensity that influenced the ethical perceptions followed by either magnitude of consequences or temporal immediacy.

### **Proximity to Employees**

Authorities sharing good relationship with *'bad apples'* shall neither be allowed to appraise their performance nor shall be handled with the responsibility of taking action against them. As there are chances that the *'bad apples'* here would take advantage, escape the consequences and would continue with unethical activities in future. Though Kish-Gephart et al. (2010) found in their study that proximity was moderately and negatively related with ethical choice. Also, Tsalikis et al. (2008) in their study have found proximity as the far less significant component of moral intensity when compared to probability of effect, magnitude of consequences or temporal immediacy. But Lincoln and Holmes (2011) have found proximity to be significantly associated with moral awareness.

### **Social Consensus**

To promote ethical practices in an organisation social consensus is very much required. Lincoln and Holmes (2011) have found social consensus to be significantly associated with moral awareness. The other employees in the organisation can also, to a very great extent, deal with the *'bad apples'* once they stand against their unethical behaviour. One person cannot exercise influence but a group as a whole can. Bennett and Blaney (2002) conducted a survey of university students wherein the impact of social consensus information on people's stated Willingness to Pay (WTP) was explored to address a farm animal welfare issue. The results led to the conclusion that additional information presented to respondents on social consensus concerning the moral dimensions of the issue led to a greater perception of social consensus by respondents, which resulted in higher level of moral intensity associated with the issue and also a higher stated WTP by respondents for policy to address the issue. Thus, if the management empowers the employees with the power of social consensus, the organisation can fight back with these negative forces in the organisation.

## ATTRIBUTIONAL STYLES OF 'BAD APPLES'

'Bad apples' show unethical behaviour in the organisation that deviates from the normal workplace behaviour. Robinson and Bennett (1995) developed a typology of deviant workplace behaviour (DWB), wherein the DWB varies along two dimensions: minor versus serious, and interpersonal versus organisational. On the above basis the DWB falls into four categories-

- production deviance- minor but organisationally harmful deviant behaviour
- property deviance- serious and organisationally harmful deviant behaviour
- political deviance- minor and interpersonally harmful deviant behaviour
- personal aggression- serious and interpersonally harmful deviant behaviour

These '*bad apples*' cause inconvenience to peers and subordinates by physical and verbal abuse, by assigning stressful or difficult tasks to them or by not co-operating with the team members. Sometimes even the organisation itself is responsible for such unethical activities by these bullies. Namie et. al (2010) found in their study that only in one-third of the cases of work place bullying reported by the workers, the management took actions that improved the situation but in most of the cases, the workers felt no or ineffective action on part of the management.

The powerful people in the organisation by being self-serving and opportunist exploit others for their sake. Ferrell and Gresham (1985) stated in their study that significant others in the organisation greatly influence the ethical decision of their co-workers and peers.

These '*bad apples*' are counterproductive in organisation. Toffler (2004) mentioned in her book that in the Arthur Anderson's early days, the top management was clear of the ethical conduct and the same did flow down the line. Later on, because of the shift from ethical conduct to revenues, the organisation lost its reputation. Toffler did raise issues to the management, but the management remained confident of its actions finally leading to the fall of the organisation. Thus emphasis has to be laid upon proper self-assessment and exercising self-control. Marcus and Schuler (2004) in their study conclude that self-control theory has immense potential to contribute to understanding of general counterproductive behaviour.

## MANAGING 'BAD APPLES'

In spite of being a tough task to deal with '*bad apples*', managers should make all efforts to manage them

constructively in order to save the organisation in terms of wastage of time, money and other human resources. There should indeed be a culture which doesn't allow people to pawn problems off on others. Many a times, it has been observed that the managers want the team members to deal with '*bad apples*', but team members push it back on the management as they don't want to get into issues. This problem can be tackled by delegating power to team members and instilling in them a sense of ownership and belongingness for the company.

It becomes a tough task for the organisation to get rid of '*bad apples*' or to manage them in case s/he is a star performer in the organisation or possess some very hard to find skills or competence. Such '*bad apples*' must be made to realise that their annoying behaviour might dampen their chances of progress and promotions in the organisation as they will find no support from others. Team members can exercise control over '*bad apples*' through social exclusion too. Research studies indicate that threat of social exclusion helps deter uncooperative behaviour from '*bad apples*' (Cinyabuguma, et. al 2005). The '*bad apples*' in the organisation can be dealt with using Lewin (1947) Change model.

### Unfreezing

In this stage, the efforts shall be made by the organisation to prepare the '*bad apples*' for the change. They may resist the change in the beginning, and show different signs of resistance like denial, for any wrong-doing or counter argue to justify their existing behaviour but organisation should be aware of the damage they cause to themselves and organisation as a whole. So disturbing their harmony and thought process that unethical behavior can be smoothly tolerated in this organization, is the first step to shake them.

