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### Help employees turn values into action with the OODA loop

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By G. Richard Shell

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I recently heard from a former student, “Beth,” about an awkward situation she had encountered at work. Beth is a remarkable young woman: a Wharton School graduate who went back to school at the New York University to get a second undergraduate degree, this time in nursing. She is now an award-winning emergency room nurse in New York. Her educational background is unusual, but her passion for values is typical of her generation. She reported that a new supervisor had called a team meeting to go over some routine scheduling issues, and near the end of the meeting, the supervisor asked everyone, “as a favor,” to sign off on paperwork related to safety checks of emergency room equipment. Someone had dropped the ball. The supervisor needed the team to cover for them.

“I looked at the forms,” Beth said. “And I realized I was being asked to say I had done safety checks on days I had not been at work. There was no way I was going to do that, so I refused. The supervisor tried to shame me in front of the group for not being a team player, but I held my ground. It was awkward, but I knew I was right to say no. And once I did, the rest of the team said they felt the same way.”

Research suggests that millennial and Gen Z employees like Beth are passionate about finding work that has personal meaning.<sup>[1]</sup> But I think Beth’s story carries another lesson: People who find their work meaningful are especially determined advocates for the core values that give that work dignity. After all, people who care deeply about nature do not trash their campsites, and it is the same for employees who are proud of the work they do; they see wrongdoing by colleagues as a type of pollution of their work environment. They want to prevent it if they can and fix it if they must.

So here is a tip: As your firm brings people back to the normal routine of the office, try targeting these leaders to become champions for your ethical culture.

Below, I present a simple, four-stage framework I have developed in partnership with the millennial and Gen Z students I teach. A more extensive treatment of it can be found in my book, *The Conscience Code: Lead with Your Values. Advance Your Career.*<sup>[2]</sup>

Keep employees like Beth in mind as you review this model. People like her do not need to be trained in ethics and compliance. They need to be inspired, empowered, and then strongly supported.

### **A strategy for ethical influence: The OODA loop**

In the 1970s, a US military strategist, Air Force Colonel John Boyd, developed a simple four-stage model for adaptive warfare that I think applies (with one adjustment) to problems of ethical conflict within organizations. It is called the “OODA loop” (i.e., observe, orient, decide, act, then loop around for another action cycle based on what happens). My one adjustment to Boyd’s model: where combat operations require decision makers to orient

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toward their targets, employees facing an ethical conflict must take *ownership* of the situation before they can move forward to decisions and actions. The four stages of the values-to-action OODA loop are thus: observe, own, decide, act, then loop.

My millennial and Gen Z students like this model because it places the individual rather than the system at the center of the action. People like Beth value autonomy in all aspects of their lives, and standing up for values is no exception. They want to see themselves as owners of their ethical culture, not just workers who comply with it. From this point of view, the robust compliance systems you have in place provide the options your employees have available when they reach the decision stage of the OODA loop.

Moreover, your value leaders are relying on your systems to have their back. Beth's stand against signing off on phantom safety checks illustrates this well. She **observed** a rule violation, **owned** the problem by taking responsibility for it, **decided** to speak up, and **acted** by refusing to sign a false statement (thus inspiring her team to follow her). But her supervisor was publicly embarrassed. At the "Loop" stage, he may retaliate against her, setting off a new sequence where her decision options will depend heavily on the protections her organization has in place to support her.

## **Stage 1: Observe that an ethical standard is at risk**

Beth became suspicious as soon as her supervisor tried to slip his "just sign these papers" request into an otherwise routine team meeting. Employees become aware of many ethical issues this way; that is, at the periphery rather than at the center of their attention. A little-known facet of the famous WorldCom scandal from the early 2000s is its humble origins. The fraud began when two low-level bookkeepers were asked by the controller and chief financial officer to make a few "gray area" accounting entries as the quarter was closing. The bookkeepers felt uneasy about this request but went ahead anyway. Once they became complicit, they found themselves helping to cover up the ensuing fraud. The judge who later sentenced them noted that they had been in unique positions to save the firm before the scandal got off the ground, but they had chosen not to speak up.

Thus, the first step in the OODA loop process is to establish a rule: *always* listen to that still, small voice. Then, when bosses try to pass off extraordinary requests with a business-as-usual, be-a-team-player shrug, value leaders will be primed for action.

### **Practice the CRAFT of ethics**

It will help your value leaders to be on the lookout for the values that you want them to pay special attention to. In my classes, I provide students with a short list of the common-sense values they already hold dear and that most firms will want them to align with. I use the acronym CRAFT to help students remember them:

- Concern for peoples' safety and well-being;
- Respect and dignity;
- Accountability;
- Fairness, including social justice; and
- Truth.

In Beth's case, three values were in play: patient safety, accountability, and truth. Little wonder that her moral alarm bells went off so quickly.

## Pressure points

In addition to highlighting the values you want your value leaders to champion, you will help them gain confidence as value advocates by showcasing the situational pressures they will face to violate those values. The whistleblower of the Enron scandal, Sherron Watkins, once said that only three things are required for corporate wrongdoing to flourish: pressure, opportunity, and a face-saving rationalization. In my class, I provide students with a short, easy-to-remember list of the five forces that will push them to become complicit in wrongdoing. The acronym PAIRS captures these:

- Peer pressure;
- Authority pressure;
- Incentives—especially those misaligned with your code of conduct;
- Role pressures based on social expectations that employees should “follow orders,” “be team players,” or do “whatever it takes” to achieve a goal;
- Systemic pressures such as global bribery/corruption, sexism, racism, or industry-wide unethical practices.