### Change

The organisation shall bring the change at this stage through various organisational forces like employee feedback, employee engagement, OCB etc. More so strict enforcement of organization's ethical code of conduct also creates the change in the mindset of bad apples, to save their skin. If this does not work out, the organisation shall look forward to social exclusion.

### Employee feedback

The employee has to be given continuous feedback the year round on his performance rather than waiting for the formal appraisals. The employee shall be made aware here that the negative behaviour he is engaged in affects not only organisation but his performance and career in the long run.

Even in the appraisals, the emphasis has to be laid upon the means that were used to achieve the targets and the goals rather than the entire emphasis being laid upon the ends alone. The one who uses positive means shall be positively reinforced to encourage the ethical attitude towards goal achievement in the organisation. This will discourage the negative behaviour in the organisation.

### Employee Engagement

There is no standard definition of this term but it is not same as job satisfaction, employee commitment or organisational citizenship behaviour. Here the management and employees both are actively involved. Hewitt (2005) states that engagement measures the employee's emotions and commitment towards the organisation and its success. It is characterised by employee behaviour being grouped into three categories: say, stay, and strive. Say-word of mouth publicity which the employee does for the organisation to co-workers, customers and referrals he suggests to the organisation. Stay, wherein the employee prefers to stay with the organisation despite having opportunities to work elsewhere and Strive, wherein the employee devotes time, effort and initiatives towards the success of the organisation.

This will help an organisation deal with '*bad apples*' by transforming their negative behaviour into commitment oriented behaviour towards organisation. The management shall involve in discussions with the employees to find out, their discretion at work and shall empower them to carry out activities that way. This way the employees will identify not only with work, but with organisation also. Organisations will also have to monitor on a continuous basis, if its employees are actively engaged.

### Organisational Citizenship Behaviour (OCB)

There are individuals in organisation, who exhibit Extra Role Behaviour (ERB). Once ERB is ethical, it helps organisations' lead in today's highly competitive environment in the human resources domain, but when it is unethical then an organization suffers in terms of competition. Turnipseed (2002) found high correlation between ethics and OCB and thus more ethical individuals were rated high on OCB in the study. OCB was also found to contribute to the individual productivity. Thus this one factor leads to the productivity of the organisation and the employees exhibiting the specific behaviour.

Employee engagement has also been found to relate with OCB in an organisation. Ariani (2013) concluded in his study that the very employees who were highly engaged with the organisation also exhibited higher levels of OCB in the organisation and lower levels of counterproductive

work behaviour. Not only that employees alone will need to change, even the organisation will have to bring changes in its reward and whistle blowing policies so as to recognise the efforts of those performing OCB.

### Social Exclusion

Though it is not at all easy for any group to socially exclude an employee, but looking at the intensity of the issue, i.e. how many people agree that the person has been causing harm and considering the intensity of the harm done, the employees in the organisation should be empowered to take decisions on social exclusion. The group members as a matter of concern can, at first ask the negative member to change his behaviour and if this does not help then he shall be removed. Kerr et. al (2009) point out in their experiment that the threat of social exclusion does neutralise the temptation to follow the example of '*bad apples*'.

### Magnitude of Consequences

The concept deals with greatest benefit or loss to the greatest number of people. The more grave the consequences of unethical behaviour, the less would be involvement in unethical activities. Ballantine (1971) has emphasized in his research that of the six components of the moral intensity construct, magnitude of consequences was found to be the most consistent predictor of the ethical intentions of the subjects.

The Deepwater Horizon oil spill (2010) in the Gulf of Mexico recognised as the worst oil spill that led to the loss of human resources, a lot of financial resources, aquatic life, wetlands, beaches, estuaries. More than five years have been passed, but the aftermath of the spill continues. Though BP blamed Halliburton with the cementing issues but in the end BP was held responsible for the spill. The settlement of all federal and state claims brought the total cost to nearly 54 billion dollars. Now not only BP but any organisation dealing with oil spill will be very careful with the monitoring and control aspect. Thus this particular component of moral intensity is very important to deal with '*bad apples*', who once allowed to proliferate, will weaken the organisational roots.

### Temporal immediacy

It is the time gap between the action and the subsequent consequences. The more delay the organisation makes in giving the negative reinforcement to one's getting into unethical activities, the more '*bad apples*' would be promoted in an organisation. In the Deepwater Horizon oil spill case, BP did not take the issue seriously and their negligence led to leakage of 4.9 million barrels of oil into the sea. Had the

BP taken immediate measures to control the leakage the harm done to human life, the ecosystems and to BP itself would have had been very less.

Though Barnett and Valentine (2004) found that temporal immediacy did not relate to respondents' recognition of ethical issues.

Apart from these, code of conduct, reward, and whistle blower policy play an influential role in the management of 'bad apples' in the organisation.

## Code of Conduct

Every organisation has a code of conduct, for some it is written and for some unwritten. Though organisations have started emphasizing on code of conduct, whistle blower policies, and reward policies, the corporate scandals that recently surfaced in the last few decades, pull attention to the fact that these organisations, not only had codes but some of them were also awarded for their conduct. Arthur Andersen once known for its conduct, could not continue with the strict adherence to code of conduct in the long run which led to its fall. Instead of using the code as a status symbol, the organisations shall take it seriously and shall work accordingly.

It is understood that the forces like globalisation, competition, and innovation make it difficult to stay ethical, but then there are so many benefits of staying ethical in the long run that the short term benefits should not lure the organisation. Trevino and Brown (2004) mention that it's a myth that ethics can be managed through formal codes and programs. The top management plays an important role here, wherein only if the top management stands by the code, the others in the organisation would follow the code. It is also to be made sure that the employees in the organisation know their code of conduct. The organisation can in fact support the code with ethics training (Kaptein & Schwartz, 2008).

The quality of the code content is also an emerging factor gaining importance. High quality code of conduct were found to be more represented among, top CSR ranking systems for corporate citizenship, sustainability, ethical behaviour and public perception (Erwin, 2011).

## Policies in An Organisation

### Reward Policy

Carrot stick approach emphasizes that positive reinforcement encourages the behaviour for which the reinforcement has been given while negative reinforcement reduces the particular behaviour. Trevino and Youngblood (1990) in their findings mention that, what organisations communicate

through their reward system influences ethical decision making of the individuals. An organisation thus displays its ethical values through its reward policy where the ethical behaviour is rewarded and unethical behaviour is punished. This points towards the leadership approach that an organisation follows. Scien (1985) in his five primary mechanisms to analyse the company's culture and leadership that contribute to ethical demise, has suggested reward allocation too as one of the potential mechanisms.

### Whistle Blower Policy (WBP)

On one hand it is on an individual to blow the whistle against the wrongdoers, an organisation on the other hand is also responsible for promoting ethical behaviour through WBP. Chiu (2003) found in his study that an individual's locus of control moderates the relationship between ethical judgement and whistle blowing.

Though the WBP in the organisation is made to protect the interests of the whistle blowers, it sometimes does not. This slowly results in no whistle blowing. The organisations (Satyam Computers, Arthur Andersen) today known for their scams could have averted these scams if they would have taken action on the voice of the whistle blowers.

### Refreezing

In this stage, the organisation shall make efforts towards stabilising the change in the organisation. The efforts to integrate the above measures in the culture of the organisation, eventually lead to organisational equilibrium. The employees shall have to be motivated towards ethical behaviour through reinforcement and rigorous training. Even the incidents happening in other organisations wherein the bad apples were severely dealt with shall be adopted as benchmark for treating 'bad apples'. To ensure that the employees are well aware of the policies and ethical code, ethical workshops shall be organised and implemented at regular intervals. This will require continuous monitoring and control on the part of the organisation.

The last resort to get rid of the 'bad apples' would be firing, though this will be the toughest decision that any organisation has to take as an organisation spends a lot of money and time on training and developing the employees in the organisation.

## CONCLUSION

The greatest danger for an organisation from the small percentage of 'bad apples' lies in their ability to influence the major percentage of good employees inside the same organisation. The statement reminding one of the Pareto principle,

the 80-20 rule that states that 20% causes result in 80% effect. The organisations thus need to come up with a proper mechanism to identify 'bad apples' and their attributes so as to deal with them as soon as possible. Otherwise once the 'bad apples' become the culture in the organisation, the organisation really will have tough time dealing with them.

The paper covers the different individual and organisational forces and some of the moderators behind the 'bad apples' in an organisation and suggests Kurt Lewin's Change model as a measure to deal with such negative forces.

Out of the six components of moral intensity three components- probability of effect, proximity and social consensus have been found to act as moderators and two components magnitude of consequences and temporal immediacy act as forces to curb the existence and growth of 'bad apples' in an organisation.

Though this issue is grave for any organisation, there have been almost very less studies done on the issue especially in India. An empirical study will objectively state how far the variables taken into consideration in the model actually influence the ethical behaviour. Also there have been divergent views especially regarding moral intensity, wherein some studies conclude that components relate to ethical behaviour and some others lead to otherwise conclusions, there by leaving much more scope for the need of empirical studies in the field.

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