Beth’s boss asserted authority pressure, followed by an attempt to shame her into compliance using peer pressure. By giving voice to her values, she attracted allies (see “The power of two” below), turning the power dynamics of her situation decisively in her favor.

## Stage 2: Own the situation

This can be the toughest of the four stages because it requires people to be aware of—and overcome—three key obstacles. It is also at this stage that one best practice can help mitigate all three of these barriers.

### Anxiety and fear

Ethical conflicts are usually unexpected and always unwelcome. The first sign that one is happening is usually physical, such as a racing heart or a sweaty palm—predictable fight or flight responses. Help your employees realize that their anxiety is both predictable and entirely understandable. After all, their job security may be at risk if they take action. A few coaching notes can help them get through this initial reaction: consider what a respected role model would do in the situation; ask what their duties are as a “person of conscience” (i.e., someone who prioritizes their moral values of right vs. wrong over deference to peers or bosses pressuring them to “get things done” quickly or improperly); ask who the potential victims of this behavior might be if it continues and nothing is done (e.g., clients, customers, other employees). A few deep breaths may help them break the emotional spiral long enough to commit to owning the situation instead of running from it.

### Personality

People back away from ethical conflicts for many reasons, one of which can be based in personality. For example, many people are conflict averse in *all* situations that pose a risk of interpersonal disagreement, from asking for a raise to calling out a boss or peer for misconduct. Employees with this trait need to be aware of it before ethical conflicts arise so they can learn to recognize the response and weigh their personality quirk against the moral or ethical stakes involved in the situation.

## Rationalizations

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The above two responses can motivate the mind to produce—sometimes at light speed—a host of plausible rationalizations for doing nothing: “Everybody does it,” “The boss has the big picture,” “It’s no big deal,” “It’s just this once,” “Nobody will notice.” Help employees anticipate these comforting-but-flimsy phrases so they can push back on them with skillful self-talk. For example: “No, everybody does *not* do it, because I don’t.”

### **One best practice: The power of two**

The classic research on authority and peer pressure reveals an important caveat. Yes, people can be pressured into doing things that defy both common and moral sense, but they are most vulnerable to these pressures *when they think they are facing them alone*. Thus, an essential step at the ownership stage of the OODA loop values-to-action process is to seek an ally—a trusted partner with whom to share the burden and gain perspective from. It will help them overcome their anxieties, gain confidence, supplement personality weaknesses, and reveal rationalizations for what they really are—weak cover stories to justify bad behavior.

### **Stage 3: Decide**

Stage 3 of the OODA loop deals with surveying available options and deciding which might present the best courses of action to solve the ethical problem. This is where your ethics and compliance systems may come into play. I teach my students that there are usually four options on the table when they observe or are pressured to engage in wrongdoing, though the details of each require more space than I have available here. A quick checklist worth remembering is the CLIP framework. “CLIP” stands for:

- Consequences,
- Loyalties,
- Identity-based considerations (“How will I feel about myself if I decide this one way or the other?”), and
- Principles.

With those factors in mind, I ask students to think through the following four possible action paths.

#### **Direct engagement**

One option is to engage in a direct dialogue with the person applying the pressure. Some requests to behave badly are made by otherwise good people who are acting in haste under deadline or other pressures. A direct dialogue can often bring them to their senses and open the way for constructive, win-win solutions to the underlying problem. I emphasize that “The power of two” applies to this option with special force. You seldom want your employees to take on powerful decision makers about sensitive ethical issues alone. Indeed, the more people who speak up on behalf of the ethical value, the better. Although Beth acted alone when she resisted her supervisor, she did this in a public setting and quickly gained the support of her team.

#### **Elevate the matter**

Appeals to higher authority—with or without the permission of the person applying the pressure—is the most common action step when direct dialogue is impossible or fails to work. This is where open-door policies to higher levels and mentoring systems can prove especially helpful. Hotlines, tip lines, and other anonymous reporting systems are also ways to elevate a matter.

## Escalate pressure

If employees do not trust the ethical culture of an organization to provide reliable ways to elevate an issue, they may escalate pressure by using political tools. The Google employees who staged a global walkout to protest the firm's handling of sexual harassment a few years ago were using this option. Escalation tactics may sound aggressive to a risk-minded ethics and compliance officer, but consider the alternative: The firm may be sitting on a time bomb of unethical practices that the employees know about, but which the compliance system is not dealing with. If your social media savvy millennial and Gen Z employees become frustrated by systemic violations of their core values, expect them to use this tool.

## Go outside the organization

In extreme cases of corporate crime or corruption, there is always the option of blowing the whistle to regulators, the press, and other outside stakeholders. I do not recommend this step unless every other option has been exhausted. First, it almost always requires the employee to quit—a high price to pay for doing the right thing. Second, I am an optimist. I like to think that there is *always* an internal way to fix an ethical problem, if only the employee can find the right like-minded champion to back them up.

## Stage 4: Act—Then adjust via the loop

With a decision made, the final step is to act on it. Crucially, the OODA loop model is a dynamic model. It assumes that the first move will not be the last. So, after employees act, they must monitor what happens, assess how well the problem has been addressed, own the new situation, and decide what to do next. By encouraging your employees to be persistent as they champion your ethical culture, you will empower them to be true stakeholders.

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